

# **FİNANSBANK ANONİM ŞİRKETİ**

## **INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD ENDED SEPTEMBER 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 –SEPTEMBER 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 September 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.

As of September 30, 2014, the accompanying consolidated financial statements include a general reserve for possible risks amounting to TL 45,500 thousands which is provided by the Bank management for the possible results of the circumstances which may arise from any changes in the economy and market conditions.

Based on our review, except for the effect of the matter referred in the preceding paragraph on the consolidated financial statements, 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 September 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 September 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 independent audit firm, who in their report dated November 15, 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 nine months ended September 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, October 28, 2014

**THE CONSOLIDATED FINANCIAL REPORT OF FINANSBANK A.Ş.  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2014**

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

The consolidated financial report for the nine-month period ended June 30, 2014, designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- INFORMATION ON CONSOLIDATED 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 financial report for the nine-month period ended, the consolidated subsidiaries, entities under common control and structured 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 (Joint Ventures)**

1. Cigna Finans Emeklilik ve Hayat Anonim Şirketi

**Structured Entity**

1. Bosphorus Financial Services Limited

The consolidated financial statements and related disclosures and footnotes for the nine-month period ended September 30, 2014, are prepared in accordance with the Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **thousands of Turkish Lira (TL)**.

**Ömer A. Aras**  
Chairman of  
the Board of Directors

**Ali Teoman Kerman**  
Member of the Board of  
Directors and Chairman of the  
Audit Committee

**Ioannis Vagionitis**  
Member of the Board of  
Directors and of the  
Audit Committee

**Temel Güzeloğlu**  
General Manager and  
Member of the  
Board of Directors

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

**Ercan Sakarya**  
Division Manager of Financial,  
Statutory Reporting and Treasury  
Control

Information related to the responsible personnel to whom the questions about the financial statements 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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## 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 September 30, 2014, 82.23% 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.

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

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

| Name   | Title                                    | Date of Appointment | Education |
|--|--|---------------------|-----------|
| Dr. Ömer A. Aras                             | Chairman                                 | April 16, 2010      | Phd       |
| Sinan Şahinbaş                               | Deputy Chairman                          | April 16, 2010      | Masters   |
| Prof. Dr. Mustafa Aydın Aysan <sup>(*)</sup> | Board Member                             | March 9, 1993       | 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                             | July 23, 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> Georgios Koutsoudakis has been appointed as the Board Member as of 23 July 2014.

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

**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.   | 2,331,170               | 82.23%                      | 2,331,170             | -                    |
| NBG Finance (Dollar) PLC       | 274,411                 | 9.68%                       | 274,411               | -                    |
| NBGI Holdings B.V.             | 223,965                 | 7.90%                       | 223,965               | -                    |

According to the Board of Directors decision dated 16 September 2014, it has been decided that 100 founder shares issued to National Bank of Greece in accordance with the Bank's Article of Association will be cancelled at no cost. Subject decision will be presented for approval in the upcoming General Council meeting. 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.

(\*)According to a put option agreement between NBG and International Finance Corporation ("IFC") dated 29 March 2007, 5% of the Parent Bank's shares have been bought from IFC by the main shareholder of the Parent Bank, NBG, on 26 September 2014 and following the subject purchase as of 30 September 2014, NBG's share in the Parent Bank's capital has reached to 99.81%.

**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 September 30, 2014, the Parent Bank operates through 664 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)
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**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

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

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

**I. CONSOLIDATED BALANCE SHEET – ASSETS**

|                     |   | Reviewed<br>30.09.2014 |                   |                   | Audited<br>31.12.2013 |                   |                   |                   |
|---------------------|---|------------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-------------------|
|                     |   | Section 5<br>Part I    | TL                | FC                | Total                 | TL                | FC                | Total             |
| <b>I.</b>           | <b>CASH AND BALANCES WITH THE CENTRAL BANK</b>                      | (1)                    | <b>1,324,857</b>  | <b>7,876,819</b>  | <b>9,201,676</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>1,400,776</b>  | <b>149,588</b>    | <b>1,550,364</b>      | <b>1,423,069</b>  | <b>253,498</b>    | <b>1,676,567</b>  |
| 2.1                 | Financial assets held for trading                                   |                        | 1,286,711         | 149,588           | 1,436,299             | 1,237,995         | 253,498           | 1,491,493         |
| 2.1.1               | Public sector debt securities                                       |                        | 87,526            | 3,854             | 91,380                | 198,580           | 1,973             | 200,553           |
| 2.1.2               | Equity securities   |                        | -                 | -                 | -                     | -                 | -                 | -                 |
| 2.1.3               | Assets on trading derivatives                                       |                        | 1,183,038         | 145,734           | 1,328,772             | 1,029,956         | 251,525           | 1,281,481         |
| 2.1.4               | Other securities  |                        | 16,147            | -                 | 16,147                | 9,459             | -                 | 9,459             |
| 2.2                 | Financial assets at fair value through profit and loss              |                        | 114,065           | -                 | 114,065               | 185,074           | -                 | 185,074           |
| 2.2.1               | Public sector debt securities                                       |                        | -                 | -                 | -                     | -                 | -                 | -                 |
| 2.2.2               | Equity securities   |                        | -                 | -                 | -                     | -                 | -                 | -                 |
| 2.2.3               | Loans   |                        | 114,065           | -                 | 114,065               | 185,074           | -                 | 185,074           |
| 2.2.4               | Other securities  |                        | -                 | -                 | -                     | -                 | -                 | -                 |
| <b>III.</b>         | <b>BANKS</b>  | (3)                    | <b>22,983</b>     | <b>258,511</b>    | <b>281,494</b>        | <b>5,987</b>      | <b>470,167</b>    | <b>476,154</b>    |
| <b>IV.</b>          | <b>MONEY MARKET PLACEMENTS</b>                                      |                        | <b>61,389</b>     | <b>-</b>          | <b>61,389</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                     |                        | 55,541            | -                 | 55,541                | -                 | -                 | -                 |
| 4.3                 | Receivables from reverse repurchase agreements                      | (4)                    | 5,848             | -                 | 5,848                 | 3,433             | -                 | 3,433             |
| <b>V.</b>           | <b>INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)</b>               | (5)                    | <b>4,275,474</b>  | <b>1,182,738</b>  | <b>5,458,212</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                                       |                        | 4,239,268         | 1,176,397         | 5,415,665             | 4,633,866         | 1,059,507         | 5,693,373         |
| 5.3                 | Other securities  |                        | 36,206            | 6,341             | 42,547                | 35,310            | 14,302            | 49,612            |
| <b>VI.</b>          | <b>LOANS AND RECEIVABLES</b>  | (6)                    | <b>41,885,494</b> | <b>7,019,688</b>  | <b>48,905,182</b>     | <b>38,052,309</b> | <b>4,618,996</b>  | <b>42,671,305</b> |
| 6.1                 | Loans and receivables   |                        | 41,333,800        | 7,019,688         | 48,353,488            | 37,543,584        | 4,618,996         | 42,162,580        |
| 6.1.1               | Loans to risk group of the Bank                                     |                        | -                 | 1,658             | 1,658                 | -                 | -                 | -                 |
| 6.1.2               | Public sector debt securities                                       |                        | -                 | -                 | -                     | -                 | -                 | -                 |
| 6.1.3               | Other   |                        | 41,333,800        | 7,018,030         | 48,351,830            | 37,543,584        | 4,618,996         | 42,162,580        |
| 6.2                 | Non-performing loans  |                        | 2,834,521         | -                 | 2,834,521             | 2,965,853         | -                 | 2,965,853         |
| 6.3                 | Specific provisions (-)   |                        | 2,282,827         | -                 | 2,282,827             | 2,457,128         | -                 | 2,457,128         |
| <b>VII.</b>         | <b>FACTORING RECEIVABLES</b>  | (7)                    | <b>471,693</b>    | <b>7,840</b>      | <b>479,533</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>3,010,042</b>  | <b>550,908</b>    | <b>3,560,950</b>      | <b>2,446,859</b>  | <b>378,920</b>    | <b>2,825,779</b>  |
| 8.1                 | Public sector debt securities                                       |                        | 3,010,042         | 33,039            | 3,043,081             | 2,446,859         | 20,820            | 2,467,679         |
| 8.2                 | Other securities  |                        | -                 | 517,869           | 517,869               | -                 | 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>167,888</b>    | <b>-</b>          | <b>167,888</b>        | <b>177,608</b>    | <b>-</b>          | <b>177,608</b>    |
| 11.1                | Equity method entities under common control                         |                        | 165,088           | -                 | 165,088               | 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>589,336</b>    | <b>869,050</b>    | <b>1,458,386</b>      | <b>468,975</b>    | <b>833,813</b>    | <b>1,302,788</b>  |
| 12.1                | Financial lease receivables   |                        | 718,201           | 963,053           | 1,681,254             | 561,460           | 921,274           | 1,482,734         |
| 12.2                | Operational lease receivables                                       |                        | -                 | -                 | -                     | -                 | -                 | -                 |
| 12.3                | Others  |                        | -                 | -                 | -                     | -                 | -                 | -                 |
| 12.4                | Unearned income (-)   |                        | 128,865           | 94,003            | 222,868               | 92,485            | 87,461            | 179,946           |
| <b>XIII.</b>        | <b>DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES</b>                 | (13)                   | <b>2,030,687</b>  | <b>44,488</b>     | <b>2,075,175</b>      | <b>1,866,369</b>  | <b>61,426</b>     | <b>1,927,795</b>  |
| 13.1                | Fair value hedge  |                        | 1,509,393         | 44,488            | 1,553,881             | 1,487,743         | 61,426            | 1,549,169         |
| 13.2                | Cash flow hedge   |                        | 521,294           | -                 | 521,294               | 378,626           | -                 | 378,626           |
| 13.3                | Hedging of a net investment in foreign subsidiaries                 |                        | -                 | -                 | -                     | -                 | -                 | -                 |
| <b>XIV.</b>         | <b>TANGIBLE ASSETS (Net)</b>  |                        | <b>1,461,564</b>  | <b>68</b>         | <b>1,461,632</b>      | <b>533,983</b>    | <b>63</b>         | <b>534,046</b>    |
| <b>XV.</b>          | <b>INTANGIBLE ASSETS (Net)</b>                                      |                        | <b>233,527</b>    | <b>-</b>          | <b>233,527</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  |                        | 224,558           | -                 | 224,558               | 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>27,268</b>     | <b>-</b>          | <b>27,268</b>         | <b>107,583</b>    | <b>-</b>          | <b>107,583</b>    |
| 17.1                | Current tax assets  |                        | 10,200            | -                 | 10,200                | -                 | -                 | -                 |
| 17.2                | Deferred tax assets   |                        | 17,068            | -                 | 17,068                | 107,583           | -                 | 107,583           |
| <b>XVIII.</b>       | <b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>       | (15)                   | <b>63,090</b>     | <b>-</b>          | <b>63,090</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| 18.1                | Held for sale   |                        | 63,090            | -                 | 63,090                | -                 | -                 | -                 |
| 18.2                | Discontinued operations   |                        | -                 | -                 | -                     | -                 | -                 | -                 |
| <b>XIX.</b>         | <b>OTHER ASSETS</b>   | (16)                   | <b>1,122,513</b>  | <b>121,834</b>    | <b>1,244,347</b>      | <b>800,887</b>    | <b>458,068</b>    | <b>1,258,955</b>  |
| <b>TOTAL ASSETS</b> |   |                        | <b>58,170,401</b> | <b>18,081,532</b> | <b>76,251,933</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 SEPTEMBER 30, 2014  
(STATEMENT OF FINANCIAL POSITION)**

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

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

|   | Section 5<br>Part II | Reviewed<br>30.09.2014 |                   |                   | Audited<br>31.12.2013 |                   |                   |
|---|----------------------|------------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
|   |                      | TL                     | FC                | Total             | TL                    | FC                | Total             |
| <b>I. DEPOSITS</b>  | (1)                  | <b>28,236,974</b>      | <b>13,669,009</b> | <b>41,905,983</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  |                      | 169,747                | 38,575            | 208,322           | 153,012               | 27,593            | 180,605           |
| 1.2 Other   |                      | 28,067,227             | 13,630,434        | 41,697,661        | 26,151,616            | 11,774,781        | 37,926,397        |
| <b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>  | (2)                  | <b>1,086,441</b>       | <b>154,249</b>    | <b>1,240,690</b>  | <b>1,112,851</b>      | <b>198,046</b>    | <b>1,310,897</b>  |
| <b>III. FUNDS BORROWED</b>  | (3)                  | <b>562,698</b>         | <b>5,412,420</b>  | <b>5,975,118</b>  | <b>542,041</b>        | <b>4,278,910</b>  | <b>4,820,951</b>  |
| <b>IV. MONEY MARKET BORROWINGS</b>  |                      | <b>2,523,314</b>       | <b>1,180,983</b>  | <b>3,704,297</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   |                      | 60,523                 | -                 | 60,523            | 62,210                | -                 | 62,210            |
| 4.3 Funds provided under repurchase agreements  | (4)                  | 2,462,791              | 1,180,983         | 3,643,774         | 2,526,721             | 1,141,561         | 3,668,282         |
| <b>V. SECURITIES ISSUED (Net)</b>   | (5)                  | <b>2,356,461</b>       | <b>3,354,142</b>  | <b>5,710,603</b>  | <b>2,160,812</b>      | <b>1,793,767</b>  | <b>3,954,579</b>  |
| 5.1 Bills   |                      | 2,280,678              | -                 | 2,280,678         | 2,057,078             | -                 | 2,057,078         |
| 5.2 Asset backed securities   |                      | -                      | -                 | -                 | -                     | -                 | -                 |
| 5.3 Bonds   |                      | 75,783                 | 3,354,142         | 3,429,925         | 103,734               | 1,793,767         | 1,897,501         |
| <b>VI. FUNDS</b>  |                      | -                      | -                 | -                 | -                     | -                 | -                 |
| 6.1 Borrower funds  |                      | -                      | -                 | -                 | -                     | -                 | -                 |
| 6.2 Other   |                      | -                      | -                 | -                 | -                     | -                 | -                 |
| <b>VII. SUNDRY CREDITORS</b>  |                      | <b>1,682,421</b>       | <b>2,214,817</b>  | <b>3,897,238</b>  | <b>1,417,764</b>      | <b>2,031,963</b>  | <b>3,449,727</b>  |
| <b>VIII. OTHER LIABILITIES</b>  | (6)                  | <b>1,309,763</b>       | <b>124,014</b>    | <b>1,433,777</b>  | <b>867,142</b>        | <b>76,561</b>     | <b>943,703</b>    |
| <b>IX. FACTORING PAYABLES</b>   |                      | -                      | -                 | -                 | -                     | -                 | -                 |
| <b>X. 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. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>  | (8)                  | <b>93,571</b>          | <b>129,726</b>    | <b>223,297</b>    | <b>7,648</b>          | <b>75,101</b>     | <b>82,749</b>     |
| 11.1 Fair value hedge   |                      | 21,785                 | 129,726           | 151,511           | -                     | 75,101            | 75,101            |
| 11.2 Cash flow hedge  |                      | 71,786                 | -                 | 71,786            | 7,648                 | -                 | 7,648             |
| 11.3 Hedge of net investments in foreign subsidiaries   |                      | -                      | -                 | -                 | -                     | -                 | -                 |
| <b>XII. PROVISIONS</b>  | (9)                  | <b>1,319,957</b>       | <b>100,414</b>    | <b>1,420,371</b>  | <b>1,207,228</b>      | <b>84,572</b>     | <b>1,291,800</b>  |
| 12.1 General provisions   |                      | 834,451                | 100,414           | 934,865           | 731,719               | 84,572            | 816,291           |
| 12.2 Restructuring provisions   |                      | -                      | -                 | -                 | -                     | -                 | -                 |
| 12.3 Reserve for employee benefits  |                      | 168,351                | -                 | 168,351           | 220,328               | -                 | 220,328           |
| 12.4 Insurance technical provisions (Net)   |                      | -                      | -                 | -                 | -                     | -                 | -                 |
| 12.5 Other provisions   |                      | 317,155                | -                 | 317,155           | 255,181               | -                 | 255,181           |
| <b>XIII. TAX LIABILITY</b>  | (10)                 | <b>82,227</b>          | -                 | <b>82,227</b>     | <b>109,638</b>        | -                 | <b>109,638</b>    |
| 13.1 Current tax liability  |                      | 5,585                  | -                 | 5,585             | 108,308               | -                 | 108,308           |
| 13.2 Deferred tax liability   |                      | 76,642                 | -                 | 76,642            | 1,330                 | -                 | 1,330             |
| <b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>                        | (11)                 | -                      | -                 | -                 | -                     | -                 | -                 |
| 14.1 Held for sale  |                      | -                      | -                 | -                 | -                     | -                 | -                 |
| 14.2 Discontinued operations  |                      | -                      | -                 | -                 | -                     | -                 | -                 |
| <b>XV. SUBORDINATED LOANS</b>   | (12)                 | -                      | <b>2,110,002</b>  | <b>2,110,002</b>  | -                     | <b>1,950,719</b>  | <b>1,950,719</b>  |
| <b>XVI. SHAREHOLDERS' EQUITY</b>  | (13)                 | <b>8,634,882</b>       | <b>(86,552)</b>   | <b>8,548,330</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   |                      | (5,261)                | (86,552)          | (91,813)          | (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)                 | (26,524)               | (86,552)          | (113,076)         | (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)  |                      | 54,293                 | -                 | 54,293            | 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 Profit or loss</b>  |                      | <b>778,336</b>         | -                 | <b>778,336</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)  |                      | 606,604                | -                 | 606,604           | 746,151               | -                 | 746,151           |
| 16.5 Minority shares  |                      | 173,771                | -                 | 173,771           | 162,936               | -                 | 162,936           |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>   |                      | <b>47,888,709</b>      | <b>28,363,224</b> | <b>76,251,933</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 SEPTEMBER 30, 2014  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)**

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

|   |   | Reviewed<br>30.09.2014 |                    |                    | Audited<br>31.12.2013 |                    |                    |                    |
|---|---|------------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|--------------------|
|   |   | Section 5 Part<br>III  | TL                 | FC                 | TOTAL                 | TL                 | FC                 | TOTAL              |
| <b>A.</b>                                     | <b>OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>           |                        | <b>83,432,966</b>  | <b>72,343,699</b>  | <b>155,776,665</b>    | <b>70,483,727</b>  | <b>62,693,666</b>  | <b>133,177,393</b> |
| <b>I.</b>                                     | <b>GUARANTEES</b>   | (1), (2), (3),(4)      | <b>5,514,846</b>   | <b>3,699,156</b>   | <b>9,214,002</b>      | <b>4,170,445</b>   | <b>2,947,967</b>   | <b>7,118,412</b>   |
| 1.1.  | Letters of guarantee  |                        | 5,498,244          | 2,077,449          | 7,575,693             | 4,162,774          | 1,777,802          | 5,940,576          |
| 1.1.1.  | Guarantees subject to State Tender Law                                      |                        | 281,417            | 24,836             | 306,253               | 173,860            | 24,805             | 198,665            |
| 1.1.2.  | Guarantees given for foreign trade operations                               |                        | 2,729,192          | 2,052,613          | 4,781,805             | 2,619,423          | 1,752,997          | 4,372,420          |
| 1.1.3.  | Other letters of guarantee  |                        | 2,487,635          | -                  | 2,487,635             | 1,369,491          | -                  | 1,369,491          |
| 1.2.  | Bank loans  |                        | 14,315             | 1,015,000          | 1,029,315             | 7,668              | 602,163            | 609,831            |
| 1.2.1.  | Import letter of acceptance   |                        | 14,315             | 1,015,000          | 1,029,315             | 7,668              | 602,163            | 609,831            |
| 1.2.2.  | Other bank acceptances  |                        | -                  | -                  | -                     | -                  | -                  | -                  |
| 1.3.  | Letters of credit   |                        | 2,287              | 585,993            | 588,280               | 3                  | 548,603            | 548,606            |
| 1.3.1.  | Documentary letters of credit   |                        | 2,287              | 569,031            | 571,318               | 3                  | 531,441            | 531,444            |
| 1.3.2.  | Other letters of credit   |                        | -                  | 16,962             | 16,962                | -                  | 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  |                        | -                  | 20,714             | 20,714                | -                  | 19,399             | 19,399             |
| 1.9.  | Other collaterals   |                        | -                  | -                  | -                     | -                  | -                  | -                  |
| <b>II.</b>                                    | <b>COMMITMENTS</b>  |                        | <b>29,382,508</b>  | <b>2,889,617</b>   | <b>32,272,125</b>     | <b>25,084,936</b>  | <b>1,696,831</b>   | <b>26,781,767</b>  |
| 2.1.  | Irrevocable commitments   |                        | 28,910,493         | 2,412,278          | 31,322,771            | 24,976,518         | 751,500            | 25,728,018         |
| 2.1.1.  | Forward asset purchase commitments  |                        | 1,367,497          | 2,374,703          | 3,742,200             | 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   |                        | 7,386,369          | 228                | 7,386,597             | 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   |                        | 2,442,319          | -                  | 2,442,319             | 2,060,004          | -                  | 2,060,004          |
| 2.1.8.  | Tax and fund liabilities from export commitments                            |                        | 8,057              | -                  | 8,057                 | 6,988              | -                  | 6,988              |
| 2.1.9.  | Commitments for credit card expenditure limits                              |                        | 17,527,303         | -                  | 17,527,303            | 17,067,174         | -                  | 17,067,174         |
| 2.1.10.                                       | Commitments for promotions related with credit cards and banking activities |                        | 27,251             | -                  | 27,251                | 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   |                        | 151,697            | 37,347             | 189,044               | 52,549             | 1,693              | 54,242             |
| 2.2.  | Revocable commitments   |                        | 472,015            | 477,339            | 949,354               | 108,418            | 945,331            | 1,053,749          |
| 2.2.1.  | Revocable loan granting commitments   |                        | 472,015            | 477,339            | 949,354               | 108,418            | 351,395            | 459,813            |
| 2.2.2.  | Other revocable commitments   |                        | -                  | -                  | -                     | -                  | 593,936            | 593,936            |
| <b>III.</b>                                   | <b>DERIVATIVE FINANCIAL INSTRUMENTS</b>                                     | (5)                    | <b>48,535,612</b>  | <b>65,754,926</b>  | <b>114,290,538</b>    | <b>41,228,346</b>  | <b>58,048,868</b>  | <b>99,277,214</b>  |
| 3.1.  | Derivative financial instruments for hedging purposes                       |                        | 12,615,923         | 16,225,459         | 28,841,382            | 10,309,736         | 13,695,907         | 24,005,643         |
| 3.1.1.  | Fair value hedge  |                        | 6,176,677          | 12,224,052         | 18,400,729            | 6,675,930          | 10,559,020         | 17,234,950         |
| 3.1.2.  | Cash flow hedge   |                        | 6,439,246          | 4,001,407          | 10,440,653            | 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   |                        | 35,919,689         | 49,529,467         | 85,449,156            | 30,918,610         | 44,352,961         | 75,271,571         |
| 3.2.1.  | Forward foreign currency buy/sell transactions                              |                        | 2,613,541          | 3,083,310          | 5,696,851             | 3,023,815          | 3,576,802          | 6,600,617          |
| 3.2.1.1.                                      | Forward foreign currency transactions-buy                                   |                        | 1,288,682          | 1,564,443          | 2,853,125             | 1,406,707          | 1,895,433          | 3,302,140          |
| 3.2.1.2.                                      | Forward foreign currency transactions-sell                                  |                        | 1,324,859          | 1,518,867          | 2,843,726             | 1,617,108          | 1,681,369          | 3,298,477          |
| 3.2.2.  | Swap transactions related to foreign currency and interest rates            |                        | 29,385,883         | 40,554,412         | 69,940,295            | 21,637,234         | 31,116,268         | 52,753,502         |
| 3.2.2.1.                                      | Foreign currency swap-buy   |                        | 15,931,590         | 14,122,359         | 30,053,949            | 12,583,337         | 9,313,810          | 21,897,147         |
| 3.2.2.2.                                      | Foreign currency swap-sell  |                        | 12,482,453         | 17,873,080         | 30,355,533            | 7,761,087          | 14,387,936         | 22,149,023         |
| 3.2.2.3.                                      | Interest rate swaps-buy   |                        | 485,920            | 4,085,780          | 4,571,700             | 646,405            | 3,536,517          | 4,182,922          |
| 3.2.2.4.                                      | Interest rate swaps-sell  |                        | 485,920            | 4,473,193          | 4,959,113             | 646,405            | 3,878,005          | 4,524,410          |
| 3.2.3.  | Foreign currency, interest rate and securities options                      |                        | 3,919,421          | 5,797,445          | 9,716,866             | 6,257,051          | 9,617,419          | 15,874,470         |
| 3.2.3.1.                                      | Foreign currency options-buy  |                        | 2,085,713          | 2,764,346          | 4,850,059             | 3,031,745          | 4,927,476          | 7,959,221          |
| 3.2.3.2.                                      | Foreign currency options-sell   |                        | 1,833,708          | 3,033,098          | 4,866,806             | 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  |                        | 844                | 48,802             | 49,646                | 510                | 42,472             | 42,982             |
| 3.2.4.1.                                      | Foreign currency futures-buy  |                        | 422                | 24,401             | 24,823                | 255                | 21,236             | 21,491             |
| 3.2.4.2.                                      | Foreign currency futures-sell   |                        | 422                | 24,401             | 24,823                | 255                | 21,236             | 21,491             |
| 3.2.5.  | Interest rate futures   |                        | -                  | 45,498             | 45,498                | -                  | -                  | -                  |
| 3.2.5.1.                                      | Interest rate futures-buy   |                        | -                  | 22,749             | 22,749                | -                  | -                  | -                  |
| 3.2.5.2.                                      | Interest rate futures-sell  |                        | -                  | 22,749             | 22,749                | -                  | -                  | -                  |
| 3.2.6.  | Other   |                        | -                  | -                  | -                     | -                  | -                  | -                  |
| <b>B.</b>                                     | <b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>                                  |                        | <b>378,058,991</b> | <b>68,443,942</b>  | <b>446,502,933</b>    | <b>315,542,822</b> | <b>66,407,768</b>  | <b>381,950,590</b> |
| <b>IV.</b>                                    | <b>ITEMS HELD IN CUSTODY</b>  |                        | <b>10,741,564</b>  | <b>1,569,100</b>   | <b>12,310,664</b>     | <b>10,043,403</b>  | <b>1,183,406</b>   | <b>11,226,809</b>  |
| 4.1.  | Assets under management   |                        | 2,866,057          | 992                | 2,867,049             | 3,513,680          | 6,252              | 3,519,932          |
| 4.2.  | Investment securities held in custody                                       |                        | 1,662,442          | 670,218            | 2,332,660             | 2,005,410          | 337,766            | 2,343,176          |
| 4.3.  | Checks received for collection  |                        | 2,296,649          | 316,889            | 2,613,538             | 1,756,326          | 231,738            | 1,988,064          |
| 4.4.  | Commercial notes received for collection                                    |                        | 638,266            | 134,956            | 773,222               | 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   |                        | 3,278,150          | 446,045            | 3,724,195             | 2,246,913          | 514,426            | 2,761,339          |
| 4.8.  | Custodians  |                        | -                  | -                  | -                     | 3                  | -                  | 3                  |
| <b>V.</b>                                     | <b>PLEDGED ITEMS</b>  |                        | <b>216,228,631</b> | <b>30,903,138</b>  | <b>247,131,769</b>    | <b>176,311,088</b> | <b>24,357,446</b>  | <b>200,668,534</b> |
| 5.1.  | Marketable securities   |                        | 563,872            | 1,892,697          | 2,456,569             | 503,325            | 643,935            | 1,147,260          |
| 5.2.  | Guarantee notes   |                        | 161,897            | 52,163             | 214,060               | 142,011            | 38,261             | 180,272            |
| 5.3.  | Commodity   |                        | 37,976             | -                  | 37,976                | 27,266             | -                  | 27,266             |
| 5.4.  | Warranty  |                        | -                  | -                  | -                     | -                  | -                  | -                  |
| 5.5.  | Properties  |                        | 54,612,048         | 11,029,686         | 65,641,734            | 46,396,463         | 7,993,070          | 54,389,533         |
| 5.6.  | Other pledged items   |                        | 160,852,838        | 17,928,592         | 178,781,430           | 129,242,023        | 15,682,180         | 144,924,203        |
| 5.7.  | Pledged items-depository  |                        | -                  | -                  | -                     | -                  | -                  | -                  |
| <b>VI.</b>                                    | <b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>                       |                        | <b>151,088,796</b> | <b>35,971,704</b>  | <b>187,060,500</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>461,491,957</b> | <b>140,787,641</b> | <b>602,279,598</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 SEPTEMBER 30, 2014  
(STATEMENT OF INCOME/LOSS)**

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

**III. CONSOLIDATED INCOME STATEMENT**

|                  |  | Reviewed           | Reviewed           | Reviewed           | Reviewed           |
|------------------|--|--------------------|--------------------|--------------------|--------------------|
|                  |  | 01.01 - 30.09.2014 | 01.07 - 30.09.2014 | 01.01 - 30.09.2013 | 01.07 - 30.09.2013 |
| <b>Section 5</b> |  |                    |                    |                    |                    |
| <b>Part IV.</b>  |  |                    |                    |                    |                    |
| <b>I.</b>        | <b>INTEREST INCOME</b>   | <b>(1)</b>         | <b>4,919,291</b>   | <b>1,750,234</b>   | <b>4,326,012</b>   |
| 1.1              | Interest on loans  | 4,096,445          | 1,424,313          | 3,862,046          | 1,319,121          |
| 1.2              | Interest received from reserve deposits                                      | -                  | -                  | -                  | -                  |
| 1.3              | Interest received from banks   | 5,422              | 1,550              | 3,055              | 461                |
| 1.4              | Interest received from money market placements                               | 27,616             | 3,839              | 8,256              | 1,599              |
| 1.5              | Interest received from marketable securities portfolio                       | 644,023            | 270,031            | 349,998            | 130,969            |
| 1.5.1            | Held-for-trading financial assets  | 8,291              | 3,753              | 9,446              | 4,035              |
| 1.5.2            | Financial assets at fair value through profit and loss                       | 4                  | -                  | 9                  | 4                  |
| 1.5.3            | Available-for-sale financial assets  | 359,794            | 135,991            | 303,323            | 93,195             |
| 1.5.4            | Investments held-to-maturity   | 275,934            | 130,287            | 37,220             | 33,735             |
| 1.6              | Finance lease income   | 97,008             | 34,178             | 74,589             | 26,779             |
| 1.7              | Other interest income  | 48,777             | 16,323             | 28,068             | 11,324             |
| <b>II.</b>       | <b>INTEREST EXPENSE</b>  | <b>(2)</b>         | <b>2,630,718</b>   | <b>850,713</b>     | <b>1,812,479</b>   |
| 2.1              | Interest on deposits   | 2,011,783          | 619,508            | 1,400,880          | 529,383            |
| 2.2              | Interest on funds borrowed   | 202,699            | 69,929             | 150,562            | 57,405             |
| 2.3              | Interest on money market borrowings  | 176,043            | 60,410             | 61,727             | 21,571             |
| 2.4              | Interest on securities issued  | 233,492            | 98,626             | 186,405            | 58,765             |
| 2.5              | Other interest expense   | 6,701              | 2,240              | 12,905             | 6,892              |
| <b>III.</b>      | <b>NET INTEREST INCOME (I - II)</b>  | <b>2,288,573</b>   | <b>899,521</b>     | <b>2,513,533</b>   | <b>816,237</b>     |
| <b>IV.</b>       | <b>NET FEES AND COMMISSIONS INCOME</b>                                       | <b>1,087,990</b>   | <b>330,051</b>     | <b>810,807</b>     | <b>251,695</b>     |
| 4.1              | Fees and commissions received  | 1,251,484          | 386,867            | 918,129            | 291,065            |
| 4.1.1            | Non-cash loans   | 37,139             | 13,162             | 31,586             | 11,144             |
| 4.1.2            | Other  | 1,214,345          | 373,705            | 886,543            | 279,921            |
| 4.2              | Fees and commissions paid  | 163,494            | 56,816             | 107,322            | 39,370             |
| 4.2.1            | Non-cash loans   | 1,179              | 364                | 845                | 252                |
| 4.2.2            | Other  | 162,315            | 56,452             | 106,477            | 39,118             |
| <b>V.</b>        | <b>DIVIDEND INCOME</b>   | <b>(3)</b>         | <b>263</b>         | <b>14</b>          | <b>-</b>           |
| <b>VI.</b>       | <b>NET TRADING INCOME</b>  | <b>(4)</b>         | <b>(183,647)</b>   | <b>(71,304)</b>    | <b>(154,843)</b>   |
| 6.1              | Securities trading gains/ (losses)   | (1,282)            | (6,395)            | 170,735            | 7,907              |
| 6.2              | Gains / (losses)Financial derivative transactions                            | (187,875)          | (110,619)          | (310,267)          | (50,516)           |
| 6.3              | Foreign exchange gains/ (losses)   | 5,510              | 45,710             | (15,311)           | (24,379)           |
| <b>VII.</b>      | <b>OTHER OPERATING INCOME</b>  | <b>(5)</b>         | <b>281,022</b>     | <b>47,430</b>      | <b>265,152</b>     |
| <b>VIII.</b>     | <b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>                                | <b>3,474,201</b>   | <b>1,205,712</b>   | <b>3,434,796</b>   | <b>1,059,536</b>   |
| <b>IX.</b>       | <b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>                   | <b>(6)</b>         | <b>835,698</b>     | <b>292,983</b>     | <b>801,551</b>     |
| <b>X.</b>        | <b>OTHER OPERATING EXPENSES (-)</b>  | <b>(7)</b>         | <b>1,823,739</b>   | <b>581,640</b>     | <b>1,762,384</b>   |
| <b>XI.</b>       | <b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>                               | <b>814,764</b>     | <b>331,089</b>     | <b>870,861</b>     | <b>197,242</b>     |
| <b>XII.</b>      | <b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>                        | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| <b>XIII.</b>     | <b>GAIN / (LOSS) ON EQUITY METHOD</b>  | <b>(760)</b>       | <b>(1,897)</b>     | <b>4,990</b>       | <b>1,034</b>       |
| <b>XIV.</b>      | <b>GAIN / (LOSS) ON NET MONETARY POSITION</b>                                | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| <b>XV.</b>       | <b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>     | <b>(8)</b>         | <b>814,004</b>     | <b>329,192</b>     | <b>875,851</b>     |
| <b>XVI.</b>      | <b>TAX CHARGE FOR CONTINUED OPERATIONS (±)</b>                               | <b>(9)</b>         | <b>(196,553)</b>   | <b>(77,590)</b>    | <b>(215,223)</b>   |
| 16.1             | Current income tax charge  | (48,871)           | 12,104             | (142,983)          | (38,020)           |
| 16.2             | Deferred tax charge / benefit  | (147,682)          | (89,694)           | (72,240)           | (24,482)           |
| <b>XVII.</b>     | <b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>                  | <b>(10)</b>        | <b>617,451</b>     | <b>251,602</b>     | <b>660,628</b>     |
| <b>XVIII.</b>    | <b>INCOME ON DISCONTINUED OPERATIONS</b>                                     | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| 18.1             | Income on assets held for sale   | -                  | -                  | -                  | -                  |
|                  | Income on sale of associates, subsidiaries and entities under common control | -                  | -                  | -                  | -                  |
| 18.2             | Income on other discontinued operations                                      | -                  | -                  | -                  | -                  |
| 18.3             | Income on other discontinued operations                                      | -                  | -                  | -                  | -                  |
| <b>XIX.</b>      | <b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>                                 | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| 19.1             | Loss from assets held for sale   | -                  | -                  | -                  | -                  |
|                  | Loss on sale of associates, subsidiaries and entities under common control   | -                  | -                  | -                  | -                  |
| 19.2             | Loss from other discontinued operations                                      | -                  | -                  | -                  | -                  |
| 19.3             | Loss from other discontinued operations                                      | -                  | -                  | -                  | -                  |
| <b>XX.</b>       | <b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>   | <b>(8)</b>         | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| <b>XXI.</b>      | <b>TAX CHARGE FOR DISCONTINUED OPERATIONS (±)</b>                            | <b>(9)</b>         | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| 21.1             | Current income tax charge  | -                  | -                  | -                  | -                  |
| 21.2             | Deferred tax charge / benefit  | -                  | -                  | -                  | -                  |
| <b>XXII.</b>     | <b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>                 | <b>(10)</b>        | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| <b>XXIII.</b>    | <b>NET PROFIT/LOSS (XVII+XXII)</b>   | <b>(11)</b>        | <b>617,451</b>     | <b>251,602</b>     | <b>660,628</b>     |
| 23.1             | Group's profit/loss  | 606,604            | 249,047            | 650,013            | 132,824            |
| 23.2             | Minority shares  | 10,847             | 2,555              | 10,615             | 2,950              |
|                  | Earnings per share   | 0.02140            | 0.00878            | 0.02293            | 0.00469            |

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 SEPTEMBER 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<br>01 .01 – 30.09.2014 | Reviewed<br>01. 01 – 30.09.2013 |
|--|---------------------------------|---------------------------------|
| <b>I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>   | <b>139,379</b>                  | <b>(405,534)</b>                |
| <b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>   | <b>-</b>                        | <b>-</b>                        |
| <b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>  | <b>-</b>                        | <b>-</b>                        |
| <b>IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>  | <b>-</b>                        | <b>-</b>                        |
| <b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)</b>                       | <b>(52,117)</b>                 | <b>74,648</b>                   |
| <b>VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)</b> | <b>-</b>                        | <b>-</b>                        |
| <b>VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES</b>   | <b>-</b>                        | <b>-</b>                        |
| <b>VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED FOR UNDER EQUITY AS PER TURKISH ACCOUNTING STANDARDS</b>  | <b>-</b>                        | <b>-</b>                        |
| <b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>   | <b>(18,145)</b>                 | <b>79,124</b>                   |
| <b>X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)</b>   | <b>69,117</b>                   | <b>(251,762)</b>                |
| <b>XI. PROFIT/LOSS</b>   | <b>(1,687)</b>                  | <b>(64,840)</b>                 |
| 11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)   | (1,687)                         | (69,524)                        |
| 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. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)</b>   | <b>67,430</b>                   | <b>(316,602)</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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2014**

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

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

|  | Section 2  | 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>Prior period – 01.01.-30.09.2013</b>                |  |                  |  |               |  |                |                    |                        |                 |                                  |                                |   |  |                                       |               |   |  |                 |                            |
| <b>I.</b>  | <b>Beginning Balance</b>   | 2,565,000        | -  | 714           | -                                      | 314,251        | -                  | 3,080,669              | (38,098)        | -                                | 1,153,457                      | 196,555                                   | -  | -                                     | (10,026)      | -   | 7,262,522  | 149,762         | 7,412,284                  |
|  | Changes in period  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>II.</b>   | <b>Increase/decrease related to merger</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>III.</b>  | <b>Marketable securities valuation differences</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | (380,068)                                 | -  | -                                     | -             | -   | (380,068)  | -               | (380,068)                  |
| <b>IV.</b>   | <b>Hedging funds (effective portion)</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | 63,466        | -   | 63,466   | -               | 63,466                     |
| 4.1  | Cash-flow hedge  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | 63,466        | -   | 63,466   | -               | 63,466                     |
| 4.2  | Hedge of net investment in foreign operations  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>V.</b>  | <b>Tangible assets revaluation differences</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>VI.</b>   | <b>Intangible assets revaluation differences</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>VII.</b>  | <b>Bonus shares obtained from associates, subsidiaries and entities under common control</b> | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>VIII.</b>   | <b>Foreign exchange differences</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>IX.</b>   | <b>Disposal of assets</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>X.</b>  | <b>Reclassification of assets</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>XI.</b>   | <b>Effect of change in associates' equity</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>XII.</b>  | <b>Capital increase</b>  | 135,000          | -  | -             | -                                      | -              | -                  | (135,000)              | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| 12.1   | Cash   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| 12.2   | Internal sources   | 135,000          | -  | -             | -                                      | -              | -                  | (135,000)              | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>XIII.</b>   | <b>Share premium</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>XIV.</b>  | <b>Share cancellation profits</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>XV.</b>   | <b>Inflation adjustment to paid-in capital</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>XVI.</b>  | <b>Other <sup>(*)</sup></b>  | -                | -  | -             | -                                      | -              | -                  | 931                    | -               | -                                | -                              | -   | -  | -                                     | -             | -   | 931  | (624)           | 307                        |
| <b>XVII.</b>   | <b>Period net income/(loss)</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | 650,013         | -                                | (950,683)                      | -   | -  | -                                     | -             | -   | 650,013  | 10,615          | 660,628                    |
| <b>XVIII.</b>  | <b>Profit distribution</b>   | -                | -  | -             | -                                      | 49,380         | -                  | 901,303                | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| 18.1   | Dividends distributed  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| 18.2   | Transfers to reserves  | -                | -  | -             | -                                      | 49,380         | -                  | 899,505                | -               | -                                | (948,885)                      | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| 18.3   | Other  | -                | -  | -             | -                                      | -              | -                  | 1,798                  | -               | -                                | (1,798)                        | -   | -  | -                                     | -             | -   | -  | -               | -                          |
| <b>Closing balance (I+II+III+.....+XVI+XVII+XVIII)</b> |  | <b>2,700,000</b> | <b>-</b>   | <b>714</b>    | <b>-</b>                               | <b>363,631</b> | <b>-</b>           | <b>3,847,903</b>       | <b>(38,098)</b> | <b>650,013</b>                   | <b>202,774</b>                 | <b>(183,513)</b>                          | <b>-</b>   | <b>-</b>                              | <b>53,440</b> | <b>-</b>  | <b>7,596,864</b>                                     | <b>159,753</b>  | <b>7,756,617</b>           |

(\*) Includes the effect of change in ownership of Finans Yatırım Ortaklığı A.Ş. from 82.2 % to 85.07 % 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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2014**

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

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

| Reviewed  | Paid-in Capital  | Effect of inflation Accounting on Capital and Other 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 | Non-controlling interest | Total Shareholders' Equity |
|---|------------------|--|---------------|--|----------------|--------------------|------------------------|-----------------|----------------------------------|--------------------------------|---|--|---------------------------------------|---------------|---|--|--------------------------|----------------------------|
| <b>I. Current period – 01.01.-30.09.2014</b>  |                  |  |               |  |                |                    |                        |                 |                                  |                                |   |  |                                       |               |   |  |                          |                            |
| Beginning Balance   | 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   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>II. Increase/decrease related to merger</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>III. Marketable securities valuation differences</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | 109,124                                   | -  | -                                     | -             | -   | 109,124  | -                        | 109,124                    |
| <b>IV. Hedging funds (effective portion)</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | (41,694)      | -   | (41,694)   | -                        | (41,694)                   |
| 4.1 Cash-flow hedge   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | (41,694)      | -   | (41,694)   | -                        | (41,694)                   |
| 4.2 Hedge of net investment in foreign operations   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>V. Tangible assets revaluation differences</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>VI. Intangible assets revaluation differences</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>VII. Bonus shares obtained from associates, subsidiaries and entities under common control</b> | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>VIII. Foreign exchange differences</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>IX. Disposal of assets</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>X. Reclassification of assets</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>XI. Effect of change in associates' equity</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>XII. Capital increase</b>  | 135,000          | -  | -             | -                                      | -              | -                  | (135,000)              | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| 12.1 Cash   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| 12.2 Internal sources   | 135,000          | -  | -             | -                                      | -              | -                  | (135,000)              | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>XIII. Share premium</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>XIV. Share cancellation profits</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>XV. Inflation adjustment to paid-in capital</b>  | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | -                          |
| <b>XVI. Other</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | -                                | -                              | -   | -  | -                                     | -             | -   | -  | -                        | (12) <sup>(1)</sup>        |
| <b>XVII. Period net income/(loss)</b>   | -                | -  | -             | -                                      | -              | -                  | -                      | -               | 606,604                          | -                              | -   | -  | -                                     | -             | -   | 606,604  | 10,847                   | 617,451                    |
| <b>XVIII. Profit distribution</b>   | -                | -  | -             | -                                      | 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 (I+II+III+.....+XVI+XVII+XVIII)</b>  | <b>2,835,000</b> | <b>-</b>   | <b>714</b>    | <b>-</b>                               | <b>402,779</b> | <b>-</b>           | <b>4,450,257</b>       | <b>(33,744)</b> | <b>606,604</b>                   | <b>171,732</b>                 | <b>(113,076)</b>                          | <b>-</b>   | <b>-</b>                              | <b>54,293</b> | <b>-</b>  | <b>8,374,559</b>                                     | <b>173,771</b>           | <b>8,548,330</b>           |

<sup>(1)</sup> 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 SEPTEMBER 30, 2014**

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

**VI. CONSOLIDATED CASH FLOW STATEMENT**

|   | Section 5<br>Part V | Reviewed           | Reviewed           |
|---|---------------------|--------------------|--------------------|
|   |                     | 01.01-30.09.2014   | 01.01 – 30.09.2013 |
| <b>A. CASH FLOWS FROM / (TO) BANKING OPERATIONS</b>   |                     |                    |                    |
| <b>1.1 Operating profit before changes in operating assets and liabilities (+)</b>            |                     | <b>2,936,355</b>   | <b>2,618,458</b>   |
| 1.1.1 Interest received (+)   |                     | 4,511,724          | 4,346,237          |
| 1.1.2 Interest paid (-)   |                     | (2,473,052)        | (1,540,215)        |
| 1.1.3 Dividend received (+)   |                     | 263                | 147                |
| 1.1.4 Fees and commissions received (+)   |                     | 1,252,115          | 919,024            |
| 1.1.5 Other income (+)  |                     | 270,759            | 254,536            |
| 1.1.6 Collections from previously written off loans (+)                                       |                     | 463,348            | 299,524            |
| 1.1.7 Payments to personnel and service suppliers (-)   |                     | (1,453,406)        | (1,331,376)        |
| 1.1.8 Taxes paid (-)  |                     | (194,290)          | (325,485)          |
| 1.1.9 Other (+/-)   | (1)                 | 558,894            | (3,934)            |
| <b>1.2 Changes in operating assets and liabilities</b>  |                     | <b>(3,791,867)</b> | <b>(1,539,627)</b> |
| 1.2.1 Net (increase) decrease in financial assets held for trading (+/-)                      |                     | 103,911            | (35,563)           |
| 1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)  |                     | 104,008            | (25,416)           |
| 1.2.3 Net (increase) decrease in due from banks (+/-)   |                     | (586,674)          | (2,327,335)        |
| 1.2.4 Net (increase) decrease in loans (+/-)  |                     | (7,344,472)        | (5,652,743)        |
| 1.2.5 Net (increase) decrease in other assets (+/-)   | (1)                 | (176,904)          | (679,206)          |
| 1.2.6 Net increase (decrease) in bank deposits (+/-)  |                     | (93,374)           | 186,750            |
| 1.2.7 Net increase (decrease) in other deposits (+/-)   |                     | 3,034,934          | 3,126,649          |
| 1.2.8 Net increase (decrease) in funds borrowed (+/-)   |                     | 694,555            | 645,001            |
| 1.2.9 Net increase (decrease) in matured payables (+/-)                                       |                     | -                  | -                  |
| 1.2.10 Net increase (decrease) in other liabilities (+/-)                                     | (1)                 | 472,149            | 3,222,236          |
| <b>I. Net cash provided from / (used in) banking operations (+/-)</b>                         |                     | <b>(855,512)</b>   | <b>1,078,831</b>   |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                    |                    |
| <b>II. Net cash provided from / (used in) investing activities (+/-)</b>                      |                     | <b>(1,159,271)</b> | <b>(1,428,856)</b> |
| 2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)  |                     | 94                 | (3,367)            |
| 2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+) |                     | -                  | -                  |
| 2.3 Fixed assets purchases (-)  |                     | (731,268)          | (152,625)          |
| 2.4 Fixed assets sales (+)  |                     | 13,480             | 309                |
| 2.5 Cash paid for purchase of financial assets available for sale (-)                         |                     | (2,773,865)        | (14,384,481)       |
| 2.6 Cash obtained from sale of financial assets available for sale (+)                        |                     | 2,927,436          | 13,868,882         |
| 2.7 Cash paid for purchase of investment securities (-)                                       |                     | (512,693)          | (681,927)          |
| 2.8 Cash obtained from sale of investment securities (+)                                      |                     | -                  | -                  |
| 2.9 Other (+/-)   |                     | (82,455)           | (75,647)           |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                    |                    |
| <b>III. Net cash provided from / (used in) financing activities (+/-)</b>                     |                     | <b>2,000,307</b>   | <b>(1,246,866)</b> |
| 3.1 Cash obtained from funds borrowed and securities issued (+)                               |                     | 5,399,735          | 2,528,946          |
| 3.2 Cash used for repayment of funds borrowed and securities issued (-)                       |                     | (3,399,428)        | (3,775,812)        |
| 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>283,734</b>     | <b>(20,722)</b>    |
| <b>V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)</b>                |                     | <b>269,258</b>     | <b>(1,617,613)</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>2,541,356</b>   | <b>1,991,205</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 SEPTEMBER 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 September 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. 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, subsidiaries, joint ventures, 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 SEPTEMBER 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 cash flow risk resulting from deposits 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 September 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>September 30, 2014</u> | <u>December 31, 2013</u> |
|-----------|---------------------------|--------------------------|
| US Dollar | TL 2.2789                 | TL 2.1343                |
| Euro      | TL 2.8914                 | 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>September 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 September 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)**

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

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

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

Upon valuation of derivative instruments that are not subject to hedge accounting, 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.

In cash flow hedge accounting:

The 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 effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Hedging Funds", whereas the amount concerning ineffective parts is associated with income statement.

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.

In fair value hedge accounting:

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 fair value hedge accounting using fx swaps to hedge long term, fixed rate, foreign currency eurobonds in its portfolio against interest rate fluctuations.

Information on Eurobond and loan portfolio, recognized as fair value hedged items, is presented in Section 3, Footnote VII, 2 and 4.

The Parent Bank 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.

At each balance sheet date the Parent Bank applies effectiveness tests for fair value 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, adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges. In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

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**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.

**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.

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The Bank has inflation indexed (CPI) government bonds in its available for sale and held-to-maturity portfolios. CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate as disclosed by the Turkish Treasury. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

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.

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

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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 provisions 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.

**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.



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**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 lended 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 3,817,704 (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 1,062 (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 IFRS 5 (“Assets Held for Sale and Discontinued Operations”), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortisation on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the entity’s control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale. The Bank has re-classified its real estate property with a net book value of TL 63,090 from “Tangible Assets” to “Assets held for Sale” as of 30 September 2014.

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.

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**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.

**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 “Communiqué on Accounting Principles and Financial Statements of Leasing, Factoring and Financing Companies”. Those provisions are accounted under “Lease Receivables” at the accompanying financial statements.

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**XV. Explanations on factoring receivables**

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

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

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

The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to IAS 19, 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 in accordance with IAS 19 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 current tax asset and current tax liabilities.

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

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.

**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 general reserve 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).

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**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 September 30, 2014, the Group does not have any unused investment incentives.

**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.

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

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

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|  | Retail<br>Banking           | Corporate and Commercial<br>Banking             | Treasury and Head<br>Office         | Total Operations<br>of the Group         |
|--|-----------------------------|---|-------------------------------------|--|
| <b>Current Period (January 1 – September 30, 2014)</b>                         |                             |   |                                     |  |
| Net Interest Income  | 867,690                     | 836,276   | 584,607                             | 2,288,573                                |
| Net Fees and Commissions Income  | 858,887                     | 200,939   | 28,164                              | 1,087,990                                |
| Other Operating Income and Net Trading Income                                  | 241,552                     | 57,607  | (201,784)                           | 97,375                                   |
| Dividend Income  | -                           | -   | 263                                 | 263                                      |
| <b>Operating Income</b>  | <b>1,968,129</b>            | <b>1,094,822</b>                                | <b>411,250</b>                      | <b>3,474,201</b>                         |
| Other Operating Expenses   | 1,091,476                   | 603,693   | 128,570                             | 1,823,739                                |
| Provision for Loan Losses and Other Receivables                                | 458,391                     | 327,557   | 49,750                              | 835,698                                  |
| Gain / Loss on joint venture accounted for at equity method                    | -                           | -   | (760)                               | (760)                                    |
| <b>Profit Before Taxes</b>   | <b>418,262</b>              | <b>163,572</b>                                  | <b>232,170</b>                      | <b>814,004</b>                           |
| <b>Provision for Tax</b>   | -                           | -   | -                                   | <b>(196,553)</b>                         |
| <b>Net Profit/Loss</b>   | -                           | -   | -                                   | <b>617,451</b>                           |
| <b>Total Assets</b>  | <b>36,484,921</b>           | <b>14,228,020</b>                               | <b>21,094,621</b>                   | <b>76,251,933</b>                        |
| Segment Assets   | 36,484,921                  | 14,228,020                                      | 21,094,621                          | 71,807,562                               |
| Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)    | -                           | -   | -                                   | 189,708                                  |
| Undistributed Assets   | -                           | -   | -                                   | 4,254,663                                |
| <b>Total Liabilities</b>   | <b>27,783,237</b>           | <b>12,520,569</b>                               | <b>20,566,184</b>                   | <b>76,251,933</b>                        |
| Segment Liabilities  | 27,783,237                  | 12,520,569                                      | 20,566,184                          | 60,869,990                               |
| Undistributed Liabilities  | -                           | -   | -                                   | 6,833,613                                |
| Equity   | -                           | -   | -                                   | 8,548,330                                |
| <b>Other Segment Accounts</b>  | <b>191,182</b>              | <b>99,708</b>                                   | <b>992,507</b>                      | <b>1,283,397</b>                         |
| Capital Expenditures   | 96,159                      | 50,150  | 975,180                             | 1,121,489                                |
| Depreciation and Amortization  | 95,023                      | 49,558  | 17,327                              | 161,908                                  |
| Value Decrease/ (Increase)   | -                           | -   | -                                   | -  |
| <b>Prior Period (January 1 - September 30, 2013)</b>                           |                             |   |                                     |  |
| Net Interest Income  | 1,235,266                   | 729,125   | 549,142                             | 2,513,533                                |
| Net Fees and Commissions Income  | 672,789                     | 110,394   | 27,624                              | 810,807                                  |
| Other Operating Income and Net Trading Income                                  | 233,899                     | 79,387  | (202,977)                           | 110,309                                  |
| Dividend Income  | -                           | -   | 147                                 | 147                                      |
| <b>Operating Income</b>  | <b>2,141,954</b>            | <b>918,906</b>                                  | <b>373,936</b>                      | <b>3,434,796</b>                         |
| Other Operating Expenses   | 1,065,304                   | 530,162   | 166,918                             | 1,762,384                                |
| Provision for Loan Losses and Other Receivables                                | 570,128                     | 210,387   | 21,036                              | 801,551                                  |
| Gain / Loss on joint venture accounted for at equity method                    | -                           | -   | 4,990                               | 4,990                                    |
| <b>Profit Before Taxes</b>   | <b>506,522</b>              | <b>178,357</b>                                  | <b>190,972</b>                      | <b>875,851</b>                           |
| <b>Provision for Tax</b>   | -                           | -   | -                                   | <b>(215,223)</b>                         |
| <b>Net Profit/Loss</b>   | -                           | -   | -                                   | <b>660,628</b>                           |
| <b>Other Segment Accounts</b>  | <b>227,861</b>              | <b>107,481</b>                                  | <b>29,070</b>                       | <b>364,412</b>                           |
| Capital Expenditures   | 146,109                     | 68,919  | 19,086                              | 234,114                                  |
| Depreciation and Amortization  | 81,752                      | 38,562  | 9,983                               | 130,297                                  |
| Value Decrease/ (Increase)   | -                           | -   | 1                                   | 1  |
| <b>Prior Period (December 31, 2013)</b>  |                             |   |                                     |  |
|  | <b>Consumer<br/>Banking</b> | <b>Corporate and<br/>Commercial<br/>Banking</b> | <b>Treasury and Head<br/>Office</b> | <b>Total Operations<br/>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                    | 606,604               | 650,013             |
| Weighted Average Amount of Shares Issued (Thousands) | 28,350,000            | 28,350,000          |
| <b>Hisse Başına Kar</b>                              | <b>0.02140</b>        | <b>0.02293</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**

In order to be consistent with the presentation of consolidated financial statements dated 30 September 2014, there are certain reclassifications made on consolidated cash flow statement as of 30 September 2013.

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**SECTION FOUR**

**INFORMATION ON GROUP'S FINANCIAL STRUCTURE**

**I. Explanations Related to Consolidated Capital Adequacy Ratio**

As of September 30, 2014, the Parent Bank's consolidated capital adequacy ratio is 16.30%. (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 |     |         |            |            |            |           |           |         |
|--|-------------|-----|---------|------------|------------|------------|-----------|-----------|---------|
|  | 0%          | 10% | 20%     | 50%        | 75%        | 100%       | 150%      | 200%      | 250%    |
| <b>Value at Credit Risk</b>  | -           | -   | 150,304 | 8,657,368  | 14,366,040 | 22,058,302 | 2,493,777 | 8,096,380 | 729,193 |
| <b>Exposure Categories:</b>  | 16,495,035  | -   | 751,521 | 17,314,735 | 19,154,720 | 22,058,302 | 1,662,518 | 4,048,190 | 291,677 |
| Conditional and unconditional receivables from central governments or central banks                | 15,514,641  | -   | -       | 1,374,586  | -          | -          | -         | -         | -       |
| Conditional and unconditional receivables from regional or local governments                       | -           | -   | 5,244   | -          | -          | -          | -         | -         | -       |
| Conditional and unconditional receivables from administrative units and non-commercial enterprises | -           | -   | -       | -          | -          | 120        | -         | -         | -       |
| Conditional and unconditional receivables from multilateral development banks                      | -           | -   | -       | -          | -          | -          | -         | -         | -       |
| Conditional and unconditional receivables from international organizations                         | -           | -   | -       | -          | -          | -          | -         | -         | -       |
| Conditional and unconditional receivables from banks and brokerage houses                          | -           | -   | 746,151 | 2,037,522  | -          | 22,787     | -         | -         | -       |
| Conditional and unconditional receivables from corporates  | -           | -   | -       | -          | -          | 16,926,754 | -         | -         | -       |
| Conditional and unconditional retail receivables   | -           | -   | -       | -          | 19,154,720 | 1,733,414  | -         | -         | -       |
| Conditional and unconditional receivables secured by mortgages                                     | -           | -   | -       | 13,870,115 | -          | -          | -         | -         | -       |
| Past due receivables   | -           | -   | -       | 32,512     | -          | 473,088    | -         | -         | -       |
| Receivables defined in high risk category by BRSA  | -           | -   | -       | -          | -          | -          | 1,662,518 | 4,048,190 | 291,677 |
| Securities collateralized by mortgages   | -           | -   | -       | -          | -          | -          | -         | -         | -       |
| Securitization positions   | -           | -   | -       | -          | -          | -          | -         | -         | -       |
| Short-term receivables from banks, brokerage houses and corporates                                 | -           | -   | -       | -          | -          | -          | -         | -         | -       |
| Investments similar to collective investment funds   | -           | -   | -       | -          | -          | 30,957     | -         | -         | -       |
| Other receivables  | 980,394     | -   | 126     | -          | -          | 2,871,182  | -         | -         | -       |

| Current Period   | Consolidated |     |         |            |            |            |           |           |         |
|--|--------------|-----|---------|------------|------------|------------|-----------|-----------|---------|
|  | 0%           | 10% | 20%     | 50%        | 75%        | 100%       | 150%      | 200%      | 250%    |
| <b>Value at Credit Risk</b>  | -            | -   | 131,172 | 8,641,771  | 14,366,040 | 24,603,709 | 2,533,869 | 8,096,380 | 729,193 |
| <b>Exposure Categories:</b>  | 16,495,119   | -   | 655,862 | 17,283,541 | 19,154,720 | 24,603,709 | 1,689,246 | 4,048,190 | 291,677 |
| Conditional and unconditional receivables from central governments or central banks                | 15,514,641   | -   | -       | 1,374,586  | -          | -          | -         | -         | -       |
| Conditional and unconditional receivables from regional or local governments                       | -            | -   | 5,244   | -          | -          | -          | -         | -         | -       |
| Conditional and unconditional receivables from administrative units and non-commercial enterprises | -            | -   | -       | -          | -          | 120        | -         | -         | -       |
| Conditional and unconditional receivables from multilateral development banks                      | -            | -   | -       | -          | -          | -          | -         | -         | -       |
| Conditional and unconditional receivables from international organizations                         | -            | -   | -       | -          | -          | -          | -         | -         | -       |
| Conditional and unconditional receivables from banks and brokerage houses                          | -            | -   | 650,492 | 2,006,311  | -          | 22,787     | -         | -         | -       |
| Conditional and unconditional receivables from corporates  | -            | -   | -       | -          | -          | 19,198,053 | -         | -         | -       |
| Conditional and unconditional retail receivables   | -            | -   | -       | -          | 19,154,720 | 1,733,414  | -         | -         | -       |
| Conditional and unconditional receivables secured by mortgages                                     | -            | -   | -       | 13,870,115 | -          | -          | -         | -         | -       |
| Past due receivables   | -            | -   | -       | 32,529     | -          | 505,919    | -         | -         | -       |
| Receivables defined in high risk category by BRSA  | -            | -   | -       | -          | -          | -          | 1,689,246 | 4,048,190 | 291,677 |
| Securities collateralized by mortgages   | -            | -   | -       | -          | -          | -          | -         | -         | -       |
| Securitization positions   | -            | -   | -       | -          | -          | -          | -         | -         | -       |
| Short-term receivables from banks, brokerage houses and corporates                                 | -            | -   | -       | -          | -          | -          | -         | -         | -       |
| Investments similar to collective investment funds   | -            | -   | -       | -          | -          | 30,957     | -         | -         | -       |
| Other receivables  | 980,478      | -   | 126     | -          | -          | 3,112,459  | -         | -         | -       |

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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>  | -                 | -          | 179,588        | 7,476,755         | 11,903,243        | 18,675,739        | 1,992,405        | 8,987,942        | 1,356,358      |
| <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>  | -                 | -          | 158,471        | 7,561,842         | 12,328,796        | 20,062,864        | 2,044,314        | 8,987,942        | 1,356,358      |
| <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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(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**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) | 4,533,888                     | 4,728,171                     | 4,045,762    | 4,200,047    |
| Capital Requirement for Market Risk (MRCR)                               | 102,092                       | 105,319                       | 80,017       | 94,166       |
| Capital Requirement for Operational Risk (ORCR)                          | 503,912                       | 532,294                       | 425,090      | 454,568      |
| Shareholders' Equity   | 10,474,872                    | 10,932,155                    | 9,642,750    | 10,188,321   |
| Shareholders' Equity/(CRCR+MRCR+ORCR) * 12.5 * 100                       | %16.30                        | %16.30                        | %16.95       | %17.16       |
| Additional Tier I Capital/((CRCR+CRMR+CROR)*12.5*100)                    | %12.36                        | %12.20                        | -            | -            |
| Common Equity/((CRCR+CRMR+CROR)*12.5*100)                                | %12.63                        | %12.48                        | -            | -            |

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<br>September 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   | 399,789                              |
| Profit  | 778,336                              |
| Current Period Profit   | 606,604                              |
| Prior Period Profit   | 171,732                              |
| Provisions for Possible Risks   | 45,500                               |
| Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit  | 2,689                                |
| Minority shares   | 173,771                              |
| <b>Common Equity Before Deductions</b>  | <b>9,055,091</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 (-)   | 512,865                              |
| Leasehold improvements (-)  | 122,484                              |
| Goodwill or other intangible assets and deferred tax liability related to these items (-)   | 46,742                               |
| 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>682,091</b>                       |
| <b>Total Common Equity</b>  | <b>8,373,000</b>                     |

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

|  | September 30,<br>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>186,967</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 (-)   | 186,967               |
| 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>8,186,033</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)  | 2,068,281             |
| Sources pledged to the Bank by shareholders to be used in capital increases of the Bank  | -                     |
| General Loan Loss Provisions   | 738,777               |
| Share of 3 <sup>rd</sup> parties in Tier II Capital  | -                     |
| <b>Tier II Capital Before Deductions</b>   | <b>2,807,058</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>2,807,058</b>      |
| <b>CAPITAL BEFORE DEDUCTIONS</b>   | <b>10,993,091</b>     |
| Loans granted contrary to the 50th and 51th Article of the Law (-)   | 2,074                 |
| 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 (-)   | 11,984                |
| 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 (-)  | 46,878                |
| 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>10,932,155</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) | 1,888,505                             | 1,888,505    | 2,068,281                             | 2,068,281    |

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

**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) | 734   | 456   | 285   | 593   |
| Par value of instrument (Currency in million)   | 740   | 456   | 285   | 593   |
| 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,<br>before the TIER 1 subdebt,<br>same with TIER 2 | After the senior creditors,<br>before the TIER 1 subdebt,<br>same with TIER 2 | After the senior creditors,<br>before the TIER 1 subdebt,<br>same with TIER 2 | After the senior<br>creditors, before the<br>TIER 1 subdebt, same<br>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<br/>Amount</b> | <b>Prior Period<br/>Amount</b> |
|------------|---|----------------------------------|--------------------------------|
| (I)        | Capital Requirement against General Market Risk - Standard Method                       | 28,674                           | 27,165                         |
| (II)       | Capital Requirement against Specific Risks – Standard Method                            | 8,512                            | 6,593                          |
|            | Capital Requirement against Specific Risks of Securitization Positions– Standard Method | -                                | -                              |
| (III)      | Capital Requirement against Currency Risk – Standard Method                             | 45,445                           | 34,596                         |
| (IV)       | Capital Requirement against Commodity Risks - Standard Method                           | 118                              | 908                            |
| (V)        | Capital Requirement against Settlement Risks - Standard Method                          | -                                | -                              |
| (VI)       | Capital Requirement against Market Risks of Options - Standard Method                   | 1,777                            | 1,762                          |
| (VII)      | Capital Requirement against Counterparty Credit Risk - Standard Method                  | 20,793                           | 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)               | 105,319                          | 94,166                         |
| <b>(X)</b> | <b>Value-At-Market Risk (12,5 x VIII) or (12,5 x IX)</b>                                | <b>1,316,488</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 September 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 September 30, 2014, the net foreign currency exposure of the Group is TL 1,236,693 short position (December 31, 2013 – TL – 119,111 short) resulting from on balance sheet short position amounting to TL 7,275,287 (December 31, 2013 – TL 5,744,613 short) and long off balance sheet position amounting to TL 6,038,594 (December 31, 2013 – TL 5,625,502 long). The long off balance sheet position amounting to TL 6,879,714 (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 2.2789 |
| Euro purchase rate in the balance sheet date       | TL 2.8914 |

| <u>Date</u>        | <u>US Dollar</u> | <u>Euro</u> |
|--------------------|------------------|-------------|
| September 30, 2014 | 2.2789 TL        | 2.8914 TL   |
| September 29, 2014 | 2.2557 TL        | 2.8748 TL   |
| September 26, 2014 | 2.2482 TL        | 2.8607 TL   |
| September 25, 2014 | 2.2325 TL        | 2.8677 TL   |
| September 24, 2014 | 2.2319 TL        | 2.8745 TL   |
| September 23, 2014 | 2.2400 TL        | 2.8781 TL   |

**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 September 2014 are TL 2.2036 and TL 2.8501; 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> | 986,351            | 5,111,227          | 1,779,241        | 7,876,819          |
| Due From Banks  | 188,518            | 55,488             | 14,505           | 258,511            |
| Financial Assets at Fair Value through Profit/Loss <sup>(2)</sup>   | 38,745             | 76,147             | 10,229           | 125,121            |
| Money Market Placements   | -                  | -                  | -                | -                  |
| Investment Securities Available-for-Sale  | 135,724            | 1,047,014          | -                | 1,182,738          |
| Loans and Receivables <sup>(3)</sup>  | 3,897,474          | 6,008,275          | 32,688           | 9,938,437          |
| Investments in Assoc., Subsidiaries and Entities under Common Control   | -                  | -                  | -                | -                  |
| Investment Securities Held-to-Maturity  | -                  | 550,908            | -                | 550,908            |
| Derivative Financial Assets Hedging Purposes  | -                  | 44,488             | -                | 44,488             |
| Tangible Assets   | -                  | -                  | 68               | 68                 |
| Intangible Assets   | -                  | -                  | -                | -                  |
| Other Assets <sup>(4)</sup>   | 634,354            | 422,964            | 122              | 1,057,440          |
| <b>Total Assets</b>   | <b>5,881,166</b>   | <b>13,316,511</b>  | <b>1,836,853</b> | <b>21,034,530</b>  |
| <b>Liabilities</b>  |                    |                    |                  |                    |
| Bank Deposits   | 223,767            | 1,133,382          | 47,419           | 1,404,568          |
| Foreign Currency Deposits <sup>(5)</sup>  | 3,905,526          | 7,550,497          | 808,418          | 12,264,441         |
| Money Market Borrowings   | 114,023            | 1,066,960          | -                | 1,180,983          |
| Funds Provided from Other Financial Institutions <sup>(6)</sup>   | 2,192,725          | 4,683,471          | 646,226          | 7,522,422          |
| Securities Issued   | 174,458            | 3,179,684          | -                | 3,354,142          |
| Sundry Creditors  | 1,499,116          | 677,393            | 38,308           | 2,214,817          |
| Derivative Fin. Liabilities Hedging Purposes  | 39,639             | 90,087             | -                | 129,726            |
| Other Liabilities <sup>(7)</sup>  | 72,721             | 162,120            | 3,877            | 238,718            |
| <b>Total Liabilities</b>  | <b>8,221,975</b>   | <b>18,543,594</b>  | <b>1,544,248</b> | <b>28,309,817</b>  |
| <b>Net Balance Sheet Position</b>   |                    |                    |                  |                    |
|   | <b>(2,340,809)</b> | <b>(5,227,083)</b> | <b>292,605</b>   | <b>(7,275,287)</b> |
| <b>Net Off-Balance Sheet Position</b>   |                    |                    |                  |                    |
| Financial Derivative Assets   | <b>1,902,411</b>   | <b>4,320,004</b>   | <b>(183,821)</b> | <b>6,038,594</b>   |
| Financial Derivative Liabilities  | 4,671,598          | 31,772,811         | 455,682          | 36,900,091         |
| Non-Cash Loans <sup>(8)</sup>   | 2,769,187          | 27,452,807         | 639,503          | 30,861,497         |
|   | 1,037,445          | 2,522,811          | 138,900          | 3,699,156          |
| <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 1,745,910 (December 31, 2013 – 1,691,019 TL) precious metal deposit account.

(2) Does not include TL 24,467 (December 31, 2013 – 4,133 TL) of currency income accruals arising from derivative transactions.

(3) Includes TL 2,918,749 TL (December 31, 2013 – TL 2,098,813 TL) FC indexed loans.

(4) Does not include FC prepaid expenses amounting to TL 4,753 (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 3,965 (December 31, 2013 – TL 1,402) accounted as FC in balance sheet. Does not include FC indexed factoring receivables amounting to TL 67,434 (December 31, 2013 – TL 34,945) accounted as TL in balance sheet.

(5) Other foreign currency includes TL 659,851 (December 31, 2013 – TL 777,077) of precious metal deposit account.

(6) Includes TL 25,285 (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 39,545 (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 100,414 (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 nine 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)

| Current 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 | 9                   | -                  | -                 | -                 | -                | 9,201,667                           | 9,201,676         |
| Due from Banks   | 76,632              | -                  | 16,000            | -                 | -                | 188,862                             | 281,494           |
| Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>   | 33,045              | 3,233              | 17,486            | 19,451            | 140,615          | 3,411,709                           | 3,625,539         |
| Money Market Placements  | 61,389              | -                  | -                 | -                 | -                | -                                   | 61,389            |
| Inv. Securities Available for Sale   | 513,626             | 1,007,987          | 2,198,134         | 378,702           | 1,232,873        | 126,890                             | 5,458,212         |
| Loans and Receivables  | 10,985,517          | 4,668,408          | 14,209,675        | 13,404,613        | 4,274,151        | 1,362,818                           | 48,905,182        |
| Inv. Securities Held to Maturity   | 510,206             | 1,209,203          | 955,074           | 640,020           | 175,441          | 71,006                              | 3,560,950         |
| Other Assets   | 280,567             | 214,181            | 576,671           | 787,622           | 18,890           | 3,279,560                           | 5,157,491         |
| <b>Total Assets</b>  | <b>12,460,991</b>   | <b>7,103,012</b>   | <b>17,973,040</b> | <b>15,230,408</b> | <b>5,841,970</b> | <b>17,642,512</b>                   | <b>76,251,933</b> |
| <b>Liabilities</b>   |                     |                    |                   |                   |                  |                                     |                   |
| Bank Deposits  | 1,326,832           | 179,224            | 289               | -                 | -                | 27,424                              | 1,533,769         |
| Other Deposits   | 22,750,306          | 9,371,061          | 2,124,061         | 124,512           | 281              | 6,001,993                           | 40,372,214        |
| Money Market Borrowings  | 3,208,866           | 493,858            | -                 | -                 | -                | 1,573                               | 3,704,297         |
| Sundry Creditors   | 2,165,174           | -                  | -                 | -                 | -                | 1,732,064                           | 3,897,238         |
| Securities Issued  | 891,927             | 1,485,361          | 424,749           | 2,819,171         | -                | 89,395                              | 5,710,603         |
| Funds Borrowed   | 1,486,479           | 4,064,285          | 2,121,503         | 319,635           | 33,066           | 60,152                              | 8,085,120         |
| Other Liabilities <sup>(***)</sup>   | 74                  | 169                | 6,758             | 1,586             | -                | 12,940,105                          | 12,948,692        |
| <b>Total Liabilities</b>   | <b>31,829,658</b>   | <b>15,593,958</b>  | <b>4,677,360</b>  | <b>3,264,904</b>  | <b>33,347</b>    | <b>20,852,706</b>                   | <b>76,251,933</b> |
| On Balance Sheet Long Position   | -                   | -                  | 13,295,680        | 11,965,504        | 5,808,623        | -                                   | 31,069,807        |
| On Balance Sheet Short Position  | (19,368,667)        | (8,490,946)        | -                 | -                 | -                | (3,210,194)                         | (31,069,807)      |
| Off-Balance Sheet Long Position  | 3,373,130           | 6,306,477          | 730,144           | -                 | -                | -                                   | 10,409,751        |
| Off-Balance Sheet Short Position   | -                   | -                  | -                 | (8,335,041)       | (1,914,845)      | -                                   | (10,249,886)      |
| <b>Total Position</b>  | <b>(15,995,537)</b> | <b>(2,184,469)</b> | <b>14,025,824</b> | <b>3,630,463</b>  | <b>3,893,778</b> | <b>(3,210,194)</b>                  | <b>159,865</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 2,075,175 derivative financial assets used for hedging purposes.

(\*\*\*) Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 232,297.

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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   | 0.15  | 0.74  | -     | 10.18                |
| Financial Assets at Fair Value Through Profit/Loss   | 3.53  | 4.64  | -     | 7.61                 |
| Money Market Placements  | -     | -     | -     | 10.83                |
| Investment Securities Available for Sale   | 4.73  | 5.43  | -     | 10.08                |
| Loans and Receivables  | 5.13  | 4.35  | 4.44  | 12.70 <sup>(*)</sup> |
| Investment Securities Held for Trading   | -     | 5.39  | -     | 11.78                |
| <b>Liabilities</b>   |       |       |       |                      |
| Bank Deposits  | 0.46  | 0.93  | -     | 10.34                |
| Other Deposits   | 1.89  | 2.03  | 0.25  | 9.36                 |
| Money Market Borrowings  | 0.40  | 0.62  | -     | 9.48                 |
| Sundry Creditors   | -     | 0.09  | -     | -                    |
| Securities Issued  | -     | 5.49  | -     | 10.08                |
| Funds Borrowed   | 3.45  | 4.31  | -     | 10.64                |

(\*) The yield of loans and receivables is 10.71% 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<br>(+/- x basis points) | Gains/Losses     | Gains/Equity-<br>Losses/Equity |
|-----------------------------------|--|------------------|--------------------------------|
| 1. TL                             | (+) 500                                | (747,373)        | %(7.13)                        |
|                                   | (-) 400                                | 720,439          | %(6.88)                        |
| 2. EURO                           | (+) 200                                | (65,340)         | %(0.62)                        |
|                                   | (-) 200                                | 70,508           | %(0.67)                        |
| 3. USD                            | (+) 200                                | (65,730)         | %(0.63)                        |
|                                   | (-) 200                                | 75,103           | %(0.72)                        |
| <b>Total (of negative shocks)</b> |  | <b>866,050</b>   | <b>%(8.27)</b>                 |
| <b>Total (of positive shocks)</b> |  | <b>(878,443)</b> | <b>%(8.39)</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>13,875</b>                | -                             | <b>13,875</b> |
| Quoted Securities                                      | 13,875                       | -                             | 13,875        |
| <b>2 Equity Investments Group B</b>                    | <b>2</b>                     | -                             | <b>2</b>      |
| Quoted Securities                                      | 2                            | -                             | 2             |
| <b>3. Equity Investments Group C</b>                   | -                            | -                             | -             |
| Quoted Securities                                      | -                            | -                             | -             |
| <b>4. Equity Investments Group Other<sup>(*)</sup></b> | <b>189,708<sup>(*)</sup></b> | <b>194,916<sup>(**)</sup></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<br>in Current<br>Period | Revaluation Surpluses |  | Unrealized Gains and Losses |                                 |   |
|----------------------------------|--------------------------------------|-----------------------|--|-----------------------------|---------------------------------|---|
|                                  |                                      | Total                 | Amount under<br>Supplementary<br>Capital | Total                       | Amount<br>under Core<br>Capital | Amount<br>under<br>Suppleme<br>ntary<br>Capital |
| 1. Private Equity<br>Investments | -                                    | -                     | -  | -                           | -                               | -   |
| 2. Quoted Shares                 | 2,433                                | -                     | -  | 314                         | -                               | 141   |
| 3. Other Shares                  | -                                    | -                     | -  | -                           | -                               | -   |
| <b>4. Total</b>                  | <b>2,433</b>                         | -                     | -  | <b>314</b>                  | -                               | <b>141</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 | 2,219,054          | 6,982,622            | -                  | -                  | -                 | -                       | -                                 | 9,201,676         |
| Due from Banks   | 188,313            | 76,626               | -                  | 16,555             | -                 | -                       | -                                 | 281,494           |
| Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>   | -                  | 85,325               | 209,130            | 1,141,714          | 1,882,406         | 306,964                 | -                                 | 3,625,539         |
| Money Market Placements  | -                  | 61,389               | -                  | -                  | -                 | -                       | -                                 | 61,389            |
| Investment Securities Available for Sale   | 35,909             | 297                  | 291                | 571,799            | 1,688,609         | 3,161,307               | -                                 | 5,458,212         |
| Loans and Receivables  | -                  | 11,798,653           | 4,670,175          | 14,209,147         | 13,401,779        | 4,273,734               | 551,694                           | 48,905,182        |
| Investment Securities Held to Maturity   | -                  | -                    | -                  | 497,860            | 833,154           | 2,229,936               | -                                 | 3,560,950         |
| Other Assets   | 8,604              | 1,235,256            | 265,740            | 507,848            | 949,197           | 18,902                  | 2,171,944                         | 5,157,491         |
| <b>Total Assets</b>  | <b>2,451,880</b>   | <b>20,240,168</b>    | <b>5,145,336</b>   | <b>16,944,923</b>  | <b>18,755,145</b> | <b>9,990,843</b>        | <b>2,723,638</b>                  | <b>76,251,933</b> |
| <b>Liabilities</b>   |                    |                      |                    |                    |                   |                         |                                   |                   |
| Bank Deposits  | 25,516             | 1,328,366            | 179,595            | 292                | -                 | -                       | -                                 | 1,533,769         |
| Other Deposits   | 5,757,492          | 22,863,406           | 9,468,476          | 2,156,338          | 126,215           | 287                     | -                                 | 40,372,214        |
| Funds Borrowed   | 221                | 683,059              | 2,333,784          | 2,075,750          | 834,427           | 2,157,879               | -                                 | 8,085,120         |
| Money Market Borrowings  | -                  | 3,210,438            | 493,859            | -                  | -                 | -                       | -                                 | 3,704,297         |
| Securities Issued  | -                  | 642,845              | 884,939            | 940,196            | 3,097,244         | 145,379                 | -                                 | 5,710,603         |
| Sundry Creditors   | 9,467              | 3,855,707            | 550                | -                  | -                 | 31,514                  | -                                 | 3,897,238         |
| Other Liabilities <sup>(***)</sup>   | 4,555              | 1,623,894            | 360,974            | 679,178            | 62,270            | 166,893                 | 10,050,928                        | 12,948,692        |
| <b>Total Liabilities</b>   | <b>5,797,251</b>   | <b>34,207,715</b>    | <b>13,722,177</b>  | <b>5,851,754</b>   | <b>4,120,156</b>  | <b>2,501,952</b>        | <b>10,050,928</b>                 | <b>76,251,933</b> |
| <b>Liquidity Gap</b>   | <b>(3,345,371)</b> | <b>(13,967,547)</b>  | <b>(8,576,841)</b> | <b>11,093,169</b>  | <b>14,634,989</b> | <b>7,488,891</b>        | <b>(7,327,290)</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 8,548,330, unallocated provisions amounting to TL 1,420,371 and tax liability amounting to TL 82,227.

(\*\*) Financial Assets at Fair Value Through Profit/Loss include derivative financial assets held for hedging purposes amounting to TL 2,075,175.

(\*\*\*) Other Liabilities also include derivative financial liabilities held for hedging purposes amounting to TL 223,297.

**VII. Explanations Related to Securitization Positions**

As of September 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                | 16,889,227         | -                            | -                                 | -  |
| Conditional and unconditional receivables from regional or local governments                       | 5,287              | 43                           | -                                 | -  |
| Conditional and unconditional receivables from administrative units and non-commercial enterprises | 600                | -                            | -                                 | -  |
| Conditional and unconditional receivables from multilateral development banks                      | -                  | -                            | -                                 | -  |
| Conditional and unconditional receivables from international organizations                         | -                  | -                            | -                                 | -  |
| Conditional and unconditional receivables from banks and brokerage houses                          | 4,458,190          | 1,552,562                    | -                                 | -  |
| Conditional and unconditional receivables from corporates  | 27,701,145         | 662,504                      | -                                 | -  |
| Conditional and unconditional retail receivables   | 39,361,193         | 273,369                      | -                                 | -  |
| Conditional and unconditional receivables secured by mortgages                                     | 14,306,904         | -                            | -                                 | -  |
| Past due receivables   | 538,540            | 92                           | -                                 | -  |
| Receivables defined in high risk category by BRSA  | 6,101,271          | 72,158                       | -                                 | -  |
| Securities collateralized by mortgages   | -                  | -                            | -                                 | -  |
| Securitization positions   | -                  | -                            | -                                 | -  |
| Short-term receivables from banks, brokerage houses and corporates                                 | -                  | -                            | -                                 | -  |
| Investments similar to collective investment funds   | 30,957             | -                            | -                                 | -  |
| Other receivables  | 4,093,063          | -                            | -                                 | -  |
| <b>Total</b>   | <b>113,486,377</b> | <b>2,560,728</b>             | <b>-</b>                          | <b>-</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 | 649,238          | 299,842          | 633,575        | 413,150          |
| T.R. Central Bank           | 644,365          | 7,576,706        | 253,764        | 6,906,881        |
| Others                      | 31,254           | 271              | 451            | 661              |
| <b>Total</b>                | <b>1,324,857</b> | <b>7,876,819</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 | 644,365        | 549,480          | 253,764        | 499,042          |
| Restricted Time Deposits     | -              | 6,982,622        | -              | 6,407,839        |
| <b>Total</b>                 | <b>644,365</b> | <b>7,576,706</b> | <b>253,764</b> | <b>6,906,881</b> |

As of September 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%).

According to T. C. Central Bank press release No. 2014-72 dated October 21, 2014, as of November 2014, interest will be paid on TL portion of Reserve Requirements.

**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> | 23,247         | -        | 103          | -        |
| Other                                | -              | -        | -            | -        |
| <b>Total</b>                         | <b>23,247</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>      | 6,235          | -        | 140,916        | -        |
| Treasury Bills <sup>(*)</sup>        | -              | -        | -              | -        |
| Other Debt Securities                | -              | -        | -              | -        |
| Bonds Issued and Guaranteed by Banks | 4,803          | -        | 4,818          | -        |
| Asset Backed Securities              | -              | -        | -              | -        |
| Other                                | -              | -        | -              | -        |
| <b>Total</b>                         | <b>11,038</b>  | <b>-</b> | <b>145,734</b> | <b>-</b> |

<sup>(\*)</sup> Government bonds, bank bills and bank guaranteed 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 | 61,211           | -              | 107,327          | -              |
| Swap Transactions    | 1,121,827        | 80,099         | 922,629          | 61,661         |
| Futures              | -                | 1,042          | -                | 486            |
| Options              | -                | 64,593         | -                | 189,378        |
| Other                | -                | -              | -                | -              |
| <b>Total</b>         | <b>1,183,038</b> | <b>145,734</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                          | 22,416         | 313            | 5,985        | 2,301          |
| Foreign                           | 567            | 258,198        | 2            | 302,327        |
| Foreign Head Offices and Branches | -              | -              | -            | 165,539        |
| <b>Total</b>                      | <b>22,983</b>  | <b>258,511</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                  | 122,637             | 44,881         | 1,696                             | 1,730        |
| USA and Canada                | 49,422              | 233,566        | 1,629                             | 1,528        |
| OECD Countries <sup>(*)</sup> | 5,634               | 17,147         | -                                 | -            |
| Off-shore Banking Regions     | 75,374              | 165,538        | -                                 | -            |
| Other                         | 2,373               | 3,478          | -                                 | -            |
| <b>Total</b>                  | <b>255,440</b>      | <b>464,610</b> | <b>3,325</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 3,325 (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>5,848</b>   | -  | <b>3,433</b> | -  |
| T.R. Central Bank            | -              | -  | -            | -  |
| Banks                        | -              | -  | -            | -  |
| Intermediary Institutions    | 5,848          | -  | 3,433        | -  |
| Other Financial Institutions | -              | -  | -            | -  |
| Other Institutions           | -              | -  | -            | -  |
| Real Persons                 | -              | -  | -            | -  |
| <b>Foreign Transactions</b>  | -              | -  | -            | -  |
| Central Banks                | -              | -  | -            | -  |
| Banks                        | -              | -  | -            | -  |
| Intermediary Institutions    | -              | -  | -            | -  |
| Other Financial Institutions | -              | -  | -            | -  |
| Other Institutions           | -              | -  | -            | -  |
| Real Persons                 | -              | -  | -            | -  |
| <b>Total</b>                 | <b>5,848</b>   | -  | <b>3,433</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 | 494,585        | -        | 393,114        | -        |
| Other   | -              | -        | -              | -        |
| <b>Total</b>  | <b>494,585</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                         | 1,410,286        | 844,028        | 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>1,410,286</b> | <b>844,028</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>5,482,165</b> | <b>5,444,796</b> |
| Quoted on a stock exchange (*)  | 5,475,480        | 5,429,359        |
| Unquoted on a stock exchange    | 6,685            | 15,437           |
| <b>Share certificates</b>       | <b>36,650</b>    | <b>512,730</b>   |
| Quoted on a stock exchange (**) | 32,128           | 512,570          |
| Unquoted on a stock exchange    | 4,522            | 160              |
| <b>Impairment provision (-)</b> | <b>(60,603)</b>  | <b>(214,541)</b> |
| <b>Total</b>                    | <b>5,458,212</b> | <b>5,742,985</b> |

(\*) The Eurobond Portfolio amounting to TL 941,050 (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 105,266 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 26,137 (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   | 1,658          | 38,340        | -             | 32,895        |
| Corporate Shareholders                 | 1,658          | 38,340        | -             | 32,895        |
| Individual Shareholders                | -              | -             | -             | -             |
| Indirect Loans Granted to Shareholders | -              | -             | -             | -             |
| Loans Granted to Employees (*)         | 71,833         | -             | 71,031        | -             |
| <b>Total</b>                           | <b>73,491</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>    | 45,187,283                             | 888,769   | -        | 3,280,270  | 1,034,066   | -        |
| Discount Notes                  | 885,836                                | -   | -        | 9,973  | -   | -        |
| Export Loans                    | 1,437,436                              | -   | -        | 34,044   | -   | -        |
| Import Loans                    | 6,118                                  | -   | -        | -  | -   | -        |
| Loans Given to Financial Sector | 971,013                                | -   | -        | -  | -   | -        |
| Retail Loans                    | 12,521,423                             | 238,197   | -        | 1,130,897  | 271,953   | -        |
| Credit Cards                    | 7,946,209                              | 245,481   | -        | 854,399  | 539,631   | -        |
| Other                           | 21,419,248                             | 405,091   | -        | 1,250,957  | 222,482   | -        |
| <b>Specialized Loans</b>        | -                                      | -   | -        | -  | -   | -        |
| <b>Other Receivables</b>        | -                                      | -   | -        | -  | -   | -        |
| <b>Total</b>                    | <b>45,187,283</b>                      | <b>888,769</b>                                    | <b>-</b> | <b>3,280,270</b>                                   | <b>1,034,066</b>                                  | <b>-</b> |

(\*) The loans and other receivables amounting to 114,065 (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      | 888,167                                | 1,023,223                                   |
| 3, 4 or 5 times   | 592                                    | 9,981                                       |
| Over 5 times      | 10                                     | 862   |
| <b>Total</b>      | <b>888,769</b>                         | <b>1,034,066</b>                            |

| Extension Periods | Performing Loans and Other Receivables | Loans and Other Receivables under Follow-up |
|-------------------|--|---|
| 0 - 6 months      | 234,979                                | 49,707                                      |
| 6 -12 months      | 33,625                                 | 91,079                                      |
| 1 - 2 years       | 204,012                                | 321,671                                     |
| 2 - 5 years       | 175,085                                | 487,975                                     |
| 5 years and over  | 241,068                                | 83,634                                      |
| <b>Total</b>      | <b>888,769</b>                         | <b>1,034,066</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>21,522,941</b>                      | <b>245,481</b>                                    | <b>854,399</b>                                     | <b>539,631</b>                                    |
| Non-specialized Loans             | 21,522,941                             | 245,481   | 854,399  | 539,631   |
| Specialized Loans                 | -                                      | -   | -  | -   |
| Other Receivables                 | -                                      | -   | -  | -   |
| <b>Medium and Long-term Loans</b> | <b>23,664,342</b>                      | <b>643,288</b>                                    | <b>2,425,871</b>                                   | <b>494,435</b>                                    |
| Non-specialized Loans             | 23,664,342                             | 643,288   | 2,425,871  | 494,435   |
| Specialized Loans                 | -                                      | -   | -  | -   |
| Other Receivables                 | -                                      | -   | -  | -   |
| <b>Total</b>                      | <b>45,187,283</b>                      | <b>888,769</b>                                    | <b>3,280,270</b>                                   | <b>1,034,066</b>                                  |

(\*) The loans and other receivables amounting to TL 114,065 (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>213,836</b>   | <b>11,719,624</b>    | <b>11,933,460</b> | <b>137,554</b>               |
| Housing Loans                               | 1,774            | 5,846,715            | 5,848,489         | 84,431                       |
| Automobile Loans                            | 332              | 53,405               | 53,737            | 474                          |
| Personal Need Loans                         | 208,727          | 5,819,504            | 6,028,231         | 52,649                       |
| Other                                       | 3,003            | -                    | 3,003             | -                            |
| <b>Consumer Loans-FC Indexed</b>            | <b>-</b>         | <b>25,278</b>        | <b>25,278</b>     | <b>18,623</b>                |
| Housing Loans                               | -                | 24,220               | 24,220            | 17,646                       |
| Automobile Loans                            | -                | -                    | -                 | -                            |
| Personal Need Loans                         | -                | 1,058                | 1,058             | 977                          |
| 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>7,367,488</b> | <b>348,135</b>       | <b>7,715,623</b>  | <b>79,567</b>                |
| Installment                                 | 2,837,162        | 348,135              | 3,185,297         | 32,840                       |
| Non- Installment                            | 4,530,326        | -                    | 4,530,326         | 46,727                       |
| <b>Individual Credit Cards-FC</b>           | <b>3,071</b>     | <b>-</b>             | <b>3,071</b>      | <b>18</b>                    |
| Installment                                 | -                | -                    | -                 | -                            |
| Non- Installment                            | 3,071            | -                    | 3,071             | 18                           |
| <b>Personnel Loans-TL</b>                   | <b>5,515</b>     | <b>35,244</b>        | <b>40,759</b>     | <b>238</b>                   |
| Housing Loans                               | -                | 206                  | 206               | 1                            |
| Automobile Loans                            | -                | 74                   | 74                | 1                            |
| Personal Need Loans                         | 5,515            | 34,964               | 40,479            | 236                          |
| 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>27,156</b>    | <b>-</b>             | <b>27,156</b>     | <b>-</b>                     |
| Installment                                 | 10,376           | -                    | 10,376            | -                            |
| Non-Installment                             | 16,780           | -                    | 16,780            | -                            |
| <b>Personnel Credit Cards-FC</b>            | <b>67</b>        | <b>-</b>             | <b>67</b>         | <b>-</b>                     |
| Installment                                 | -                | -                    | -                 | -                            |
| Non-Installment                             | 67               | -                    | 67                | -                            |
| <b>Overdraft Accounts-TL (Real Persons)</b> | <b>1,403,876</b> | <b>-</b>             | <b>1,403,876</b>  | <b>92,532</b>                |
| <b>Overdraft Accounts-FC (Real Persons)</b> | <b>-</b>         | <b>-</b>             | <b>-</b>          | <b>-</b>                     |
| <b>Total</b>                                | <b>9,021,009</b> | <b>12,128,281</b>    | <b>21,149,290</b> | <b>328,532</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>718,633</b>   | <b>7,492,493</b>     | <b>8,211,126</b>  | <b>113,096</b>               |
| Real Estate Loans  | 1,627            | 168,671              | 170,298           | 2,087                        |
| Automobile Loans   | 5,618            | 313,426              | 319,044           | 5,035                        |
| Personal Need Loans  | 711,388          | 7,010,396            | 7,721,784         | 105,974                      |
| Other  | -                | -                    | -                 | -                            |
| <b>Commercial Loans with Installment Facility - FC Indexed</b> | <b>58,578</b>    | <b>1,093,976</b>     | <b>1,152,554</b>  | <b>126,430</b>               |
| Real Estate Loans  | -                | 32,438               | 32,438            | 5,445                        |
| Automobile Loans   | 462              | 73,902               | 74,364            | 8,201                        |
| Personal Need Loans  | 58,116           | 987,636              | 1,045,752         | 112,784                      |
| 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>963,140</b>   | <b>1,410</b>         | <b>964,550</b>    | <b>9,912</b>                 |
| Installment  | 248,118          | 1,410                | 249,528           | 2,564                        |
| Non-Installment  | 715,022          | -                    | 715,022           | 7,348                        |
| <b>Corporate Credit Cards –FC</b>                              | <b>640</b>       | <b>-</b>             | <b>640</b>        | <b>4</b>                     |
| Installment  | -                | -                    | -                 | -                            |
| Non-Installment  | 640              | -                    | 640               | 4                            |
| <b>Overdraft Accounts-TL (Legal Entities)</b>                  | <b>823,748</b>   | <b>-</b>             | <b>823,748</b>    | <b>1,355</b>                 |
| <b>Overdraft Accounts-FC (Legal Entities)</b>                  | <b>-</b>         | <b>-</b>             | <b>-</b>          | <b>-</b>                     |
| <b>Total</b>   | <b>2,564,739</b> | <b>8,587,879</b>     | <b>11,152,618</b> | <b>250,797</b>               |

**f) Loans according to borrowers <sup>(\*)</sup>**

|              | Current Period    | Prior Period      |
|--------------|-------------------|-------------------|
| Public       | 160,355           | 150,108           |
| Private      | 48,307,198        | 42,197,546        |
| <b>Total</b> | <b>48,467,553</b> | <b>42,347,654</b> |

(\*) The loans and other receivables amounting to TL 114,065 (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 <sup>(\*)</sup>**

|                | Current Period    | Prior Period      |
|----------------|-------------------|-------------------|
| Domestic Loans | 48,313,236        | 42,155,909        |
| Foreign Loans  | 154,317           | 191,745           |
| <b>Total</b>   | <b>48,467,553</b> | <b>42,347,654</b> |

(\*) The loans and other receivables amounting to TL 114,065 (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  | 80,174           | 167,353          |
| Loans and Receivables with Doubtful Collectability | 427,625          | 483,952          |
| Uncollectible Loans and Receivables                | 1,775,028        | 1,805,823        |
| <b>Total</b>                                       | <b>2,282,827</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  | IV. Group  | V. Group                            |
|--|---|--|-------------------------------------|
|  | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| <b>Current Period</b>                          |   |  |                                     |
| (Gross Amounts Before the Specific Provisions) | 2,916   | 4,657  | 81,313                              |
| Restructured Loans and Other Receivables       | -   | -  | -                                   |
| Rescheduled Loans and Other Receivables        | 2,916   | 4,657  | 81,313                              |
| <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  | IV. Group  | V. Group                            |
|---|---|--|-------------------------------------|
|   | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| <b>Prior Period End Balance</b>                             | <b>419,095</b>                                    | <b>740,935</b>                                     | <b>1,805,823</b>                    |
| Additions (+)   | 961,894   | 79,993   | 112,842                             |
| Transfers from Other Categories of Non-Performing Loans (+) | -   | 888,897  | 910,278                             |
| Transfers to Other Categories of Non-Performing Loans (-)   | 888,897   | 910,278  | -                                   |
| Collections (-)   | 94,341  | 130,284  | 232,834                             |
| <b>Write-offs (-)<sup>(**)</sup></b>                        | <b>61</b>   | <b>7,460</b>                                       | <b>821,081</b>                      |
| Corporate and Commercial Loans                              | 61  | 7,449  | 268,943                             |
| Consumer Loans  | -   | 11   | 223,869                             |
| Credit Cards  | -   | -  | 328,269                             |
| Others  | -   | -  | -                                   |
| <b>Current Period End Balance</b>                           | <b>397,690</b>                                    | <b>661,803</b>                                     | <b>1,775,028</b>                    |
| Specific Provision (-)                                      | 80,174  | 427,625  | 1,775,028                           |
| <b>Net Balances on Balance Sheet</b>                        | <b>317,516</b>                                    | <b>234,178</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>317,516</b>                                    | <b>234,178</b>                                     | -                                   |
| Loans to Real Persons and Legal Entities (Gross) | 397,690   | 661,803  | 1,764,762                           |
| Specific provision (-)                           | (80,174)  | (427,625)  | (1,764,762)                         |
| Loans to Real Persons and Legal Entities (Net)   | 317,516   | 234,178  | -                                   |
| Banks (Gross)                                    | -   | -  | -                                   |
| Specific provision (-)                           | -   | -  | -                                   |
| Banks (Net)                                      | -   | -  | -                                   |
| Other Loans and Receivables (Gross)              | -   | -  | 10,266                              |
| Specific provision (-)                           | -   | -  | (10,266)                            |
| 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           | 471,693        | 7,840        | 512,851        | 7,806        |
| Medium and Long Term | -              | -            | -              | -            |
| <b>Total</b>         | <b>471,693</b> | <b>7,840</b> | <b>512,851</b> | <b>7,806</b> |

As of September 30, 2014 and September 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 | 4,744          | 4,075        |
| Collections                          | (50)           | (740)        |
| Written off                          | -              | -            |
| <b>Current Period End Balance</b>    | <b>11,814</b>  | <b>6,271</b> |

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

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

|   | Current Period |          | Prior Period   |          |
|---|----------------|----------|----------------|----------|
|   | TP             | YP       | TP             | YP       |
| Share certificates                                    | -              | -        | -              | -        |
| Bond, Treasury bill and similar marketable securities | 523,410        | -        | 126,049        | -        |
| Other   | -              | -        | -              | -        |
| <b>Toplam</b>   | <b>523,410</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 1,552,352 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                     | 2,947,574        | 33,039        | 2,446,859        | 20,820        |
| Treasury Bill                       | 62,468           | -             | -                | -             |
| Other Public Sector Debt Securities | -                | -             | -                | -             |
| <b>Total</b>                        | <b>3,010,042</b> | <b>33,039</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>3,010,042</b> | <b>550,908</b> | <b>2,446,859</b> | <b>378,920</b> |
| Publicly-traded          | 3,010,042        | 550,908        | 2,446,859        | 378,920        |
| Non-publicly traded      | -                | -              | -                | -              |
| Provision for losses (-) | -                | -              | -                | -              |
| <b>Total</b>             | <b>3,010,042</b> | <b>550,908</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 | 25,342           | 29,197                   |
| Acquisitions during the year (*)        | 512,693          | 2,768,370 <sup>(*)</sup> |
| Disposals through sales and redemptions | -                | -                        |
| Provision for losses (-)                | -                | -                        |
| Valuation Effect                        | 197,136          | 28,212                   |
| <b>The sum of end of the period</b>     | <b>3,560,950</b> | <b>2,825,779</b>         |

(\*) 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 |
|--------------|----------------------|--------------------|-----------------|--------------------------------|----------------------------|--------------------------|----------------------|
| 54,167       | 31,256               | 33,312             | 639             | -                              | 8,874                      | 4,171                    | -                    |

(\*) Current period information is obtained from financial statements as of September 30, 2014, prior period profit and loss information is obtained from financial statements as of September 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.                 | 34,151       | 24,778               | 17,410             | -               | -                              | 9,661                      | 5,653                    | -                    |
| 2. <sup>(**)</sup> | 6,920        | 6,123                | 5,040              | 191             | -                              | 123                        | -                        | -                    |

(\*) Current period information is obtained from financial statements as of September 30, 2014, prior period profit and loss information is obtained from financial statements as of September 30, 2013.

(\*\*) 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<br>(City/Country) | Bank's Share – If<br>Different, Voting Rights<br>(%) | Bank's Risk<br>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 and oppose will be granted the right to resign from the Company. The Extraordinary General Meeting is done in October 20, 2014.

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

|        | Total<br>Assets | Shareholder's<br>Equity | Total Fixed<br>Assets | Interest<br>Income | Income on<br>Securities<br>Portfolio | Current<br>Period<br>Profit/Loss | Prior<br>Period<br>Profit/Loss | Company's<br>Fair<br>Value (**) |
|--------|-----------------|-------------------------|-----------------------|--------------------|--------------------------------------|----------------------------------|--------------------------------|---------------------------------|
| 1. (*) | 310,069         | 151,489                 | 3,737                 | 12,107             | 2,947                                | 2,574                            | 1,621                          | -                               |
| 2. (*) | 1,864,256       | 543,627                 | 963                   | 107,895            | -                                    | 33,961                           | 35,937                         | 500,250                         |
| 3. (*) | 21,285          | 21,002                  | 1                     | 985                | 715                                  | 1,359                            | (1,040)                        | 19,440                          |
| 4. (*) | 11,216          | 10,290                  | 601                   | 899                | 4                                    | 562                              | 967                            | -                               |
| 5. (*) | 500,086         | 31,532                  | 861                   | 39,133             | -                                    | 3,110                            | 1,189                          | -                               |

(\*) Current period information represents September 30, 2014 figures, and prior period profit/loss amounts represent September 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>(32,235)</b> | <b>(71,447)</b> |
| Purchases  | -               | -               |
| Bonus Shares Received                                | -               | -               |
| Dividends from Current Year Profit                   | -               | -               |
| Sales  | -               | (1,069)         |
| Changes Due to Reclassification                      | -               | -               |
| Revaluation Difference                               | (32,235)        | (70,378)        |
| Impairment Provision                                 | -               | -               |
| <b>Balance at the End of the Period</b>              | <b>372,935</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**

|                     | <b>Current Period</b> | <b>Prior Period</b> |
|---------------------|-----------------------|---------------------|
| Banks               | -                     | -                   |
| Insurance Companies | -                     | -                   |
| Factoring Companies | 20,000                | 20,000              |
| Leasing Companies   | 255,428               | 284,787             |
| Finance Companies   | -                     | -                   |
| Other Subsidiaries  | 97,507                | 100,383             |
| <b>Total</b>        | <b>372,935</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**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Quoted on Domestic Stock Exchanges      | 270,214               | 302,448             |
| Quoted on International Stock Exchanges | -                     | -                   |
| <b>Total</b>                            | <b>270,214</b>        | <b>302,448</b>      |

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

None.

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

|  | <b>The Parent Bank's Share</b> | <b>The Group's Share</b> | <b>Current Assets</b> | <b>Fixed Assets</b> | <b>Long Term Debt</b> | <b>Current Period Profit/Loss</b> | <b>Prior Year Profit/Loss</b> |
|--|--------------------------------|--------------------------|-----------------------|---------------------|-----------------------|-----------------------------------|-------------------------------|
| Cigna Finans Emeklilik ve Hayat A.Ş. <sup>(*)</sup>                            | %49.00                         | %49.00                   | 237,682               | 444,852             | 506,277               | 20,855                            | 8,403                         |
| Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. <sup>(*)</sup> | %33.33                         | %33.33                   | 11,990                | 10,436              | 720                   | 3,052                             | 2,712                         |

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

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

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

|                   | <b>Current Period</b> |                  | <b>Prior Period</b> |                  |
|-------------------|-----------------------|------------------|---------------------|------------------|
|                   | <b>Gross</b>          | <b>Net</b>       | <b>Gross</b>        | <b>Net</b>       |
| Less than 1 year  | 703,973               | 599,415          | 629,447             | 543,853          |
| Between 1-4 years | 899,830               | 788,143          | 797,021             | 706,442          |
| Over 4 years      | 77,451                | 70,828           | 56,266              | 52,493           |
| <b>Total</b>      | <b>1,681,254</b>      | <b>1,458,386</b> | <b>1,482,734</b>    | <b>1,302,788</b> |

Finance lease receivables include non-performing finance lease receivables amounting to TL 141,050 (December 31, 2013 – TL 133,655) and specific provisions amounting to TL 92,228 (December 31, 2013 – TL 83,006).

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

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| End of prior period                       | 83,006                | 64,549              |
| Provided provision / (reversal), Net      | 15,061                | 14,410              |
| Collections                               | (5,839)               | (4,886)             |
| <b>Provision at the end of the period</b> | <b>92,228</b>         | <b>74,073</b>       |

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

|                                  | Current Period   | Prior Period     |
|----------------------------------|------------------|------------------|
| Gross Finance Lease Investments  | 1,681,254        | 1,482,734        |
| Unearned Finance Income (-)      | (222,868)        | (179,946)        |
| Cancelled Leasing Agreements (-) | -                | -                |
| <b>Net Investment on Leases</b>  | <b>1,458,386</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 (*) | 1,509,393        | 44,488        | 1,487,743        | 61,426        |
| Cash Flow Hedge      | 521,294          | -             | 378,626          | -             |
| Net Investment Hedge | -                | -             | -                | -             |
| <b>Total</b>         | <b>2,030,687</b> | <b>44,488</b> | <b>1,866,369</b> | <b>61,426</b> |

(\*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of September 30, 2014, TL 44,488 (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 1,509,303 (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 September 30, 2014, the Group have TL tax asset according to related regulations. Deferred tax asset amount is TL 17,068 (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**

As of September 30, 2014, The Bank has re-classified its real estate property with a net book value of TL 63,090 from Tangible Assets to Assets held for Sale.

**16. Information on other assets:**

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

|  | Current Period   | Prior Period     |
|--|------------------|------------------|
| Other Prepaid Expenses                       | 348,330          | 299,361          |
| Cheques Receivables from Other Banks         | 383,798          | 188,161          |
| Miscellaneous Receivables                    | 77,754           | 83,362           |
| Assets Held for Resale (net)                 | 150,005          | 159,080          |
| Prepaid rent expenses                        | 35,842           | 30,352           |
| Collateral Given for Derivative Transactions | 88,907           | 109,767          |
| Advances Given                               | 11,922           | 307,905          |
| Prepaid Agency Commissions                   | 700              | 3,643            |
| Other  | 147,089          | 77,324           |
| <b>Total</b>                                 | <b>1,244,347</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                     | 2,030,687        | 44,488         | 1,866,369        | 61,426         |
| Derivative Financial Instruments Held for Hedging | 1,183,038        | 145,734        | 1,029,956        | 251,525        |
| Loans   | 650,589          | 108,773        | 632,960          | 73,137         |
| Investment Securities Available for Sale          | 112,308          | 38,831         | 95,011           | 11,539         |
| Investment securities held to maturity            | 62,468           | 8,538          | 23,336           | 4,876          |
| Lease Receivables                                 | 5,221            | 8,122          | 4,135            | 6,869          |
| Banks and Other Financial Institutions            | 555              | -              | 143              | -              |
| Trading Securities                                | 250              | 48             | (1,164)          | 37             |
| Other Accruals                                    | 25,030           | 211            | 1,418            | 105            |
| <b>Total</b>                                      | <b>4,070,146</b> | <b>354,745</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>           | 1,529,224        | -             | 2,153,123        | 11,009,073        | 449,249          | 346,808          | 1,437,587        | 3,958                        | 16,929,022        |
| <b>Foreign Currency Deposits</b> | 1,808,379        | -             | 1,406,109        | 7,400,183         | 349,745          | 169,900          | 466,452          | 3,824                        | 11,604,592        |
| Residents in Turkey              | 1,758,016        | -             | 1,378,750        | 7,280,468         | 317,702          | 152,583          | 429,466          | 3,824                        | 11,320,809        |
| Residents Abroad                 | 50,363           | -             | 27,359           | 119,715           | 32,043           | 17,317           | 36,986           | -                            | 283,783           |
| <b>Public Sector Deposits</b>    | 271,358          | -             | 24,387           | 81,506            | 794              | 874,272          | -                | -                            | 1,252,317         |
| <b>Commercial Deposits</b>       | 1,516,853        | -             | 1,673,675        | 4,565,977         | 297,581          | 169,975          | 90,776           | -                            | 8,314,837         |
| <b>Other Ins. Deposits</b>       | 23,068           | -             | 57,752           | 1,003,566         | 15,217           | 462,702          | 49,292           | -                            | 1,611,597         |
| <b>Precious Metal Deposits</b>   | 608,610          | -             | 27,295           | 19,787            | 3,968            | 189              | -                | -                            | 659,849           |
| <b>Bank Deposits</b>             | 25,516           | -             | 1,328,366        | 179,595           | -                | 292              | -                | -                            | 1,533,769         |
| T.R. Central Bank                | -                | -             | -                | -                 | -                | -                | -                | -                            | -                 |
| Domestic Banks                   | 7,849            | -             | 357,737          | -                 | -                | -                | -                | -                            | 365,586           |
| Foreign Banks                    | 16,064           | -             | 970,629          | 179,595           | -                | 292              | -                | -                            | 1,166,580         |
| Participation Banks              | 1,603            | -             | -                | -                 | -                | -                | -                | -                            | 1,603             |
| Other                            | -                | -             | -                | -                 | -                | -                | -                | -                            | -                 |
| <b>Total</b>                     | <b>5,783,008</b> | <b>-</b>      | <b>6,670,707</b> | <b>24,259,687</b> | <b>1,116,554</b> | <b>2,024,138</b> | <b>2,044,107</b> | <b>7,782</b>                 | <b>41,905,983</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>           | 1,633,745        | -             | 1,986,642        | 10,796,200        | 979,428          | 436,045          | 312,848         | 5,859                        | 16,150,767        |
| <b>Foreign Currency Deposits</b> | 1,531,397        | -             | 781,342          | 6,221,329         | 644,676          | 461,652          | 351,038         | 5,695                        | 9,997,129         |
| 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>    | 304,915          | -             | 607              | 49,520            | 254              | 1,352,508        | -               | -                            | 1,707,804         |
| <b>Commercial Deposits</b>       | 1,457,168        | -             | 1,748,841        | 3,706,500         | 209,984          | 123,627          | 52,502          | -                            | 7,298,622         |
| <b>Other Ins. Deposits</b>       | 22,666           | -             | 149,047          | 511,418           | 104,932          | 45,464           | 613             | -                            | 834,140           |
| <b>Precious Metal Deposits</b>   | 734,417          | -             | 24,330           | 11,191            | 6,948            | 161              | -               | -                            | 777,047           |
| <b>Bank Deposits</b>             | 21,521           | -             | 893,646          | 409,845           | 11,499           | 4,982            | -               | -                            | 1,341,493         |
| 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>-</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     |                   |
|---|-------------------|------------------|-------------------|-------------------|
|   | Current Period    | Prior Period     | Current Period    | Prior Period      |
| Saving Deposits   | 9,179,360         | 7,860,834        | 7,749,103         | 8,280,585         |
| Foreign Currency Savings Deposits                           | 1,810,797         | 1,653,084        | 5,190,802         | 5,382,496         |
| Other Saving Deposits                                       | -                 | -                | -                 | -                 |
| Foreign Branches' Deposits Under Foreign Insurance Coverage | -                 | -                | -                 | -                 |
| Off-Shore Deposits Under Foreign Insurance Coverage         | -                 | -                | -                 | -                 |
| <b>Total</b>  | <b>10,990,157</b> | <b>9,513,918</b> | <b>12,939,905</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  | 37,239         | 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  | 1,685          | 32,652        |
| <b>Total</b>   | <b>38,924</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     | 57,573           | -              | 108,202          | -              |
| Swaps        | 1,028,868        | 99,078         | 1,004,649        | 62,406         |
| Futures      | -                | 183            | -                | 168            |
| Options      | -                | 54,988         | -                | 135,472        |
| Other        | -                | -              | -                | -              |
| <b>Total</b> | <b>1,086,441</b> | <b>154,249</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       | 436,444        | 406,655          | 391,541        | 313,408          |
| Foreign Banks, Institutions and Funds | 126,254        | 5,005,765        | 150,500        | 3,965,502        |
| <b>Total</b>                          | <b>562,698</b> | <b>5,412,420</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           | 398,497        | 3,906,528        | 461,350        | 2,553,062        |
| Medium and Long-Term | 164,201        | 1,505,892        | 80,691         | 1,725,848        |
| <b>Total</b>         | <b>562,698</b> | <b>5,412,420</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 September 30, 2014, the Group's liabilities comprise; 55% 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>2,451,831</b> | -                | <b>2,518,556</b> | -                |
| Financial institutions and organizations | 2,423,054        | -                | 2,470,009        | -                |
| Other institutions and organizations     | 11,508           | -                | 32,319           | -                |
| Real persons                             | 17,269           | -                | 16,228           | -                |
| <b>From foreign transactions</b>         | <b>10,960</b>    | <b>1,180,983</b> | <b>8,165</b>     | <b>1,141,561</b> |
| Financial institutions and organizations | -                | 1,180,983        | -                | 1,141,561        |
| Other institutions and organizations     | 10,960           | -                | 8,165            | -                |
| Real persons                             | -                | -                | -                | -                |
| <b>Total</b>                             | <b>2,462,791</b> | <b>1,180,983</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   | 2,280,678        | -                | 2,057,078        | -                |
| Bills        | 75,783           | 3,354,142        | 103,734          | 1,793,767        |
| <b>Total</b> | <b>2,356,461</b> | <b>3,354,142</b> | <b>2,160,812</b> | <b>1,793,767</b> |

The Parent Bank has government bond issue program (Global Medium Term Note Programme) amounting to USD 1,5 Billion.

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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> | 21,785         | 129,726        | -            | 75,101        |
| Cash Flow Hedge <sup>(**)</sup> | 71,786         | -              | 7,648        | -             |
| Net Investment Hedge            | -              | -              | -            | -             |
| <b>Total</b>                    | <b>93,571</b>  | <b>129,726</b> | <b>7,648</b> | <b>75,101</b> |

<sup>(\*)</sup> Derivative financial instruments for hedging purposes include swaps. As of September 30, 2014, TL 48,949 (December 31, 2013 – TL 20,901) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio, TL 4,240 (December 31, 2013 – None) represents the issued securities and TL 98,321 (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                          | 641,419        | 608,997        |
| -Additional Provision for Loans and Receivables with Extended Maturities | 42,168         | 56,116         |
| Provisions for Loans and Receivables in Group II                         | 158,985        | 88,573         |
| -Additional Provision for Loans and Receivables with Extended Maturities | 42,318         | 30,920         |
| Provisions for Non - Cash Loans  | 75,433         | 63,599         |
| Other  | 59,028         | 55,122         |
| <b>Total</b>   | <b>934,865</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 (*) | 9,446                 | 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 50,638 (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 September 30, 2014, TL 95,192 (December 31, 2013 - TL 90,390) reserve for employee termination benefits was provided in the accompanying financial statements.

As of September 30, 2014, the Group accrued TL 32,327 (December 31, 2013 - TL 30,354) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of September 30, 2014, TL 40,832 (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>01.01-30.09.2014</b> | <b>01.01-30.09.2013</b> |
| As of January 1                             | 90,390                  | 85,243                  |
| Service cost                                | 10,984                  | 10,384                  |
| Interest Cost                               | 6,482                   | 4,724                   |
| Settlement / curtailment / termination loss | 5,816                   | -                       |
| Paid during the period                      | (18,480)                | (3,821)                 |
| <b>Total</b>                                | <b>95,192</b>           | <b>96,530</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            | 106,998               | 106,753             |
| General Reserves for Possible Risks              | 45,500                | -                   |
| Provision for Promotion Expenses of Credit Cards | 15,729                | 19,113              |
| Other Provisions                                 | 98,290                | 71,645              |
| <b>Total</b>                                     | <b>266,517</b>        | <b>197,511</b>      |

**10. Taxation**

**10.1. Current taxes**

**10.1.1. Current tax liability**

As of September 30, 2014, the Group has current tax liability of TL 48,871 (December 31, 2013 - TL 319,023) and advance taxes of TL 43,286 (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                      | 5,585                 | 108,308             |
| Banking and Insurance Transaction Tax (BITT) | 36,020                | 32,349              |
| Taxation on Securities Income                | 38,195                | 33,750              |
| Taxation on Real Estates Income              | 2,968                 | 1,803               |
| VAT Payable                                  | 2,705                 | 2,080               |
| Other  | 20,495                | 18,403              |
| <b>Total</b>                                 | <b>105,968</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        | 7,457                 | 7,336               |
| Social Security Premiums - Employer Share        | 8,100                 | 7,881               |
| Pension Fund Fee and Provisions – Employee Share | 4                     | -                   |
| Pension Fund Fee and Provisions – Employer Share | 12                    | -                   |
| Unemployment Insurance - Employee Share          | 525                   | 517                 |
| Unemployment Insurance - Employer Share          | 1,047                 | 1,032               |
| Other  | 9                     | 11                  |
| <b>Total</b>                                     | <b>17,154</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 169,391 (December 31, 2013 – TL 107,583) and deferred tax liability is TL 228,965 (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 14,700 is netted under equity (December 31, 2013 –TL 28,697 deferred tax liability).

|  | <b>Temporary Differences</b> |                      | <b>Deferred Tax Asset / (Liability)</b> |                      |
|--|------------------------------|----------------------|---|----------------------|
|  | <b>September 30, 2014</b>    | <b>Dec. 31, 2013</b> | <b>September 30, 2014</b>               | <b>Dec. 31, 2013</b> |
| Reserve for employee benefits  | 168,351                      | 220,328              | 33,670                                  | 44,066               |
| The differences between carrying and taxable amounts of financial assets | 494,767                      | 457,250              | 98,953                                  | 91,450               |
| Unused investment incentive certificates                                 | -                            | -                    | -                                       | -                    |
| Other  | 183,840                      | 392,946              | 36,768                                  | 78,590               |
| <b>Deferred Tax Asset</b>  |                              |                      | <b>169,391</b>                          | <b>214,106</b>       |
| The differences between carrying and taxable amounts of tangible assets  | (142,539)                    | (144,882)            | (28,508)                                | (28,976)             |
| The differences between carrying and taxable amounts of financial assets | (468,398)                    | (145,362)            | (93,680)                                | (29,072)             |
| Other  | (533,883)                    | (249,018)            | (106,777)                               | (49,805)             |
| <b>Deferred Tax Liability</b>  |                              |                      | <b>(228,965)</b>                        | <b>(107,853)</b>     |
| <b>Deferred Tax Asset / (Liability), Net</b>                             |                              |                      | <b>(59,574)</b>                         | <b>106,253</b>       |

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|   | <b>Current Period</b>   | <b>Prior Period</b>     |
|---|-------------------------|-------------------------|
|   | <b>01.01-30.09.2014</b> | <b>01.01-30.09.2013</b> |
| Deferred Tax Asset / (Liability) as of January 1 (Net)          | 106,253                 | (4,852)                 |
| Deferred Tax (Charge) / Benefit                                 | (147,682)               | (72,240)                |
| Deferred Tax Items Accounted for under the Equity               | (18,145)                | 79,124                  |
| <b>Deferred Tax Asset/ (Liability) as of September 30 (Net)</b> | <b>(59,574)</b>         | <b>2,032</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               | -                     | 2,110,002        | -                   | 1,950,719        |
| From Other Foreign Institutions  | -                     | -                | -                   | -                |
| <b>Total</b>                     | <b>-</b>              | <b>2,110,002</b> | <b>-</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         |

(\*) According to the Board of Directors decision dated September 16, 2014, the Bank has decided to increase the registered capital ceiling from TL 6,000,000 to TL 12,000,000 and subject decision will be submitted to the upcoming General Assembly for approval.

**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>Cash</b>                 | <b>subject to the Increase</b> | <b>Capital Reserves held subject to the Increase</b> |
| June 24, 2014        | 135,000                | -                           | 135,000                        | -  |

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

None (December 31, 2013 - None).

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

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

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

None (December 31, 2013 - None).

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

According to the Board of Directors decision dated 16 September 2014, it has been founder that 100 dividend shares issued to National Bank of Greece in accordance with the Bank's Articles of association will be cancelled at no cost. Subject decision will be presented for approval in the upcoming General Council meeting. 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.

**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 (*) | 714            | 714          |
| Common Stock Withdrawal Profits | -              | -            |

(\*) 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> |                 |                 |                 |                  |
| Valuation Differences   | -               | -               | -               | -                |
| Foreign Exchange Rate Differences                                 | -               | -               | -               | -                |
| <b>Securities Available-for-Sale</b>                              | <b>(26,524)</b> | <b>(86,552)</b> | <b>(85,632)</b> | <b>(136,568)</b> |
| Valuation Differences   | (26,524)        | (86,552)        | (85,632)        | (136,568)        |
| Foreign Exchange Rate Differences                                 | -               | -               | -               | -                |
| <b>Total</b>  | <b>(26,524)</b> | <b>(86,552)</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  | 231,723          | 14,242         | 157,980          | 25,541         |
| Derivative Financial Liabilities Held for Trading | 1,086,441        | 154,249        | 1,112,851        | 198,046        |
| Funds Borrowed                                    | 17,484           | 77,247         | 6,281            | 31,700         |
| Money Market Borrowings                           | 1,573            | 889            | 821              | 1,660          |
| Derivative Financial Liabilities Held for Hedging | 93,571           | 129,726        | 7,648            | 75,101         |
| Other Accruals                                    | 72,693           | 77,610         | 27,734           | 41,583         |
| <b>Total</b>                                      | <b>1,503,485</b> | <b>453,963</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> |
|--|-----------------------|---------------------|
| Credit Cards Limit Commitments                             | 17,527,303            | 17,067,174          |
| Commitment For Use Guaranteed Credit Allocation            | 7,386,597             | 5,424,755           |
| Forward Asset Purchase Commitments                         | 3,742,200             | 1,076,853           |
| Payment Commitments for Cheques                            | 2,442,319             | 2,060,004           |
| Other Irrevocable Commitments                              | 189,044               | 54,242              |
| Credit Cards and Promosions in regards to Banking Services | 27,251                | 38,002              |
| Tax and Fund Liabilities due to Export Commitments         | 8,057                 | 6,988               |
| <b>Total</b>   | <b>31,322,771</b>     | <b>25,728,018</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 50,638 (December 31, 2013 – TL 53,760) followed in the off-balance sheet accounts that are not indemnified and not liquidated yet. Tax and Fund Liabilities due to Export Commitments

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

|                   | <b>Current Period</b> | <b>Prior Period</b> |
|-------------------|-----------------------|---------------------|
| Bank Loans        | 1,029,315             | 609,831             |
| Letters of Credit | 588,280               | 548,606             |
| Other Guarantees  | 20,714                | 19,399              |
| <b>Total</b>      | <b>1,638,309</b>      | <b>1,177,836</b>    |

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

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Provisional Letters of Guarantee              | 376,730               | 290,037             |
| Final Letters of Guarantee                    | 3,842,531             | 3,640,553           |
| Advance Letters of Guarantee                  | 169,917               | 191,920             |
| Letters of Guarantee Given to Customs Offices | 306,253               | 198,665             |
| Other Letters of Guarantee                    | 2,880,262             | 1,619,401           |
| <b>Total</b>                                  | <b>7,575,693</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>436,568</b>        | <b>317,804</b>      |
| Less Than or Equal to One Year with Original Maturity  | 51,912                | 14,451              |
| More Than One Year with Original Maturity              | 384,656               | 303,353             |
| <b>Other Non-Cash Loans</b>                            | <b>8,777,434</b>      | <b>6,800,608</b>    |
| <b>Total</b>   | <b>9,214,002</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>38,837</b>    | <b>0.71</b>   | <b>9,953</b>     | <b>0.27</b>   | <b>16,207</b>    | <b>0.39</b>   | <b>2,362</b>     | <b>0.08</b>   |
| Farming and Raising Livestock     | 35,652           | 0.65          | 4,897            | 0.13          | 13,627           | 0.33          | 2,033            | 0.07          |
| Forestry                          | 623              | 0.01          | -                | -             | 1,440            | 0.03          | -                | -             |
| Fishing                           | 2,562            | 0.05          | 5,056            | 0.14          | 1,140            | 0.03          | 329              | 0.01          |
| <b>Manufacturing</b>              | <b>1,084,596</b> | <b>19.67</b>  | <b>1,924,811</b> | <b>52.33</b>  | <b>882,213</b>   | <b>21.15</b>  | <b>1,523,356</b> | <b>52.02</b>  |
| Mining and Quarrying              | 26,774           | 0.49          | 241              | 0.01          | 25,599           | 0.61          | 771              | 0.03          |
| Production                        | 765,301          | 13.88         | 1,599,619        | 43.49         | 554,277          | 13.29         | 1,213,207        | 41.43         |
| Electricity, gas and water        | 292,521          | 5.30          | 324,951          | 8.83          | 302,337          | 7.25          | 309,378          | 10.56         |
| <b>Construction</b>               | <b>1,535,264</b> | <b>27.84</b>  | <b>640,885</b>   | <b>17.42</b>  | <b>932,925</b>   | <b>22.37</b>  | <b>369,15</b>    | <b>12.61</b>  |
| <b>Services</b>                   | <b>2,776,712</b> | <b>50.34</b>  | <b>1,091,241</b> | <b>29.66</b>  | <b>2,256,615</b> | <b>54.1</b>   | <b>1,016,629</b> | <b>34.72</b>  |
| Wholesale and Retail Trade        | 1,494,554        | 27.10         | 502,854          | 13.67         | 1,289,108        | 30.91         | 504,487          | 17.23         |
| Hotel, Food and Beverage Services | 48,204           | 0.87          | 49,343           | 1.34          | 36,356           | 0.87          | 13,353           | 0.46          |
| Transportation&Communication      | 338,803          | 6.14          | 63,429           | 1.72          | 94,292           | 2.26          | 97,140           | 3.32          |
| Financial Institutions            | 574,359          | 10.41         | 443,285          | 12.05         | 491,441          | 11.78         | 301,735          | 10.3          |
| Real Estate and Renting Services  | 2,73             | 0.05          | 2,129            | 0.06          | 2,684            | 0.06          | 1,868            | 0.06          |
| Self Employment Services          | 134,887          | 2.45          | 23,301           | 0.63          | 155,682          | 3.73          | 84,051           | 2.87          |
| Educational Services              | 4,513            | 0.08          | 10               | -             | 4,044            | 0.10          | 9                | -             |
| Health and Social Services        | 178,662          | 3.24          | 6,89             | 0.19          | 183,008          | 4.39          | 13,986           | 0.48          |
| <b>Other (*)</b>                  | <b>79,437</b>    | <b>1.44</b>   | <b>11,552</b>    | <b>0.32</b>   | <b>82,007</b>    | <b>1.99</b>   | <b>17,071</b>    | <b>0.57</b>   |
| <b>Total</b>                      | <b>5,514,846</b> | <b>100.00</b> | <b>3,678,442</b> | <b>100.00</b> | <b>4,169,967</b> | <b>100.00</b> | <b>2,928,568</b> | <b>100.00</b> |

(\*) Does not include foreign currency balance of "Other Guarantees" amounting to TL 20,714 (December 31, 2013 - TL 19,399).

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

|   | I. Group         |                  | II. Group      |               |
|---|------------------|------------------|----------------|---------------|
|   | TL               | FC               | TL             | FC            |
| Letters of Guarantee                      | 5,341,844        | 2,001,639        | 127,969        | 53,623        |
| Bill of Exchange and Acceptances          | 14,315           | 1,003,341        | -              | 11,659        |
| Letters of Credit                         | 2,287            | 585,925          | -              | 48            |
| Endorsements                              | -                | -                | -              | -             |
| Purchase Guarantees for Securities Issued | -                | -                | -              | -             |
| Factoring Related Guarantees              | -                | -                | -              | -             |
| Other Collaterals and Sureties            | -                | 20,714           | -              | -             |
| <b>Non-cash Loans</b>                     | <b>5,358,446</b> | <b>3,611,619</b> | <b>127,969</b> | <b>65,330</b> |

(\*) Does not include non-cash loans amounting to TL 50,638, 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>79,615,045</b>     | <b>67,641,092</b>   |
| Forward transactions (*)                                    | 9,439,051             | 7,677,470           |
| Swap transactions   | 60,409,483            | 44,046,170          |
| Futures transactions  | 49,646                | 42,982              |
| Option transactions   | 9,716,865             | 15,874,470          |
| <b>Interest Related Derivative Transactions (II)</b>        | <b>9,576,311</b>      | <b>8,707,332</b>    |
| Forward rate transactions                                   | -                     | -                   |
| Interest rate swap transactions                             | 9,530,813             | 8,707,332           |
| Interest option transactions                                | -                     | -                   |
| Futures interest transactions                               | 45,498                | -                   |
| 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>89,191,356</b>     | <b>76,348,424</b>   |
| <b>Types of hedging transactions</b>                        | <b>28,841,382</b>     | <b>24,005,643</b>   |
| Fair value hedges   | 18,400,729            | 17,234,950          |
| Cash flow hedges  | 10,440,653            | 6,770,693           |
| Net investment hedges                                       | -                     | -                   |
| <b>B. Total Hedging Related Derivatives</b>                 | <b>28,841,382</b>     | <b>24,005,643</b>   |
| <b>Total Derivative Transactions (A+B)</b>                  | <b>118,032,738</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 5,068,302 (December 31, 2013 – TL 5,098,190) were subject to hedge accounting by swaps with a nominal of TL 6,066,342 (December 31, 2013 – TL 6,557,217). On September 30, 2014 the net market valuation difference loss amounting to TL 8,241 due to the gains from the loans amounting to TL 12,568 (September 30, 2013 – TL 444,589 loss) and loss from swaps amounting to TL 4,327 (September 30, 2013 – TL 436,208 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 324,192 (December 31, 2013 – TL 164,290) have been subject to hedge accounting with swaps with a nominal amount of TL 314,075 (December 31, 2013 – TL 159,732). In 2014 TL 1,136 net fair valuation difference income, net of TL 7,467 (September 30, 2013 – TL 17,290 income) income from loans and TL 6,331 (September 30, 2013 – TL 16,493 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 24,213 (September 30, 2013 – TL 42,854) 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 September 30, 2014, the net market valuation difference loss amounting to TL .... due to income from Eurobonds amounting to TL 69,660 (September 30, 2013 – TL 84,484 loss) and loss from swaps amounting to TL 69,630 (September 30, 2013 – TL 84,351 gain) is accounted for under “gains / (losses) from financial derivatives transactions” line in the accompanying consolidated 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 September 30, 2014, the net market valuation difference loss amounting to TL 60 due to losses from government bonds amounting to TL 23 loss (September 30, 2013 – TL 11,138 loss) and gains from swaps amounting to TL 83 (September 30, 2013 – 12,257 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 806 million (December 31, 2013 – USD 367 Million) have been subject to hedge accounting with the same nominal amount of swaps. As of September 30, 2014, TL 54 net fair valuation difference loss, net of TL 17,663 (September 30, 2013 – TL 6,327 gain) income from issued bonds and TL 17,717 (September 30, 2013 – TL 6,384 loss) expense from swaps, has been recorded under “Gains / (losses) from financial derivatives transactions” on accompanying consolidated financial statements.

**d) Tangible Assets**

The Parent Bank designates fair value hedge accounting through foreign currency fundings to be hedged from fair value changes resulting from currency changes in real estate property which has been bought in foreign currency and has a market value denominated in foreign currency. As of September 30, 2014, real estate which has been designated as hedged item where issued securities have been designated as hedging instrument . As of September 30, 2014, The bank accounted fair value foreign currency gain amounting to TL 52,550 for the real estate (September 30, 2013 – None) and foreign currency loss from issued securities amounting to TL 52,550 (September 30, 2013 – None) . As of September 30, 2014, the effectiveness tests of abovementioned hedge is found to be effective.

**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 1,175,358 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 12,780 are accounted for under equity during the current period (September 30, 2013 – TL 14,508 gain). The ineffective portion of gain amounting to TL 2 (September 30, 2013 – TL 136 loss) is accounted for at the income statement.

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As at the balance sheet date, swaps amounting to USD 1,756 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 52,117 are accounted for under equity during the current period (September 30, 2013 – TL 63,041 gain). The loss amounting to TL 65 (September 30, 2013 – TL 109 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. (September 30, 2013 – TL 4,684 loss).

The measurements as of September 30, 2014, hedge of cash flow transactions stated above are determined as effective.

As of September 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                    | 2,304,599                   | 1,676,439                    | 17,592,867              | 24,408,938               | 2,085,713        | 1,833,708        | 422           | 422           |
| USD                   | 1,579,379                   | 2,234,525                    | 28,600,219              | 23,377,880               | 1,523,269        | 2,193,762        | 47,150        | 47,150        |
| EURO                  | 798,483                     | 730,028                      | 2,853,588               | 1,259,600                | 1,009,841        | 779,560          | -             | -             |
| Other                 | 42,170                      | 73,428                       | 182,280                 | 506,306                  | 231,236          | 59,776           | -             | -             |
| <b>Total</b>          | <b>4,724,631</b>            | <b>4,714,420</b>             | <b>49,228,954</b>       | <b>49,552,724</b>        | <b>4,850,059</b> | <b>4,866,806</b> | <b>47,572</b> | <b>47,572</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 September 30, 2014, the Group has no derivative transactions for hedge of net investment.

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

As of September 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 September 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 September 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.

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**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**

| <b>MOODY'S December 2013</b>   |         | <b>FITCH April 2014</b>  |          | <b>CI February 2013</b>      |        |
|--------------------------------|---------|--------------------------|----------|------------------------------|--------|
| Long-Term Deposit Rating (FC)  | Ba2     | Long -Term Foreign Curr. | BBB-     | Long-Term Foreign Curr.      | BB+    |
| Long-Term Deposit Rating (TL)  | Ba2     | Short-Term Foreign Curr. | F3       | Short-Term Foreign Curr.     | B      |
| Short-Term Deposit Rating (YP) | NP      | Long-Term TL             | BBB-     | Foreign Currency Rating      | Stable |
| Short-Term Deposit Rating (TL) | NP      | Short-Term TL            | F3       | TL Rating                    | Stable |
| Financial Strength             | E+ (b1) | Long-Term National       | AA+(tur) | Long Term (TL)               | BB+    |
| Appearance                     | Stable  | Appearance               | Stable   | Short Term (TL)              | B      |
|                                |         | Support                  | 3        | Financial Strength Rating    | BBB+   |
|                                |         | Individual               | bbb-     | Financial Strength Apperance | Stable |
|                                |         |                          |          | Support                      | 3      |

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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                           | 1,863,422        | 42,111         | 1,909,902        | 29,187         |
| Medium and Long-Term Loans                 | 1,952,690        | 163,456        | 1,727,241        | 114,458        |
| Non-Performing Loans                       | 74,766           | -              | 81,258           | -              |
| Resource Utilization Support Fund Premiums | -                | -              | -                | -              |
| <b>Total</b>                               | <b>3,890,878</b> | <b>205,567</b> | <b>3,718,401</b> | <b>143,645</b> |

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

|                                   | Current Period |              | Prior Period |            |
|-----------------------------------|----------------|--------------|--------------|------------|
|                                   | TL             | FC           | TL           | FC         |
| T.R. Central Bank                 | -              | -            | -            | -          |
| Domestic Banks                    | 1,260          | 6            | 419          | 5          |
| Foreign Banks                     | 318            | 3,838        | 2,242        | 389        |
| Foreign Headquarters and Branches | -              | -            | -            | -          |
| <b>Total</b>                      | <b>1,578</b>   | <b>3,844</b> | <b>2,661</b> | <b>394</b> |

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

|  | Current Period |               | Prior Period   |               |
|--|----------------|---------------|----------------|---------------|
|  | TL             | FC            | TL             | FC            |
| Held-for-Trading Financial Assets        | 8,213          | 78            | 9,304          | 142           |
| Financial Assets at FVTPL                | 4              | -             | 9              | -             |
| Investment Securities Available for Sale | 310,402        | 49,392        | 257,168        | 46,155        |
| Investment Securities Held to Maturity   | 257,651        | 18,283        | 34,964         | 2,256         |
| <b>Total</b>                             | <b>576,270</b> | <b>67,753</b> | <b>301,445</b> | <b>48,553</b> |

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its available for sale and held-to-maturity portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before. The Bank determines the estimated inflation rates in line with this. In this context, as of 30 September 2014, valuation of such assets is made according to estimated annual inflation rate of 9.4 %. Had the above mentioned change in estimate related to those CPI linked securities not been made, interest income would decrease by TL 75,648 and security value increase fund under equity would increase by TL 16,465 after deferred tax effect. If valuation of these securities indexed to the CPI had been done by the reference index valid through 30 September 2014, the Bank's equity security value increase fund would increase by TL 2,456, net profit would decrease by TL 8,701.

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

None (September 30, 2013 – None)

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

|                                   | Current Period |                | Prior Period  |                |
|-----------------------------------|----------------|----------------|---------------|----------------|
|                                   | TL             | FC             | TL            | FC             |
| <b>Banks</b>                      | <b>31,635</b>  | <b>171,064</b> | <b>19,891</b> | <b>130,671</b> |
| T.R. Central Bank                 | -              | -              | -             | -              |
| Domestic Banks                    | 22,675         | 9,903          | 13,721        | 5,484          |
| Foreign Banks                     | 8,960          | 161,161        | 6,170         | 125,187        |
| Foreign Headquarters and Branches | -              | -              | -             | -              |
| Other Institutions                | -              | -              | -             | -              |
| <b>Total</b>                      | <b>31,635</b>  | <b>171,064</b> | <b>19,891</b> | <b>130,671</b> |

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

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Paid to Associates and Subsidiaries | 4,421          | 94           |

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

As of September 30, 2014 the interest amount paid to securities issued is TL 233,492 (September 30, 2013 – TL 186,405)

**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           | -               | 883            | 9,008            | 4,918          | -              | -             | -                           | 14,809           |
| Saving Deposits         | 3               | 111,380        | 847,688          | 80,378         | 30,817         | 72,637        | 192                         | 1,143,095        |
| Public Sector Deposits  | -               | 198            | 2,116            | 34             | 91,653         | -             | -                           | 94,001           |
| Commercial Deposits     | -               | 113,586        | 311,205          | 26,200         | 13,223         | 4,409         | -                           | 468,623          |
| Other Deposits          | -               | 2,437          | 45,798           | 13,180         | 49,308         | 1,553         | -                           | 112,276          |
| 7 Days Call Accounts    | -               | -              | -                | -              | -              | -             | -                           | -                |
| <b>Total</b>            | <b>3</b>        | <b>228,484</b> | <b>1,215,815</b> | <b>124,710</b> | <b>185,001</b> | <b>78,599</b> | <b>192</b>                  | <b>1,832,804</b> |
| <b>Foreign Currency</b> |                 |                |                  |                |                |               |                             |                  |
| Deposits                | -               | 14,189         | 116,595          | 8,699          | 5,676          | 9,770         | 79                          | 155,008          |
| Bank Deposits           | 28              | 5,091          | 13,354           | 203            | 17             | 38            | -                           | 18,731           |
| 7 Days Call Accounts    | -               | -              | -                | -              | -              | -             | -                           | -                |
| Precious Metal Deposits | -               | 2,791          | 2,023            | 406            | 20             | -             | -                           | 5,240            |
| <b>Total</b>            | <b>28</b>       | <b>22,071</b>  | <b>131,972</b>   | <b>9,308</b>   | <b>5,713</b>   | <b>9,808</b>  | <b>79</b>                   | <b>178,979</b>   |
| <b>Grand Total</b>      | <b>31</b>       | <b>250,555</b> | <b>1,347,787</b> | <b>134,018</b> | <b>190,714</b> | <b>88,407</b> | <b>271</b>                  | <b>2,011,783</b> |



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**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           | -               | 1,289          | 9,924          | 3,705          | 277            | 439          | -                           | 15,634           |
| Saving Deposits         | 8               | 104,839        | 460,575        | 107,554        | 75,211         | 3,671        | 408                         | 752,266          |
| Public Sector Deposits  | -               | 110            | 2,396          | 89             | -              | -            | -                           | 2,595            |
| Commercial Deposits     | -               | 89,851         | 191,797        | 36,275         | 9,137          | 1,160        | -                           | 328,220          |
| Other Deposits          | -               | 2,415          | 22,686         | 16,713         | 68,251         | 30           | -                           | 110,095          |
| 7 Days Call Accounts    | -               | -              | -              | -              | -              | -            | -                           | -                |
| <b>Total</b>            | <b>8</b>        | <b>198,504</b> | <b>687,378</b> | <b>164,336</b> | <b>152,876</b> | <b>5,300</b> | <b>408</b>                  | <b>1,208,810</b> |
| <b>Foreign Currency</b> |                 |                |                |                |                |              |                             |                  |
| Deposits                | -               | 19,067         | 119,105        | 25,932         | 11,489         | 4,264        | 80                          | 179,937          |
| Bank Deposits           | 20              | 865            | 9,142          | 1,533          | 270            | -            | -                           | 11,830           |
| 7 Days Call Accounts    | -               | -              | -              | -              | -              | -            | -                           | -                |
| Precious Metal Deposits | -               | 166            | 120            | 14             | 3              | -            | -                           | 303              |
| <b>Total</b>            | <b>20</b>       | <b>20,098</b>  | <b>128,367</b> | <b>27,479</b>  | <b>11,762</b>  | <b>4,264</b> | <b>80</b>                   | <b>192,070</b>   |
| <b>Grand Total</b>      | <b>28</b>       | <b>218,602</b> | <b>815,745</b> | <b>191,815</b> | <b>164,638</b> | <b>9,564</b> | <b>488</b>                  | <b>1,400,880</b> |

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

|   | Current Period |       | Prior Period |       |
|---|----------------|-------|--------------|-------|
|   | TL             | FC    | TL           | FC    |
| Interest Expenses on Repurchase Agreements <sup>(*)</sup> | 165,871        | 5,473 | 54,971       | 4,426 |

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

f) **Information on finance lease expenses**

None (September 30, 2013 – None).

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

None (September 30, 2013 – None).

3. **Information on dividend income**

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Financial Assets Held for Trading                     | 265            | 140          |
| Financial Assets at Fair Value Through Profit or Loss | -              | -            |
| Financial Assets Available for Sale                   | -              | 7            |
| Other   | (2)            | -            |
| <b>Total</b>  | <b>263</b>     | <b>147</b>   |

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

|                                     | <b>Current Period</b> | <b>Prior Period</b> |
|-------------------------------------|-----------------------|---------------------|
| <b>Trading Gain</b>                 | <b>8,395,566</b>      | <b>6,523,963</b>    |
| Gains on Capital Market Operations  | 90,180                | 234,822             |
| Derivative Financial Instruments    | 2,555,202             | 1,852,427           |
| Foreign Exchange Gains              | 5,750,184             | 4,436,714           |
| <b>Trading Loss (-)</b>             | <b>(8,579,213)</b>    | <b>(6,678,806)</b>  |
| Losses on Capital Market Operations | (91,462)              | (64,087)            |
| Derivative Financial Instruments    | (2,743,077)           | (2,162,694)         |
| Foreign Exchange Losses             | (5,744,674)           | (4,452,025)         |
| <b>Net Trading Income/Loss</b>      | <b>(183,647)</b>      | <b>(154,843)</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.”

**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>653,430</b>        | <b>624,069</b>      |
| Loans and Receivables in Group III  | 94,342                | (16,498)            |
| Loans and Receivables in Group IV   | 223,941               | 126,754             |
| Loans and Receivables in Group V  | 335,147               | 513,813             |
| <b>Doubtful Fee, Commission and Other Receivables</b>   | <b>-</b>              | <b>-</b>            |
| <b>General Provisions</b>   | <b>118,574</b>        | <b>150,470</b>      |
| <b>General reserves for possible risks</b>  | <b>45,500</b>         | <b>-</b>            |
| <b>Provision for Free Reserves on Possible Losses</b>   | <b>-</b>              | <b>7,006</b>        |
| <b>Impairment Losses on Securities</b>  | <b>943</b>            | <b>228</b>          |
| Financial assets at fair value through profit or loss   | -                     | -                   |
| Investment Securities available for sale  | 943                   | 228                 |
| <b>Impairment Losses on Associates, Subsidiaries and Investment Securities Held-to-Maturity</b> | <b>-</b>              | <b>-</b>            |
| Associates  | -                     | -                   |
| Subsidiaries  | -                     | -                   |
| Entities under common control   | -                     | -                   |
| Investment securities held-to-maturity  | -                     | -                   |
| <b>Other</b>  | <b>17,251</b>         | <b>19,778</b>       |
| <b>Total</b>  | <b>835,698</b>        | <b>801,551</b>      |

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**7. Information on other operating expenses**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Personnel costs   | 751,560               | 703,693             |
| Reserve for employee termination benefits                             | 4,950                 | 11,465              |
| Provision for pension fund deficits                                   | -                     | -                   |
| Impairment losses on tangible assets                                  | -                     | -                   |
| Depreciation charge of tangible assets                                | 100,272               | 78,132              |
| Impairment losses on intangible assets                                | -                     | -                   |
| Impairment losses on goodwill   | -                     | -                   |
| Amortization charge of intangible assets                              | 58,697                | 49,771              |
| Impairment losses on investments under equity method of accounting    | -                     | -                   |
| Impairment losses on assets to be disposed of                         | -                     | 1                   |
| Depreciation on assets to be disposed                                 | 2,940                 | 2,394               |
| Impairment charge of assets held for sale and discontinued operations | -                     | -                   |
| Other operating expenses  | 645,066               | 614,632             |
| Operational lease related expenses                                    | 155,452               | 127,839             |
| Repair and maintenance expenses                                       | 55,503                | 43,532              |
| Advertisement expenses  | 64,997                | 82,342              |
| Other expenses  | 369,114               | 360,919             |
| Losses on sales of assets   | 219                   | 241                 |
| Other   | 260,035               | 302,055             |
| <b>Total</b>  | <b>1,823,739</b>      | <b>1,762,384</b>    |

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

For the period ended September 30, 2014, net interest income of TL 2,288,573 (September 30, 2013 - TL 2,513,533), net fees and commission income of TL 1,087,990 (September 30, 2013 - TL 810,807) and other operating income of TL 281,022 (September 30, 2013 - TL 265,152) 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 September 30, 2014, the Group recorded current tax charge of TL 48,871 (September 30, 2013 - TL 142,983) and a deferred tax charge of TL 147,682 (September 30, 2013 - TL 72,240 deferred tax gain).

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Current Tax Provision                                    | (48,871)              | (142,983)           |
| Correction in regards to Corporate Tax from Prior Period | -                     | -                   |
| Deferred Tax Income/Expense                              | (147,682)             | (72,240)            |
| <b>Total</b>   | <b>(196,553)</b>      | <b>(215,223)</b>    |

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

None (September 30, 2013 - None).

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

Net profit of the Group from continued operations is TL 606,604 (September 30, 2013 - TL 650,013).

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**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 (September 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.**

Please refer to Section IV. Footnote I.c.

**11.3. Profit or loss attributable to minority shares**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Profit / Loss Attributable to Minority Shares | 10,847                | 10,615              |

**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.

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

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**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                        | (4,143)                | -                      |
| Less: Accruals                              | (143)                  | (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>September 30, 2014</b> | <b>September 30, 2013</b> |
| <b>Cash</b>                                 | <b>980,459</b>            | <b>848,971</b>            |
| Cash in TL                                  | 649,238                   | 549,019                   |
| Cash in Foreign Currencies                  | 299,842                   | 286,852                   |
| Other                                       | 31,379                    | 13,100                    |
| <b>Cash Equivalents</b>                     | <b>1,560,897</b>          | <b>1,142,234</b>          |
| Balances with the T.R. Central Bank         | 1,238,449                 | 904,616                   |
| Banks and Other Financial Institutions      | 278,169                   | 239,522                   |
| Money Market Placements                     | 61,389                    | 2,248                     |
| Less: Placements with Banks with Maturities |                           |                           |
| Longer than 3 Months                        | (16,555)                  | (4,063)                   |
| Less: Accruals                              | (555)                     | (89)                      |
| <b>Cash and Cash Equivalents</b>            | <b>2,541,356</b>          | <b>1,991,205</b>          |

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

A portion of foreign bank accounts amounting to TL 3,325 (December 31, 2013- TL 3,258) 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 September 30, 2014, the Parent Bank's risk group has deposits amounting to TL 208,322 (December 31, 2013 – TL 180,605), non cash loans amounting to TL 61,647 (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   | -  | 307      |
| Balance at the End of the Period        | -                           | -        | 1,658                                   | 61,074   | -  | 573      |
| Interest and Commission Income          | -                           | -        | 3                                       | 35       | -  | 4        |

**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   | -  | 307      |
| Interest and Commission Income <sup>(**)</sup> | -                           | -        | 1                                       | 2        | -  | -        |

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

<sup>(\*\*)</sup> Represents September 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        | 181,823                     | 145,235      | 11,397                                  | 18,776       | 15,102                                     | 16,594       |
| Interest on deposits <sup>(**)</sup>    | 4,421                       | 94           | -                                       | -            | 474  | 395          |

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

<sup>(\*\*)</sup> Prior Period represents September 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                        | -                           | -            | 135,429                                 | 130,397      | 114,459                                    | 177,748      |
| Total Income/Loss <sup>(**)</sup>        | -                           | -            | ( 3,374 )                               | 13,488       | 952  | 686          |
| <b>Transactions for Hedging Purposes</b> |                             |              |   |              |  |              |
| Beginning of the Period                  | -                           | -            | -                                       | -            | -  | -            |
| End of the Period                        | -                           | -            | -                                       | -            | -  | -            |
| Total Income/Loss <sup>(***)</sup>       | -                           | -            | -                                       | -            | -  | -            |

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

(\*\*) Prior Period represents September 30, 2013 balance.

**1.4.** As of September 30, 2014, the total amount of remuneration and bonuses paid to top management of the Group is TL 43,725 (September 30, 2013- TL 42,801).

**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 September 30, 2014, the rate of cash loans of the risk group divided by to total loans is % 0.003.(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 Ibtech 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 October 1, 2014, bonds with a nominal amount of TL 138,458 with 2.27% interest rate and 366 days maturity.

In addition, the Parent Bank has issued, on October 20, 2014, bonds with a nominal amount of USD 10 million with 1.70% interest rate and 366 days maturity, on October 23, 2014 Eurobonds with a nominal amount of USD 50 million, 2.11% interest rate.

The Parent Bank performed tender on October 15, 2014 to sell its Gayrettepe headquarters in Istanbul, Sisli district, Mecidiyekoy neighborhood registered to 307 plot, 1956 Island, 41 parcel. Fibabanka A.Ş. has won the tender. The result of the tender has been submitted to the approval of the Parent Bank's Board of Directors.

The result of the tender performed on 14 October 2014 in regards to the sale of floors owned by Finans Invest in Akmerkez has been submitted to the approval of the Parent Bank's Board of Directors.

**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**

The Bank's Board of Directors has decided to apply to Capital Markets Board ("CMB") along with the first draft of prospectus prepared for secondary public offering and within this framework has decided to increase Bank's capital by TL 715,000 to TL 3,550,000 from TL 2,835,000 through right issues and for the increased amount to be received in cash, to restrict stock carrying rights of all existing shareholders of the secondary public offering in accordance with Turkish Commercial Code ("TCC") and CMB regulations and for the issued capital to be issued through public offering in accordance with CMB regulations; for the issued rights to be distributed to right owners as reserved rights in accordance with CMB's and Central Registry Agency ("MKK") regulations for reserved rights. Finans Yatırım Menkul Değerler A.Ş. has been appointed to carry out the initial public offering process. It has been decided to make necessary applications to BRSA and CMB and for the pricing to be determined by the Board of Directors separately. In accordance with subject Board of Directors decision application has been made to CMB on 23 October 2014.



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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 September 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 October 28, 2014 is presented preceding the consolidated financial statements.

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

None (December 31, 2013 – None).