FİNANSBANK A.Ş.

Issue of US$500,000,000 6.25% Notes due 2019
under its US$1,500,000,000 Global Medium Term Note Program
Issue price: 99.472%

The US$500,000,000 6.25% Notes due 2019 (the "*Notes*") are being issued by Finansbank A.Ş., a banking institution organized under the laws of Turkey as a public joint stock company registered with the İstanbul Trade Registry under number 237525 (the "*Bank*" or the "*Issuer*") under its US$1,500,000,000 Global Medium Term Note Program (the "*Program*").

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "*Securities Act*"), or any U.S. State securities laws and are being offered: (a) for sale to qualified institutional buyers (each a "*QIB*") as defined in, and in reliance upon, Rule 144A under the Securities Act ("*Rule 144A*") and (b) for sale in offshore transactions to persons who are not U.S. persons in reliance upon Regulation S under the Securities Act ("*Regulation S*"). For a description of certain restrictions on sale and transfer of investments in the Notes, see "Plan of Distribution" herein and "Subscription and Sale" and "Transfer and Selling Restrictions" in the Base Prospectus (as defined under "Documents Incorporated by Reference" below).

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE "RISK FACTORS" HEREIN.

The Notes will bear interest from (and including) April 30, 2014 (the "*Issue Date*") to (but excluding) April 30, 2019 (the "*Maturity Date*") at a fixed rate of 6.25% *per annum*. Interest will be payable semi-annually in arrear in equal installments on the 30th day of each April and October in each year (each an "*Interest Payment Date*") up to (and including) the Maturity Date; *provided* that if any such date is not a Payment Day (as defined in Condition 7.6), then such payment will be made on the next Payment Day but without any further interest or other payment being made in respect of such delay. Principal of the Notes is scheduled to be repaid on the Maturity Date, but may be repaid earlier under certain circumstances described herein and in the Base Prospectus. For a more detailed description of the Notes, see "Terms and Conditions of the Notes" herein.

This Prospectus has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC as amended (including the amendments made by Directive 2010/73/EU) (the "*Prospectus Directive*"). The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes that are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or that are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to its official list (the "*Official List*") and trading on its regulated market (the "*Main Securities Market*"); *however*, no assurance can be given that such application will be accepted. References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and trading on the Main Securities Market.

Application has been made to the Capital Markets Board of Turkey (the "*CMB*"), in its capacity as competent authority under Law No. 6362 (the "*Capital Markets Law*") of the Republic of Turkey ("*Turkey*") relating to capital markets, for the issuance and sale of the Notes by the Bank outside of Turkey. The Notes cannot be sold before the approved issuance certificate (*ihraç belgesi*) and the approved tranche issuance certificate (*tertip ihraç belgesi*) have been obtained from the CMB. The CMB approval relating to the issuance of notes under the Program based upon which the offering of the Notes is conducted was obtained on May 3, 2013, and the tranche issuance certificate bearing the approval of the CMB relating to the Notes is expected to be obtained from the CMB on or before the Issue Date.

The Notes are expected to be rated at issuance "BBB-" by Fitch Ratings Ltd. ("*Fitch*") and "Ba2" by Moody's Investors Service Limited ("*Moody's*" and, together with Fitch and Standard & Poor's Credit Market Services Europe Limited, the "*Rating Agencies*"). The Bank has also been rated by the Rating Agencies, as set out on page 106 of the Base Prospectus. Each of the Rating Agencies is established in the European Union and is registered under Regulation (EU) No 1060/2009, as amended (the "*CRA Regulation*"). As such, each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes are being offered under Rule 144A and Regulation S by Citigroup Global Markets Limited, HSBC Bank plc, Morgan Stanley & Co. International plc and Standard Chartered Bank (each an "*Initial Purchaser*" and, collectively, the "*Initial Purchasers*"), subject to their acceptance and right to reject orders in whole or in part. It is expected that: (a) delivery of the Rule 144A Notes will be made in book-entry form only through the facilities of The Depository Trust Company ("*DTC*") against payment therefor in immediately available funds on the Issue Date (*i.e.*, the third Business Day following the date of pricing of the Notes; such settlement cycle being referred to herein as "*T+3*")), and (b) delivery of the Regulation S Notes will be made in book-entry form only through the facilities of Euroclear Bank SA/NV ("*Euroclear*") and/or Clearstream Banking, *société anonyme* ("*Clearstream, Luxembourg*"), against payment therefor in immediately available funds on the Issue Date.

Joint Lead Managers

Citigroup **HSBC** **Morgan Stanley** **Standard Chartered Bank**

The date of this Prospectus is April 28, 2014.

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive. This document does not constitute a prospectus for the purpose of Section 12(a)(2) of, or any other provision of or rule under, the Securities Act.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus (including information incorporated herein by reference). To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus (including the information incorporated herein by reference) is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that: (a) this Prospectus (including the information incorporated herein by reference) contains all information that in its view is material in the context of the issuance and offering of the Notes (or beneficial interests therein), (b) the information contained in, or incorporated by reference into, this Prospectus is true and accurate in all material respects and is not misleading, (c) any opinions, predictions or intentions expressed in this Prospectus (or any of the documents incorporated herein by reference) on the part of the Issuer are honestly held or made by the Issuer and are not misleading in any material respects, and there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions, predictions or intentions misleading in any material respect, and (d) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

This Prospectus is to be read in conjunction with all documents (or parts thereof) that are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference"). This Prospectus shall be read and construed on the basis that such documents (or parts thereof) are incorporated in, and form part of, this Prospectus.

To the fullest extent permitted by law, none of the Initial Purchasers accept any responsibility for the information contained in or incorporated by reference into this Prospectus or any other information provided by the Issuer in connection with the Notes or for any statement consistent with this Prospectus made, or purported to be made, by an Initial Purchaser or on its behalf in connection with the Notes. Each Initial Purchaser accordingly disclaims all and any liability that it might otherwise have (whether in tort, contract or otherwise) in respect of the accuracy or completeness of any such information or statements. The Initial Purchasers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

No person is or has been authorized by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes. Any such representation or information must not be relied upon as having been authorized by the Bank or any of the Initial Purchasers.

Neither this Prospectus nor any other information supplied in connection with the Notes: (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Initial Purchasers that any recipient of this Prospectus or any other information supplied in connection with the Notes should invest in the Notes. Each investor contemplating investing in the Notes should: (i) determine for itself the relevance of the information contained in or incorporated into this Prospectus, (ii) make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and (iii) make its own determination of the suitability of any such investment in light of its own circumstances, with particular reference to its own investment objectives and experience, in each case based upon such investigation as it deems necessary.

Neither this Prospectus nor any other information supplied in connection with the Notes or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Initial Purchasers to any person to subscribe for or to purchase any Notes (or beneficial interests therein). This Prospectus is intended only to provide information to assist potential investors in deciding whether or not to subscribe for or purchase Notes (or beneficial interests therein) in accordance with the terms and conditions specified by the Initial Purchasers.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes (or beneficial interests therein) shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof (or, if such information is stated to be as of an earlier date, subsequent to such earlier date) or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

None of the Issuer, the Initial Purchasers or any of their respective counsel or other representatives is making any representation to any offeree or investor in the Notes regarding the legality of its investment under any applicable laws. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of an investment in the Notes.

Where third-party information has been used in this Prospectus, the source of such information has been identified. The Issuer confirms that all such information has been accurately reproduced and, so far as it is aware and is able to ascertain from the relevant published information, no facts have been omitted that would render the reproduction of this information inaccurate or misleading. Without prejudice to the generality of the foregoing statement, third-party information in this Prospectus, while believed to be reliable, has not been independently verified by the Issuer or any other party.

GENERAL INFORMATION

The Notes have not been and will not be registered under the Securities Act or under the securities or "blue sky" laws of any state of the United States or any other U.S. jurisdiction. Each investor, by purchasing a Note (or a beneficial interest therein), agrees (or will be deemed to have agreed) that the Notes (or beneficial interests therein) may be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions from the registration requirements thereof described under "Transfer and Selling Restrictions" in the Base Prospectus. Each investor in the Notes also will be deemed to have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer, of the Notes (or a beneficial interest therein) that is not made in accordance with the transfer restrictions may subject the transferor and/or the transferee to certain liabilities under applicable securities laws.

The distribution of this Prospectus and the offer or sale of Notes (or beneficial interests therein) may be restricted by law in certain jurisdictions. The Issuer and the Initial Purchasers do not represent that this Prospectus may be lawfully distributed, or that the Notes (or beneficial interests therein) may be lawfully offered, in any such jurisdiction and do not assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer that is intended to permit a public offering of the Notes (or beneficial interests therein) or distribution of this Prospectus in any jurisdiction in which action for that purpose is required. Accordingly: (a) no Notes (or beneficial interests therein) may be offered or sold, directly or indirectly, and (b) neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes (or beneficial interests therein) may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus, any advertisement or other offering material and the offering and sale of Notes (or beneficial interests therein). In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes (or beneficial interests therein) in (*inter alia*) the United States, the European Economic Area (including the United Kingdom), the Republic of Turkey, Switzerland, Japan, the People's Republic of China (the "*PRC*") and the Hong Kong Special Administrative Region of the PRC. See "Transfer and Selling Restrictions" in the Base Prospectus.

In making an investment decision, investors must rely upon their own examination of the Issuer and the terms of the Notes, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States and, other than the approvals of the CMB and the Central Bank of Ireland described herein, have not been approved or disapproved by any other securities commission or other regulatory authority in Turkey or any other jurisdiction, nor have the foregoing authorities (other than the Central Bank of Ireland to the extent described herein) approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary might be unlawful.

None of the Initial Purchasers or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Each investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in, or incorporated by reference into, this Prospectus,

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio,

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency,

(d) understands thoroughly the terms of the Notes and is familiar with the behavior of financial markets, and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (a) the Notes are legal investments for it, (b) the Notes (or beneficial interests therein) can be used by it as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes (or beneficial interests therein). Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of investments in the Notes under any applicable risk-based capital or similar rules.

The Issuer has obtained the CMB approval (dated May 3, 2013 No. 29833736-105.03.01-1457) (the "*CMB Approval*") and the Banking Regulatory and Supervisory Agency approval (dated April 12, 2013 and numbered 20008792.31.2-9500) (together with the CMB Approval, the "*Approvals*") required for the issuance of the Notes. In addition to the Approvals, a tranche issuance certificate (*tertip ihraç belgesi*) in respect of the Notes is required to be obtained from the CMB by the Issuer on or before the Issue Date. Pursuant to the Approvals, the offer, sale and issue of the Notes has been authorized and approved in accordance with Decree 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, "*Decree 32*"), the Banking Law numbered 5411 (the "*Banking Law*") and its related legislation, the Capital Markets Law numbered 6362 and Communiqué No. II-31.1 on Debt Instruments (the "*Communiqué on Debt Instruments*") or its related regulation. The tranche issuance certificate from the CMB relating to the approval of the issue of the Notes is expected to be obtained on or before the Issue Date.

In addition, the Notes (or beneficial interests therein) may only be offered or sold outside of Turkey in accordance with the Approvals. Under the CMB Approval, the CMB has authorized the offering, sale and issue of the Notes on the condition that no sale or offering of Notes (or beneficial interests therein) may be made by way of public offering or private placement in Turkey. Notwithstanding the foregoing, pursuant to the BRSA decision dated May 6, 2010 No. 3665 and in accordance with Decree 32, residents of Turkey may purchase or sell Notes (as they are denominated in a currency other than Turkish Lira) (or beneficial interests therein) offshore on an unsolicited (reverse inquiry) basis in the secondary markets only. Further, pursuant to Article 15(d)(ii) of Decree 32, Turkish residents may purchase or sell Notes (or beneficial interests therein) offshore on an unsolicited (reverse inquiry) basis; *provided* that such purchase or sale is made through banks or licensed brokerage institutions authorized pursuant to BRSA and/or CMB regulations and the purchase price is transferred through licensed banks authorized under BRSA regulations. As such, Turkish residents should use licensed banks or licensed brokerage institutions while purchasing the Notes (or beneficial interests therein) and transfer the purchase price through licensed banks authorized under BRSA regulations. Monies paid for purchases of Notes (or beneficial interests therein) are not protected by the insurance coverage provided by the Savings Deposit Insurance Fund (the "*SDIF*") of Turkey.

In accordance with the Communiqué on Debt Instruments, the Notes are required under Turkish law to be issued in an electronically registered form in the Central Registry Agency (*Merkezi Kayıt Kuruluşu*) (the "*CRA*") and the interests therein recorded in the CRA; *however*, upon the Issuer's request, the CMB may resolve to exempt the Notes from this requirement if the Notes are to be issued outside of Turkey. The Bank submitted an exemption request through its letter to the CMB and such exemption was granted by the CMB in its letter to the Bank dated November 14, 2013 numbered 29833736-105.03.01-3471. As a result, this requirement will not be applicable to the Notes issued during the pendency of the CMB Approval. Notwithstanding such exemption, the Issuer is required to notify the CRA within three

Turkish business days from the Issue Date of the amount, issue date, ISIN code, first payment date, maturity date, interest rate, name of the custodian and currency of the Notes and the country of issuance.

Notes offered and sold to QIBs in reliance upon Rule 144A (the "*Rule 144A Notes*") will be represented by beneficial interests in one or more Rule 144A Global Note(s) (as defined in the Base Prospectus). Notes offered and sold in offshore transactions to persons who are not U.S. persons pursuant to Regulation S (the "*Regulation S Notes*") will be represented by beneficial interests in a Regulation S Global Note (as defined in the Base Prospectus and, together with the Rule 144A Global Note(s), the "*Global Notes*").

The Rule 144A Global Note(s) will be deposited on or about the Issue Date with The Bank of New York Mellon, New York Branch, in its capacity as custodian (the "*Custodian*") for, and will be registered in the name of Cede & Co. as nominee of, DTC. Except as described in this Prospectus, beneficial interests in the Rule 144A Global Note(s) will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. The Regulation S Global Note will be deposited on or about the Issue Date with a common depositary (the "*Common Depositary*") for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee of the Common Depositary. Except as described in this Prospectus, beneficial interests in the Regulation S Global Note will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect accountholders in Euroclear and Clearstream, Luxembourg.

In this Prospectus, "*Bank*" means Finansbank A.Ş. on a standalone basis and "*Group*" means the Bank and its subsidiaries (and with respect to accounting information, its consolidated entities).

In this Prospectus, all references to "*Turkish Lira*" and "*TL*" refer to the lawful currency for the time being of the Republic of Turkey, "*euro*" and "*€*" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended and "*U.S. Dollars*," "*US$*" and "*$*" refer to United States dollars.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. In particular, but without limitation, the titles of Turkish legislation and the names of Turkish institutions referenced herein (and in the documents incorporated herein by reference) have been translated from Turkish into English. The translations of these titles and names are direct and accurate.

STABILIZATION

In connection with the issue of the Notes, Standard Chartered Bank (the "*Stabilizing Manager*") (or persons acting on behalf of the Stabilizing Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail; *however*, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake any stabilization action. Any stabilization or over-allotment action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) in accordance with all applicable laws and rules.

Notwithstanding anything herein to the contrary, the Bank may not (whether through over-allotment or otherwise) issue more Notes than have been authorized by the CMB.

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RISK FACTORS

Prospective investors in the Notes should consider carefully the information contained in this Prospectus and the documents (or parts thereof) that are incorporated herein by reference, and in particular should consider all the risks inherent in making such an investment, including the information under the heading "Risk Factors" on pages 10 to 36 (inclusive) of the Base Prospectus (the "Program Risk Factors"), before making a decision to invest.

In investing in the Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors that individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors that it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in the Program Risk Factors a number of factors that could materially adversely affect its business and ability to make payments due under the Notes. In addition, a number of factors that are material for the purpose of assessing the market risks associated with the Notes are also described in the Program Risk Factors.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents that have previously been published or are published simultaneously with this Prospectus and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Prospectus:

(a) the sections of the Base Prospectus (the "*Base Prospectus*") of the Bank dated February 5, 2014 (and supplemented as of April 2, 2014) relating to the Program entitled as set out in the table below:

and

(b) the independent auditors' audit reports and audited consolidated BRSA Financial Statements of the Group for each of the years ended December 31, 2011, 2012 and 2013.

The BRSA Financial Statements of the Group and the Bank have not been prepared in accordance with IFRS. Consequently, there may be material differences had IFRS been applied to the financial information. A description of certain significant differences between BRSA and IFRS is included in the Base Prospectus. The BRSA Financial Statements also are not comparable to generally accepted accounting principles in the United States of America.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus that is capable of affecting the assessment of the Notes.

Any statement contained in a document that is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein or in any other

document incorporated by reference herein, or in any supplement, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The BRSA Financial Statements incorporated by reference into this Prospectus, all of which are in English, were prepared as convenience translations of the corresponding Turkish language BRSA Financial Statements (which translations the Bank confirms were direct and accurate).

Copies of documents incorporated by reference in this Prospectus are available on the Bank's website at:

(a) with respect to the original Base Prospectus, www.finansbank.com.tr/en/investor-relations/financial-information/Default.aspx,

(b) with respect to the First Supplement to the Base Prospectus dated April 2, 2014, www.finansbank.com.tr/en/investor-relations/financial-information/default.aspx?FBAS_IR_Financialreports, and

(c) with respect to the BRSA Financial Statements, www.finansbank.com.tr/en/investor-relations/financial-information/Default.aspx.

Where only parts of a document are being incorporated by reference, the non-incorporated parts of that document are either not material for an investor in the Notes or are covered elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus do not (and shall not be deemed to) form part of this Prospectus.

The contents of any website referenced in this Prospectus do not form part of (and are not incorporated into) this Prospectus.

OVERVIEW OF THE OFFERING

The following overview does not purport to be complete but sets out certain information relating to the offering of the Notes, including the principal provisions of the terms and conditions thereof. The following is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus (including in the Base Prospectus). See, in particular, "Terms and Conditions of the Notes" set out on pages 52 to 82 of the Base Prospectus.

Issue:	US$500,000,000 6.25% Notes due 2019 issued under the US$1,500,000,000 Global Medium Term Note Program of the Bank.
Interest and Interest Payment Dates:	The Notes will bear interest from and including the Issue Date (*i.e.*, April 30, 2014) at a fixed rate of 6.25% *per annum*, payable semi-annually in arrear in equal installments on each Interest Payment Date (*i.e.*, April 30 and October 30 in each year); *provided* that, if any such date is not a Payment Day (as defined in Condition 7.6), then such payment will be made on the next Payment Day but without any further interest or other payment being made in respect of such delay. The first interest payment (representing a full six months of interest) will be made on the first Interest Payment Date.
Maturity Date:	Unless previously redeemed or purchased and cancelled as provided in the Conditions, the Notes will be redeemed by the Bank at their principal amount on the Maturity Date (*i.e.*, April 30, 2019).
Use of Proceeds:	The net proceeds of the offering of the Notes will be used by the Bank for general corporate purposes.
Status:	The Notes will be senior, direct, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Bank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Bank, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Negative Pledge:	Subject to certain exceptions set out in Condition 4, so long as any Note remains outstanding, the Bank will not create or have outstanding any Security Interest (as defined in Condition 4) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in Condition 4.2) unless the Bank, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that: (a) all amounts payable by it under the Notes are secured by the Security Interest equally and ratably with the Relevant Indebtedness, (b) another Security Interest or (whether or not it includes the giving of a Security Interest) another arrangement is provided for the benefit of the Noteholders as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders or (c) such Security Interest is provided as is approved by an Extraordinary Resolution of the Noteholders.

See “Terms and Conditions of the Notes – Condition 4” in the Base Prospectus.

Certain Covenants:

The Bank will agree to certain covenants, including covenants limiting transactions with affiliates. See “Terms and Conditions of the Notes – Condition 5” in the Base Prospectus for the details of such covenants and the exceptions to them.

Taxation (Payment of Additional Amounts):

All payments in respect of the Notes by or on behalf of the Bank will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (“*Taxes*”) imposed or levied by or on behalf of any Relevant Jurisdiction (as defined in Condition 9) unless the withholding or deduction of the Taxes is required by law. In that event, the Bank will (subject to certain exceptions set out in Condition 9) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction will equal the respective amounts that would have been receivable in respect of the Notes in the absence of the withholding or deduction. See “Taxation – Certain Turkish Tax Considerations” and “Terms and Conditions of the Notes – Condition 9” in the Base Prospectus.

All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA (as defined in Condition 7.1) or any law implementing an intergovernmental approach to FATCA, as provided in Condition 7.1 and, in accordance with Condition 9.1, no additional amount will be payable by the Issuer in respect of any such withholding or deduction.

Optional Redemption for Tax Reasons:

The Notes may be redeemed at the option of the Bank in whole, but not in part, at any time at their principal amount together with interest accrued to (but excluding) the date of redemption if:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 9), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after April 28, 2014, on the next Interest Payment Date, the Bank would be required to:

   (i) pay additional amounts as provided or referred to in Condition 9, and

   (ii) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction at a rate in excess of the prevailing applicable rates on April 28, 2014, and

(b) such requirement cannot be avoided by the Bank taking reasonable measures available to it.

Events of Default:

The Notes will, subject to customary grace periods and exceptions set out in Condition 11, be subject to certain events of default, including (among others) non-payment, breach of obligations, cross-acceleration and certain bankruptcy and insolvency events. See "Terms and Conditions of the Notes - Condition 11" in the Base Prospectus.

Form, Transfer and Denominations:	Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Regulation S Global Note in registered form, without interest coupons attached, which will be deposited with the Common Depositary and registered in the name of a nominee of the Common Depositary. Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Rule 144A Global Note(s), each in registered form, without interest coupons attached, which will be deposited with the Custodian and registered in the name of Cede & Co. as nominee for DTC. Except in limited circumstances, certificates for the Notes will not be issued to investors in exchange for beneficial interests in the Global Notes. Interests in the Global Notes will be subject to certain restrictions on transfer. See "Transfer and Selling Restrictions" in the Base Prospectus. Interests in the Regulation S Global Note will be represented in, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg (or their respective direct or indirect accountholders, as applicable). Interests in the Rule 144A Global Note(s) will be represented in, and transfers thereof will be effected only through, records maintained by DTC (or its direct or indirect participants, as applicable). Notes will be issued in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.
ERISA:	Subject to certain conditions, the Notes may be invested in by an "employee benefit plan" as defined in and subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), a "plan" as defined in and subject to Section 4975 of the Code, or any entity whose underlying assets include "plan assets" of any of the foregoing. See "Certain Considerations for ERISA and other U.S. Employee Benefit Plans" in the Base Prospectus.
Governing Law:	The Notes, the Agency Agreement, the Deed Poll and the Deed of Covenant and any non-contractual obligations arising out of or in connection with the Notes, the Agency Agreement, the Deed Poll and the Deed of Covenant are (or will be, as applicable) governed by, and construed in accordance with, English law.
Listing and Admission to Trading:	Application has been made by the Bank to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market; *however,* no assurance can be given that such application will be accepted. The estimate of the total expenses related to admission to trading on the Main Securities Market is €2,440.
Turkish Selling Restrictions:	The offer and sale of the Notes (or beneficial interests therein) are subject to restrictions in Turkey in accordance with applicable CMB and BRSA laws and regulations. See "Transfer and Selling Restrictions - Selling Restrictions - Turkey" in the

	Base Prospectus.
Other Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act or any U.S. State securities laws and the Notes (or beneficial interests therein) may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except to QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes (or beneficial interests therein) is also subject to restrictions in the European Economic Area (including the United Kingdom), Japan and Switzerland. See "Transfer and Selling Restrictions – Selling Restrictions" in the Base Prospectus.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfill its obligations under the Notes. These are set out under "*Risk Factors*" in the Base Prospectus and include risks relating to the Group and its business, the Group's relationship with the Issuer's principal shareholders, Turkey and the Turkish banking industry. In addition, there are certain other factors that are material for the purpose of assessing the risks associated with the Notes, including certain market risks. See "Risk Factors."
Issue Price:	99.472% of the principal amount of the Notes.
Yield:	6.375% *per annum*.
Regulation S Global Note Security Codes:	ISIN: XS1063442484 Common Code: 106344248
Rule 144A Global Note Security Codes:	CUSIP: 31772DAA0 ISIN: US31772DAA00 Common Code: 106290423
Representation of Noteholders:	There will be no trustee.
Expected Ratings:	"BBB-" by Fitch and "Ba2" by Moody's.
Fiscal Agent, Transfer Agent and Principal Paying Agent:	The Bank of New York Mellon, London Branch
Registrar and Paying Agent:	The Bank of New York Mellon (Luxembourg) S.A.
United States Paying Agent and Transfer Agent:	The Bank of New York Mellon, New York Branch

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the BRSA Financial Statements (including the notes thereto) incorporated by reference into the Base Prospectus.

In this Prospectus, "Bank" means Finansbank A.Ş. on a standalone basis and the "Group" means the Bank and its subsidiaries (and with respect to accounting information, its consolidated entities).

Introduction

The Group provides a wide variety of consumer, corporate and investment banking products and services, primarily to upper-middle income Turkish consumers, medium-sized and large-sized Turkish corporations and foreign multinational corporations with operations in Turkey, and generates income primarily from retail banking, corporate and commercial banking and SME activities, securities transactions, foreign exchange dealing and fees and commissions from, among other activities, the plastic cards business. The Group's net profit for 2013 was TL 758.1 million, a 32.3% decrease compared to TL 1,120.0 million for 2012, which itself was a 24.9% increase compared to TL 896.3 million in 2011. The Group's total assets were TL 67,665.7 million as of December 31, 2013, an increase of 22.1% compared to TL 55,435.6 million as of December 31, 2012, which was a 17.4% increase from TL 47,230.8 million as of December 31, 2011. As of December 31, 2013, the Bank was the fifth largest private bank in Turkey in terms of total assets and equity.

While the Bank historically focused on trade financing activities for large Turkish corporations, since 1995 it has developed its retail and general corporate banking activities. As of December 31, 2013, the Bank had 674 branches consisting of 661 full service branches, four corporate and commercial branches, five satellite and Easy Credit branches, two retail branches and a branch at the Atatürk Airport Free Trade Zone in İstanbul, as well as a branch in Bahrain.

The Bank has three main business segments: retail banking, SME banking and corporate and commercial banking. Retail banking has been one of the principal drivers of the Bank's growth since 2007 and the Bank's management expects it to continue to maintain a central role in the Bank's strategy. The Bank had approximately 12 million retail banking customers and had total outstanding retail loans (including mortgage, credit card and consumer loans) of TL 24,032.8 million as of December 31, 2013. The Bank's SME banking activities consist primarily of revolving credit lines, overdrafts and time and demand deposits. The Bank's SME banking operations had total loans and receivables of TL 8,856.2 million as of December 31, 2013. The Bank's corporate and commercial banking activities include trade finance, traditional lending, project finance, cash management, corporate syndication and secondary market transactions, deposits and the issuance of certificated debt instruments. The Group's corporate and commercial banking operations had total loans and receivables of TL 9,458.7 million as of December 31, 2013. See also "The Business of the Group" in the Base Prospectus.

Significant Factors Affecting the Group's Financial Condition and Results of Operations

Numerous factors affect the Group's net profit, some of which are outside of the Group's control. The following discussion identifies the most significant of such factors.

Turkish Economic and Political Environment

The Group operates primarily in Turkey. Accordingly, its results of operations and financial condition are and will continue to be significantly affected by Turkish political and economic factors, including the economic growth rate, the rate of inflation and fluctuations in exchange rates and interest rates.

The following table sets forth key Turkish economic indicators as of and for the years ended December 31, 2011, 2012 and 2013.

	As of and for the year ended December 31,		
	2011	2012	2013
GDP (TL billions)	1,298.0	1,415.8	1,561.5
GDP (US$ billions)	774.0	785.7	820.0
GDP growth	8.5%	2.2%	4.0%
GDP per capita (US$)	10,361	10,504	10,782
Unemployment	9.8%	10.1%	9.7%
Central Bank policy rate (year-end)	5.75%	5.50%	4.50%
Benchmark yield (year-end)	11.5%	6.2%	10.0%
Consumer price inflation	10.5%	6.2%	7.4%
Exports (US$ billions)	134.9	152.5	151.8
Imports (US$ billions)	240.8	236.5	251.6
Trade deficit (US$ billions)	105.9	84.0	99.8
Current account deficit (US$ billions)	75.1	47.5	64.9
Budget deficit (TL billions)	17.4	28.8	18.4

Source: Central Bank of Turkey, TurkStat and other public sources.

Following a period of strong economic growth that lasted throughout 2007 and into 2008, economic activity in Turkey slowed down in the latter part of 2008 and into 2009 after the start of the global financial crisis. In connection with this slow-down, Turkish unemployment rose and the budget deficit increased sharply as a result of Government-sponsored economic growth efforts.

In 2011, global and domestic economies continued their recovery, albeit the upward pressure on inflation in the Turkish economy persisted as reflected by the Consumer Price Index and increasing benchmark rates. In order to subdue the rapidly increasing current account deficit and control domestic demand for loans, the BRSA recommended a 25% limit on loan growth for the banking sector. Accordingly, the Group's loan growth slowed to 19.4% from December 31, 2010 to December 31, 2011. Credit card and general purpose loans remained robust and gained further market share while mortgage loans declined during the period. Customer deposits (which corresponds to other deposits in the financial statements incorporated by reference herein) registered better than market average growth of 27.5% from December 31, 2010 to December 31, 2011.

Due to the European economic crisis, the economic activity in Turkey slowed in 2012, with a GDP growth rate of 2.1 % compared to 8.8% in 2011. Inflation rates remained mostly above target levels in 2012 but declined in the last two months of the year, falling within the target range of the Central Bank. In addition, the expansionary policies of developed economies and Turkey's strong capital inflow outlook allowed the Central Bank to ease monetary conditions and reduce its policy rates during late 2012 and early 2013.

An acceleration in economic activity began in early 2013 as a result of an improvement in domestic demand. Through mid-May, capital inflows accelerated as global liquidity increased and as a result of anticipation that Turkey would soon receive a second investment grade rating; *however*, global liquidity started to decline as of the end of May as a result of the U.S. Federal Reserve's signal that it would start tapering its monthly asset purchases, which resulted in weaker capital inflows to Turkey and depreciation of the Turkish Lira. Notwithstanding this softening, the Turkish economy remained relatively resilient during 2013 with GDP growing by 4.0%. The Bank's management anticipates that tighter external financing conditions, higher domestic interest rates and political uncertainty will continue to weigh on economic activity in 2014, with GDP growth slowing to approximately 1.7%. This reduced level of growth was reflected during the second half of 2013 and the first quarter of 2014 as Turkey was negatively impacted by domestic political developments and the deterioration in the global appetite for emerging market assets, which resulted in capital outflows, contributed to the depreciation of the Turkish Lira and triggered a sharp increase by the Central Bank in its short-term interest rates. See also "-Interest Rates" below and "Risk Factors – Risk Relating to the Group and its Business – Banking Regulatory Matters" in the Base Prospectus.

In line with increasing demand for loans, the Group's loans and receivables grew by 16.5% as of December 31, 2013 compared to December 31, 2012 mainly as a result of the growth in general purpose and commercial loans. In line with the growth of its loan portfolio, the Bank increased its Turkish Lira deposit base while obtaining additional funding through bond issuances and money market borrowings.

Global Economic Conditions

The primary effect of the global crisis starting in 2008 on the Turkish banking system was an increase in loan delinquency rates. At the same time, the Turkish market experienced a shift in deposits to larger private financial institutions, including the Bank, that were perceived as having greater financial stability. Reflecting this shift, as of December 31, 2013, the Group's customer deposits amounted to TL 36,765.5 million, an increase of 16.1% from TL 31,657.4 million as of December 31, 2012.

Since the beginning of 2010, the Group has put in place enhancements to its risk management systems, tightened its lending criteria and increased required collateral levels with a view to limiting the potentially adverse effects on its loan portfolio of the challenging global economic conditions. As of December 31, 2013, the Group's non-performing loan ratio was 6.5%, which equaled the ratio as of December 31, 2012 but exceeded the 5.7% ratio as of December 31, 2011.

Net interest income increased by 29.0% to TL 2,999.1 million in 2012, from TL 2,324.1 million in 2011, which increase was due primarily to growth in the loan portfolio and a decrease in the cost of funding for customer deposits. The Group's net interest income for 2013 amounted to TL 3,269.0 million, an increase of 9.0% compared to 2012. This increase was mainly due to the lower cost of funding of customer deposits in the first half of 2013; *however,* as described below, costs for deposits have been on an increasing trend during the second half of 2013 and through 2014.

The Group's ratio of other operating expenses to total average assets increased to 3.9% in 2013 from 3.7% during 2012, which had improved from 3.9% in 2011. For 2011, 2012 and 2013, the efficiency ratio (*i.e.*, the cost to income ratio) was 52.8%, 44.5% and 53.3%, respectively.

Although the effects of the global financial crisis that started in 2008 have begun to subside, the Bank and its customers operating in Turkey remain susceptible to other external financial and economic events such as the concerns about the liquidity, the extent of budgetary deficits and, in some cases, even the solvency of countries such as Cyprus, Greece, Ireland, Italy, Portugal and Spain and their banking systems. The Bank's performance will continue to be influenced by conditions in the global economy. See "Risk Factors" in the Base Prospectus. The outlook for the global economy over the near to medium term remains challenging, with the consequent impact on prospects for continued stabilization and improvement of economic and financial conditions in Turkey.

Loan Portfolio Growth

Since 2001, the Group has pursued a policy of increasing its loan portfolio, in particular with an emphasis on the higher-yielding business segments of corporate and commercial, SME and retail customers. Particularly as the rate of inflation has decreased in Turkey and *per capita* income among the Bank's targeted customer base has increased since 2005, the demand for commercial, small business and retail credit has grown. Since the start of 2007, this policy has resulted in an overall increase in the Group's loans and receivables to customers. The Group's net loans and receivables (total gross loans including financial assets at fair value through profit and loss loans less specific provisions) were TL 42,856.4 million as of December 31, 2013, representing an increase of 16.5% compared to TL 36,790.1 million as of December 31, 2012, which itself reflected an increase of 19.3% compared to TL 30,834.4 million as of December 31, 2011. Since the beginning of 2010, the Group has focused on increasing its lending in all areas in which it believes the effects of the global economic downturn have begun to subside and the signs of economic recovery have strengthened.

Interest Rates

In general, increases in interest rates allow the Bank to increase its interest income from loans and receivables to customers due to higher interest rates that the Bank is able to charge. When interest rates increase, the Bank also benefits from a higher return on its free capital; *however*, such increases may adversely affect the Bank's profit for the year as a result of reduced overall demand for loans and increased inability of customers to meet their obligations. In addition, increased interest rates affect the Group's funding costs and can adversely affect the Group's profit for the year if the Group is unable to pass on the increased funding costs to its customers. On the other hand, a decrease in interest rates can reduce the Group's revenue from loans and receivables to customers as a result of lower rates on loans. This reduction of revenue may however be offset by an increase in the volume of loans resulting from increased demand for loans as well as by a decrease in funding costs.

The slowdown in the Turkish economy in 2009 and the steep drops in global interest rates were followed by a reduction by the Central Bank of its policy rate sharply through 2009, bringing the policy rate to 7.00% in late 2009 compared to 16.75% in November 2008 as reported by the Turkish Treasury. The policy rate cuts continued intermittently throughout 2011, 2012 and 2013, with the Central Bank's policy rate standing at 5.75%, 5.50% and 4.50% as of December 31, 2011, 2012 and 2013, respectively. In the first half of 2013, the Bank benefited from the low interest rate environment in Turkey, which had a favorable effect on net interest income due to a lower cost of funding originating from customer deposits; *however*, starting in June 2013 and continuing into 2014, the banking sector's interest income has been adversely impacted by regulatory changes for interest charges on overdraft loans and commercial credit cards. This negative impact on interest margins coincided with an increase in the interest rates paid on customer deposits as a result of market conditions. The Central Bank also sharply increased the policy rate by 550 basis points to 10.0% in January 2014 (where it remains as of the date of this Prospectus) in order to contain the inflationary pressures caused by a sharp depreciation of the Turkish Lira.

On average, due to the short-term nature of the majority of customers' time deposits, reductions in interest rates are re-priced into the Group's liabilities after approximately 1.5 months. At the same time, the re-pricing of loans and receivables to customers and securities is slower, approximately six months, due to their longer maturities, resulting in a short-term widening of the net interest margin earned. See also "Risk Factors – Risk relating to the Group and its business – Interest Rate Risk" in the Base Prospectus.

The following table sets forth the net interest margin of the Group for the periods indicated.

	2011	**2012**	**2013**
Net interest margin(1)	6.2%	6.9%	6.8%

(1) Net interest margin represents net interest income divided by the average of interest-earning assets.

In 2012, net interest margins and spreads in Turkish Lira and foreign currencies increased from 2011, which improvement was principally due to the growth in the Group's lending activities on loans with more profitable margins (*e.g.*, retail loans and credit cards) and a decrease in interest rates on deposits. During the first half of 2013, net interest margins and spreads in Turkish Lira and foreign currencies increased compared to the first half of 2012. Since June 2013 and continuing into 2014, the Group's (as well as the Turkish banking industry's) net interest margins and spreads in Turkish Lira and foreign currencies has been adversely impacted by regulatory changes in respect of interest charges on overdraft loans and commercial credit cards. This negative impact on interest margins coincided with an increase in the interest rates paid on customer deposits, which was imposed by market conditions.

Key Components of Results of Operations

The Group generates income primarily from retail banking, corporate and commercial banking and SME activities, securities transactions, foreign exchange dealing and fees and commissions from, among other activities, the plastic cards business.

Net Interest Income

The Group's net interest income for 2013 amounted to TL 3,269.0 million, an increase of 9.0% compared to TL 2,999.1 million for 2012, which itself represented an increase of 29.0% compared to TL 2,324.1 million for 2011. For 2013, the Group's interest income increased by 1.7% and interest expense declined by 6.3%, respectively, compared to 2012 (for 2012, the Group's interest income and interest expense increased by 23.0% and 17.0%, respectively, compared to 2011).

Growth in Assets

As of December 31, 2013, the Group's total assets were TL 67,665.7 million, an increase of 22.1% compared to TL 55,435.6 million as of December 31, 2012, which, in turn, was an increase of 17.4% compared to total assets of TL 47,230.8 million as of December 31, 2011. The largest element behind the growth in the assets of the Group was the loan and receivables portfolio, which increased by 39.0% to TL 42,856.4 million as of December 31, 2013 compared to TL 30,834 million as of December 31, 2011.

Non-Performing Loans

The Group's non-performing loan ratio increased from 5.7% as of December 31, 2011 to 6.5% as of December 31, 2012 and remained unchanged as of December 31, 2013. In 2013, the Bank sold non-performing loans amounting to TL 542.3 million at a price of TL 100.1 million in cash, which resulted in corresponding increases in other operating income and reductions in the amount of non-performing loans in the Bank's portfolio. The Group has set aside provisions for non-performing loans as of December 31, 2013 in accordance with the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside published in the Official Gazette No. 26333 dated November 1, 2006 (as amended from time to time) (the "*Regulation on*

Provisions and Classification of Loans and Receivables"). The Group has also provided for other probable losses inherent in the portfolio to the extent such losses are reasonably estimable.

For the retail banking segment (other than credit cards), before June 2012, the Bank made provisions (without taking into consideration any collateral) for each group of non-perfoming loans using the minimum rates speficified in the then-applicable regulations, which was 20% for Group III loans and receivables, 50% for Group IV loans and receivables and 100% for Group V loans and receivables. To be more conservative, in June 2012 the Bank increased the rate for Group III to 50% and in December 2012 the rate was increased for all such retail loans and receivables to 100%.

See "Selected Statistical and Other Information - Credit Quality - Allowance for Impairment on Loans and Receivable to Customers - Methodology."

Critical Accounting Policies, Estimates and Judgments

The preparation of the financial statements requires the Group's management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The Bank's management believes that the judgments, estimates and assumptions used in the preparation of the BRSA Financial Statements are appropriate given the factual circumstances as of the dates and for the periods presented therein. The Group's critical and other significant accounting policies (which are described in additional detail in Section Three of the December 31, 2013 BRSA Financial Statements incorporated by reference herein) are the following:

Strategy for the use of financial instruments

The Bank's main sources of funds are customer deposits, securities issuances and funds borrowed in the international markets. Customer deposits bear fixed interest rates and have an average maturity of one to three months. Domestic securities issuances have an average maturity of six months. International securities issuances typically have long maturities with fixed interest rates. Funds borrowed in the international markets generally bear floating interest rates and have an average maturity of three to six months. The Bank manages its liquidity structure so that it is capable of meeting its obligations (when due) by diversifying its funding sources and keeping enough cash and cash equivalents. The maturity of the Bank's different sources of funds and their yields are analyzed, to the extent possible, with the then outstanding market conditions with the aim of obtaining higher returns on long-term placements.

Aside from customer deposits, the Bank funds its long-term fixed interest rate Turkish Lira loan portfolio with long-term (up to 10 years) floating interest rate foreign currency funds obtained in the international markets. The Bank frequently converts this foreign currency liquidity into Turkish Lira liquidity with long-term swap transactions (fixed Turkish Lira interest rate and floating foreign currency interest rate swaps). As a result, the Bank generates Turkish Lira-denominated resources for funding long-term loans with fixed interest rates.

The Bank has established limitations on its securities portfolio based upon market risks. Products included in the Bank's securities portfolio are subject to position and risk limits. Position limits restrict the maximum nominal position that the Bank may take on a given 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 different risk factors, which limits are revised annually.

Information on subsidiaries, associates and entities under common control

The BRSA Financial Statements are prepared in accordance with TAS 27 "Consolidated and Separate Financial Statements" and the BRSA Communiqué on Preparation of Consolidated Financial Statements of Banks published in the Official Gazette No. 26340 and dated November 8, 2006.

Subsidiaries. Subsidiaries maintain their accounting records and prepare their financial statements in accordance with regulations on accounting and reporting standards promulgated by the CMB and in the Turkish Commercial Code (No. 6102) and the Law on Financial Leasing, Factoring and Financing Companies (No. 6361) published in the Official Gazette on December 13, 2012, as applicable. Certain adjustments and reclassifications are made in the financial statements of the subsidiaries for purposes of fair presentation in accordance with the prevailing regulations and accounting standards set forth in Articles 37 and 38 of the Banking Law and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting issued by the BRSA. As of December 31, 2013, financial subsidiaries are fully consolidated in the BRSA Financial Statements and intercompany balances and income and expenses resulting from intercompany transactions are eliminated.

Associates and entities under common control. The Bank does not consolidate any of its associates in its financial statements. Entities under common control are consolidated by the equity method.

Forwards, option contracts and derivative instruments

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

Aside from customer deposits, the Bank funds its long-term fixed interest rate Turkish Lira loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained in the international markets. As noted above, the Bank converts the foreign currency liquidity into Turkish Lira liquidity with long term swap transactions, thereby funding its long-term fixed interest rate loans in Turkish Lira and hedging itself against interest rate risk.

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

The fair value differences regarding the derivative financial instruments held for the fair value hedge purposes are accounted for under “gains/(losses) from financial derivative transactions,” except for any foreign currency valuation differences. These foreign currency valuation differences are accounted for under the “foreign exchange gains/(losses)” account.

To reduce risks resulting from changes in interest rates on customer deposits, which have an average term of one month, the Bank implements cash flow risk prevention accounting policies by means of interest rate swaps. The Bank implements efficiency tests at each balance sheet date for hedging purposes and, as provided by TAS 39, effective swaps are entered into the financial statements under equity “hedging funds,” whereas amounts concerning ineffective swaps are reflected in the income statement.

The Bank hedges itself against changes in interest rates related to: (a) long-term government bonds with fixed coupon payments and (b) foreign currency bonds issued by the Bank by using interest rate swaps. The Bank applies fair value hedge accounting to these swaps and performs hedge effectiveness tests at each balance sheet date.

Fair values of: (a) forward foreign currency purchase and sales contracts and currency and interest swap transactions are calculated by using internal pricing models based upon market data and (b) option contracts are calculated with option pricing models. Unrealized gains and losses on such transactions are reflected in the income statement. Futures transactions are accounted for at settlement prices obtained from counterparties, and the related unrealized gains and losses are reflected in the income statement. Credit default swap transactions are accounted for at market prices, and the related unrealized gains and losses are reflected in the income statement.

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, interest accruals of non-performing loans are not recorded as interest income until collected.

Fees and commission income and expenses

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

Dividend income is accrued when the profit distribution of the subsidiaries, associates and any other entity under common control is approved. Dividend income from subsidiaries is eliminated in the Group's consolidated BRSA Financial Statements by an adjustment of the retained earnings.

Financial assets

Financial assets consist of cash and cash equivalents and the contractual right to: (a) obtain cash or another financial asset from a counterparty or (b) exchange financial assets with a counterparty or the equity instrument transactions of the counterparty. Financial assets are classified in four categories: "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 each financial asset is determined at the inception of such financial asset.

Financial assets at fair value through profit or loss. The Bank classified mortgage loans entered between January 1, 2006 and December 31, 2007 as loans under "financial assets at fair value through profit or loss" in compliance with TAS 39. The Bank has not classified mortgage loans entered since January 1, 2008 as "fair value through profit or loss" but rather as loans and other receivables. Interest on related loans is presented in the income statement as "interest on loans" and fair value differences are presented as "securities trading gains/(losses)."

Financial assets at fair value through profit or loss are initially recorded at cost and are measured at fair value in the following periods. The fair value of loans that are classified as "financial assets at fair value through profit or loss" is determined by using the effective interest rates used for similar financial assets within the market. The fair value of public sector debt securities that are classified in the afore-mentioned group is determined by using the market prices as of the balance sheet date.

Investment securities available-for-sale. Available for sale assets represent financial assets other than financial assets at fair value through profit or loss, loans and other receivables and investment securities held to maturity. Premiums and discounts on investment securities available-for-sale are considered during the computation of the internal rate of return and are included in interest income in the income statement. Accrued interest income on investment securities available-for-sale is recognized in the income statement whereas gains and losses arising from the change in the fair values of such securities are reflected in equity under "securities value increase fund"/ "unrealized gains/(losses) on securities." When investment securities available-for-sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity are transferred to the income statement.

Real coupons of consumer price inflation-indexed government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. In addition, payments on such securities are made considering the reference index as of the issue date thereof. In this context, cash flows calculated in line with the Central Bank's inflation expectation are taken into account in the valuation of consumer price inflation-indexed government bonds.

A portion of the Group's eurobond portfolio that has been recognized as available-for-sale securities has been designated as fair value hedged items since early 2009. Those securities are disclosed under "investment securities available-for-sale" in order to be in line with the 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 under TAS 39, fair value hedge accounting is ceased. The fair value differences are amortized through equity until the maturity of the related hedged securities. The fair value differences of related portfolio securities sold prior to maturity are immediately recognized in the income statement.

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 the investment until maturity and the relevant conditions for the fulfillment of such intention, including the funding ability, are satisfied; *provided* that such category excludes loans and receivables.

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

The Group enters into swap transactions against Turkish Lira in order to hedge for possible losses that might arise due to changes in the fair value of a portion of the Group's long-term loans, applying fair value hedge accounting as per TAS 39. The Bank accounts for the hedged portion of the loan portfolio at fair value, with the related net gain or loss on swap transactions used as hedging instruments being included in the income statement. When 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 the income statement until the maturity of the hedged loans.

Explanations on impairment of financial assets. If: (a) the amount computed by discounting expected future cash flows of a financial asset using the effective interest rate method (if applicable) or (b) the fair value of such financial asset is lower than the carrying value, then the financial asset is considered to be impaired. Provisions are made for impairment of financial assets and recorded in the related expense accounts.

Trading securities. The Group accounts for its trading securities at fair value. Interest income resulting 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 presented under "securities trading gains/(losses)."

Provisions for loan losses and other receivables

Provisions are set for loans and other receivables that might be doubtful, with the provisions being reflected in "provision for loan losses and other receivables" in the current period's income statement. In accordance with applicable law, the Bank: (a) classifies those loans and receivables that are potentially uncollectible as non-performing loans and sets aside specific provisions in accordance with applicable law and (b) sets aside additional general provisions.

The Bank also makes specific provisions for "closely monitored" loans as a result of a risk assessment of the loan. These provisions are recorded as liabilities under "other provisions" as "free reserves for possible loan losses." Except for specific provisions and free reserves for possible loan losses, the Bank makes general loan loss provisions and records them under liabilities as "general provisions."

Collections for provisioned loans made during a period and collections for provisioned loans made in prior periods are offset against "provision for loans and other receivables" in the income statement. Collections on principal made on written-off loans are recorded under "other operating income" and collections on interest of written-off loans are recorded under "interest on loans."

Write-offs are made when all or part of a loan is deemed uncollectible or in the case of debt forgiveness. Such loans are written-off after all necessary collection procedures have been completed and the amount of the loss has been determined. Write-offs are charged against previously established allowances and reduce the principal amount of a loan. Subsequent recoveries of amounts previously written-off decrease the amount of the provision for impairment losses on loans and receivables, finance lease receivables and factoring receivables in the income statement.

Other provisions and contingent liabilities

Provisions (other than specific and general provisions for loans and other receivables) and contingent liabilities are accounted for in accordance with TAS 37 "provisions, contingent liabilities and contingent assets." Such provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Group. Whenever the amount of such obligations cannot be measured, such obligations 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, then a provision is made.

Such provisions made during a period are recorded under "other operating expenses" and such provisions made in prior periods but reversed in current periods are accounted for under "other operating income."

Obligations of the Group for employee benefits

Provisions for employee severance benefits of the Group are 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. Retirement pay is calculated for each working year of the employee within the Group over salary for 30 days (capped at the official ceiling amount per year of employment) and "notice" pay is calculated for the length of the relevant notice period as determined based upon the number of years the employee worked for the Group. Liability for retirement pay, which is calculated by an independent actuary, is reflected in the BRSA Financial Statements.

Group Consolidated Companies

The following table indicates the individual companies within the Group and its participation in each company as of December 31, 2011, 2012 and 2013.

Name	Place of incorporation	Participation (%) as of December 31, 2011	2012	2013
Finans Faktoring Hizmetleri A.Ş. (Finans Factoring).	Turkey	100.00%	100.00%	100.00%
Cigna Finans Emeklilik ve Hayat A.Ş. (Cigna Finans Pension Fund)..	Turkey	99.99%	49.00%(1)	49.00%(1)
Finans Tüketici Finansmanı A.Ş. (Finans Consumer Finance)..	Turkey	99.99%	-	-
Finans Yatırım Menkul Degerler A.Ş. (Finans Invest)	Turkey	100.00%	99.70%	99.74%
Finans Portföy Yonetimi A.Ş. (Finans Portfolio Asset Management)...	Turkey	100.00%	99.58%	99.71%
Finans Finansal Kiralama A.Ş. (Finans Leasing)........	Turkey	64.32%	68.94%	69.01%
Finans Yatırım Ortaklığı A.Ş. (Finans Investment Trust)...	Turkey	49.36%	82.20%	76.10%

(1) Fully consolidated in 2011. Cigna Finans Pension Fund was partially disposed of in 2012 and has thereafter been accounted for as a joint-venture and consolidated by using the equity method. The name of this company was changed from Finans Pension to Cigna Finans Pension Fund after the company was partially disposed of in 2012.

Results of Operations for the Years Ended December 31, 2011, 2012 and 2013

Overview

The Group's net profit for 2013 was TL 758.1 million, a 32.3% decrease compared to TL 1,120.0 million in 2012. This decrease was primarily due to an increase in provisions for loan and other receivables, which largely was the result of the increase in the Group's loan and receivables portfolio and increases in the volume of non-performing loans (see "- Provision for Loan Losses and Other Receivables" below).

The Group's net profit for 2012 was TL 1,120.0 million, a 24.9% increase compared to TL 896.3 million in 2011. The increased net profit for 2012 primarily was a result of the higher net interest income due to the increase in interest income from loans, specifically from consumer loans and credit cards, offset by higher provisions. In addition, the Group completed the disposal of 51.0% of Cigna Finans Pension Fund to Cigna on November 9, 2012. After the disposal and based upon the shareholding structure set out in the share transfer agreement signed between the Bank and Cigna, the remaining 49.0% interest in Cigna Finans Pension Fund is accounted for by the Group as a joint venture under the equity method. The gain on the disposal of 51.0% of the shares of Cigna Finans Pension Fund (amounting to TL 179.9 million) and the fair value gain (amounting to TL 171.5 million) on the remaining 49.0% shares, were accounted for under "other operating income" in the BRSA Financial Statements. Excluding the impact of TL 351.5 million in gain related to Cigna Finans Pension Fund's shares, the Group's profit from continuing operations before taxes for 2012 would have been TL 1,058.9 million, a 10.4% decrease compared to TL 1,182.0 million in 2011.

Return on average total assets for 2013 was 1.2%, compared to 2.1% for 2012 and 2.0% for 2011. Return on average equity attributable to the owners of the Group for 2013 was 10.0%, compared to 17.0% for 2012 and 16.1% for 2011.

Net Interest Income

The following table shows net interest income details for the indicated periods:

	2011	2012	Change 2012 vs. 2011	2013	Change 2013 vs. 2012
Interest income	*(TL thousands)*		*(%)*	*(TL thousands)*	*(%)*
Interest on loans	4,076,915	4,984,499	22.3	5,159,683	3.5
Interest received from banks	17,979	13,441	(25.2)	4,474	(66.7)
Interest received from money market placements	10,767	25,665	138.4	8,291	(67.7)
Interest received from marketable securities portfolio	439,944	572,105	30.0	502,993	(12.1)
Finance lease income	73,108	81,617	11.6	102,774	25.9
Other interest income	29,660	41,899	41.3	40,620	(3.1)
Interest income	**4,648,373**	**5,719,226**	23.0	**5,818,835**	1.7
Interest expense					
Interest on deposits	(1,983,843)	(2,288,984)	15.4	(1,972,161)	(13.8)
Interest on funds borrowed	(181,762)	(178,097)	(2.0)	(206,385)	15.9
Interest on money market borrowings	(116,610)	(107,666)	(7.7)	(103,651)	(3.7)
Interest on securities issued	(36,338)	(140,315)	286.1	(252,784)	80.2
Other interest expense	(5,755)	(5,045)	(12.3)	(14,887)	195.1
Interest expense	**(2,324,308)**	**(2,720,107)**	17.0	**(2,549,868)**	(6.3)
Net interest income	**2,324,065**	**2,999,119**	29.0	**3,268,967**	9.0

The Group's net interest income for 2013 amounted to TL 3,269.0 million, an increase of 9% compared to TL 2,999.1 million for 2012. In 2013, the Group's interest income increased by 1.7% while interest expense decreased by 6.3% compared to 2012. Average yields for credit cards and installment loans decreased during 2013, but this was more than offset by a decline in average funding costs, which resulted in higher net interest income in 2013 compared to 2012.

The Group's net interest income for 2012 amounted to TL 2,999.1 million, an increase of 29.0% compared to TL 2,324.1 million for 2011. In 2012, the Group's interest income and expense increased by 23.0% and 17.0%, respectively, compared to 2011. As average yields for credit cards and installment loans increased during 2012, interest earned on loans and receivables to customers increased by more than the increase in funding costs.

The Group's net interest income as a percentage of average interest-earning assets was 6.2% for 2011, 6.9% for 2012 and 6.8% for 2013.

Interest Income

The Group's interest income increased by 1.7% to TL 5,818.8 million in 2013 from TL 5,719.2 million in 2012. Interest on loans in 2013 increased by 3.5% to TL 5,159.7 million compared to TL 4,984.5 million in 2012, which itself was an increase of 22.3% from TL 4,076.9 in 2011. These increases in interest income were mainly attributable to an increase in the volume of loans and receivables outstanding during 2012 and 2013 (see "Financial Condition as of December 31, 2011, 2012 and 2013 – Total Assets"). Interest received from marketable securities decreased by 12.1% to TL 503.0 million in 2013 compared to TL 572.1 million in 2012, which was an increase of 30.0% compared to TL 439.9 million in 2011, primarily due to changes in market interest rates during 2013.

Interest Expense

The Group's interest expense decreased by 6.3% to TL 2,549.9 million in 2013 from TL 2,720.1 million in 2012. This decrease was primarily due to a decrease in interest expense on deposits, which decreased by 13.8% to TL 1,972.2 million for 2013 from TL 2,289.0 million in 2012 due to decreases in the cost of funding. The Group's interest expense increased by 17.0% in 2012 from TL 2,324.3 million in 2011. Interest on deposits increased by 15.4% in 2012 compared to 2011 principally as a result of increases in the cost of funding.

Net Fee and Commission Income

The table below sets forth the components of the Group's net fee and commission income for each of 2011, 2012 and 2013.

	2011	2012	Change 2012 vs. 2011	2013	Change 2013 vs. 2012
	(TL thousands)		*(%)*	*(TL thousands)*	*(%)*
Fees and commissions received					
Non-cash loans	43,455	42,248	(2.8)	42,670	1.0
Other	997,055	1,256,740	26.0	1,189,005	(5.4)
Total	**1,040,510**	**1,298,988**	24.8	**1,231,675**	(5.2)
Fees and commissions paid					
Non-cash Loans	(853)	(1,173)	37.5	(1,088)	(7.2)
Other	(154,635)	(183,246)	18.5	(143,829)	(21.5)
Total	**(155,488)**	**(184,419)**	18.6	**(144,917)**	(21.4)
Net fees and commissions income	**885,022**	**1,114,569**	25.9	**1,086,758**	(2.5)

Net fees and commissions income (which included earned premium net of claims and commissions from the Group's insurance business, Cigna Finans Pension Fund, until it was partially disposed of in 2012) for 2013 amounted to TL 1,086.8 million, a decrease of 2.5% compared to TL 1,114.6 million in 2012. If such earned premiums net of claims and commissions from the Group's insurance business (which amounted to TL 31.2 million until the disposal date) were excluded, the Group's net fees and commissions income for 2013 would have increased by 0.3% from the same period in 2012.

Net fees and commissions income for 2012 amounted to TL 1,114.6 million, an increase of 25.9% compared to TL 885.0 million in 2011. The increase in net fee and commission income in 2012 was primarily due to the increase in credit card and deposit accounts fees, which increased by 30.2% and 36.0%, respectively, as compared to 2011.

Net Trading Income/(Loss)

The table below sets forth a breakdown of the Group's net trading income/(loss) (net) for each of the indicated periods:

	2011	2012	Change 2012 vs. 2011	2013	Change 2013 vs. 2012
	(TL thousands)		*(%)*	*(TL thousands)*	*(%)*
Securities trading gains / (losses)	86,972	87,391	0.5	162,360	85.8
Gains / (losses) from financial derivatives transactions	(260,289)	(432,009)	(66.0)	(270,990)	(37.3)
Foreign exchange gains / (losses)	(37,901)	(4,032)	89.4	(96,824)	2,301.4
Net trading income/ (loss)	**(211,218)**	**(348,650)**	65.1	**(205,454)**	(41.1)

Net trading loss amounted to TL 205.5 million in 2013, a decrease of 41.1% when compared to net trading loss of TL 348.7 million in 2012. This decrease was due to decrease in losses in financial derivatives transactions and increase in securities trading gains in 2013. Net trading loss amounted to TL 348.7 million in 2012, an increase of 65.1% when compared to TL 211.2 million in 2011. This increase was due to an increase in losses in financial derivatives transactions.

Other Operating Income

The table below sets forth other operating income of the Group for each of the indicated periods:

	2011	2012	Change 2012 vs. 2011	2013	Change 2013 vs. 2012
	(TL thousands)		*(%)*	*(TL thousands)*	*(%)*
Other operating income	194,219	531,571	173.7	321,674	(39.5)

Other operating income amounted to TL 321.7 million in 2013, a decrease of 39.5% when compared to TL 531.6 million in 2012. This decrease was primarily due to the above-described disposal of Cigna Finans Pension

Fund in 2012. Other operating income amounted to TL 531.6 million in 2012, an increase of 173.7% when compared to TL 194.2 million in 2011. This increase was primarily due to the TL 179.9 million gain resulting from the disposal of a 51.0% interest in Cigna Finans Pension Fund and a TL 171.5 million fair value gain with respect to the remaining 49.0% of Cigna Finans Pension Fund.

Provision for Loan Losses and Other Receivables

The table below sets forth the Group's provision for loan losses and other receivables for each of the indicated periods:

	2011	**2012**	**Change 2012 vs. 2011**	**2013**	**Change 2013 vs. 2012**
	(TL thousands)		*(%)*	*(TL thousands)*	*(%)*
Specific provisions for loans and other receivables	164,232	694,132	322.7	873,777	25.9
Loans and receivables in Group III	(55,510)	151,005	(372.0)	(49,797)	(133.0)
Loans and receivables in Group IV	(87,206)	193,226	(321.6)	143,573	(25.7)
Loans and receivables in Group V	306,948	349,901	14.0	780,001	122.9
General provisions	134,633	217,243	61.4	198,607	(8.6)
Provisions for free reserves on possible losses	-	36,045	-	2,278	(93.7)
Impairment losses on securities	164	-	NA	103	NA
Financial assets at fair value through profit or loss	164	-	-	-	-
Investment securities available for sale	-	-	-	-	-
Other	26,509	30,734	15.9	28,626	(6.9)
Provision for loan losses and other receivables	**325,538**	**978,154**	**200.5**	**1,103,391**	12.8

Provision for loan losses and other receivables amounted to TL 1,103.4 million in 2013, an increase of 12.8% from TL 978.2 million in 2012. This increase was primarily driven by a 25.9% increase in specific provisions, which resulted from an increase in non-performing loans (particularly new impairment losses on credit cards) in 2013, which is expected to continue into 2014. The non-performing loans ratio was 6.5% as of both December 31, 2013 and December 31, 2012, exceeding the 5.7% ratio as of December 31, 2011. In 2013, the Bank sold non-performing loans amounting to TL 542.3 million at a price of TL 100.1 million in cash, which resulted in corresponding increases in other operating income and reductions in the amount of non-performing loans in the Bank's portfolio.

Provision for loan losses and other receivables amounted to TL 978.2 million in 2012, an increase of 200.5% compared to TL 325.5 million in 2011. This increase was due primarily due to the 2012 changes in the Bank's provisioning policies as described in "Key Components of Results of Operations – Non-Performing Loans" and to an increase in new impairment losses on loans and receivables to customers, specifically credit cards receivables.

For the retail banking segment (other than credit cards), before June 2012, the Bank made provisions (without taking into consideration any collateral) for each group of non-perfoming loans using the minimum rates speficified in the then-applicable regulations, which was 20% for Group III loans and receivables, 50% for Group IV loans and receivables and 100% for Group V loans and receivables. To be more conservative, in June 2012 the Bank increased the rate for Group III to 50% and in December 2012 the rate was increased for all such retail loans and receivables to 100%.

Other Operating Expenses

The table below sets forth the components of the Group's other operating expenses for each of the indicated periods:

	2011	2012	Change 2012 vs. 2011	2013	Change 2013 vs. 2012
	(TL thousands)		*(%)*	*(TL thousands)*	*(%)*
Personnel costs	752,015	818,567	8.8	959,234	17.2
Reserve for employee termination benefits	6,044	4,904	18.9	10,590	115.9
Impairment losses of tangible assets	1,594	1,651	3.6	705	(57.3)
Depreciation charge of tangible assets	84,236	93,175	10.6	104,429	12.1
Amortization charge of intangible assets	42,423	56,415	33.0	63,034	11.7
Impairment losses on assets to be disposed	89	2,000	2,147.2	1,048	(47.6)
Depreciation on assets to be disposed	1,708	2,247	31.6	5,470	143.4
Other operating expenses (general and administrative expenses)	567,825	676,687	19.2	838,870	24.0
Operational lease related expenses	121,592	142,009	16.8	175,785	23.8
Repair and maintenance expenses	47,318	53,705	13.5	63,714	18.6
Advertisement expenses	52,791	87,378	65.5	105,271	20.5
Other expenses(1)	346,124	393,595	13.7	494,100	25.5
Losses on sales of assets	699	1,497	114.2	334	(77.7)
Other(2)	228,216	254,614	11.6	399,131	56.8
Other operating expenses	**1,684,849**	**1,911,758**	13.6	**2,382,845**	24.6

(1) Includes credit card and banking services promotion expenses, communication expenses and other operating expenses.

(2) Includes taxes and duties, audit and consultancy expenses and saving deposits insurance fund premium expenses paid to regulatory authorities.

Other operating expenses amounted to TL 2,382.8 million in 2013, an increase of 24.6% compared to TL 1,911.8 million in 2012. This increase resulted primarily from: (a) an increase in general and administrative expenses, which was mainly due to an increase in promotion and advertisement expenses and utilities and rentals, in each case driven by the conversion of the Bank's small scale branches into full-scale branches, (b) an increase in saving deposits insurance fund premium expenses resulting from the increase in customer deposits, (c) an increase in personnel costs, reflecting an increase in average salaries and (d) an increase in depreciation, amortization and impairment charges due to the increased number of branches. Personnel costs increased by 17.2% in 2013 from the previous year as a result of increased headcount driven largely by the increase in branches. Other operating expenses amounted to TL 1,911.8 million in 2012, an increase of 13.5% compared to TL 1,684.8 million in 2011. The increase in 2012 primarily resulted from an increase in personnel expenses and general and administrative expenses due to the increase in the average number of employees from 11,785 in 2011 to 12,271 in 2012.

Net Profit from Continuing Operations

The Group's net profit from continuing operations decreased by 32.3% to TL 758.1 million in 2013 from TL 1,120.0 million in 2012. This decrease was primarily due to a 12.8% increase in provision for loan losses and receivables and a 24.6% increase in other operating expenses, partially offset by a 9.0% increase in net interest income. The Group's net profit from continuing operations increased by 24.9% to TL 1,120.0 million in 2012 from TL 896.3 million in 2011. This increase was primarily due to a 29.0% increase in net interest income.

The Group's return on average assets and return on average equity attributable to the owners of the Group were 2.0% and 16.1% for 2011, 2.1% and 17.0% for 2012, and 1.2% and 10.0% for 2013, respectively.

Segmental Information

The tables below present the Group's profit before tax by operating segment for the indicated periods:

	2011			
	Retail Banking	Corporate and Commercial Banking[(4)]	Treasury and Head Office	Total Operations of the Group
		(TL thousands)		
Net interest income	1,292,265	527,032	504,768	2,324,065
Net fees and commissions income	1,271,223	115,724	(501,925)	885,022
Other operating income and net trading income	55,661	120,077	(192,737)	(16,999)
Dividend income	-	-	254	254
Operating income[(1)]	**2,619,149**	**762,833**	**(189,640)**	**3,192,342**
Other operating expenses	(1,050,276)	(302,053)	(332,520)	(1,684,849)
Provision for loan losses and other receivables	(269,229)	(50,618)	(5,691)	(325,538)
Profit before taxes[(2)]	**1,299,644**	**410,162**	**(527,851)**	**1,181,955**
Tax charge[(3)]				(285,613)
Net profit/ (loss)				**896,342**

	2012			
	Retail Banking	Corporate and Commercial Banking[(4)]	Treasury and Head Office	Total Operations of the Group
		(TL thousands)		
Net interest income	1,555,277	581,660	862,182	2,999,119
Net fees and commissions income	1,513,891	113,548	(512,870)	1,114,569
Other operating income and net trading income	113,076	107,665	(37,820)	182,921
Dividend income	-	-	248	248
Operating income[(1)]	**3,182,244**	**802,873**	**311,740**	**4,296,857**
Other operating expenses	(1,208,070)	(313,631)	(390,057)	(1,911,758)
Provision for loan losses and other receivables	(471,705)	(158,632)	(347,817)	(978,154)
Profit before taxes[(2)]	**1,502,469**	**330,610**	**(426,134)**	**1,406,945**
Gain/loss on equity method	-	-	3,375	3,375
Tax charge[(3)]				(290,357)
Net profit/ (loss)				**1,119,963**

	2013			
	Retail Banking	Corporate and Commercial Banking[(4)]	Treasury and Head Office	Total Operations of the Group
		(TL thousands)		
Net interest income	1,473,234	518,911	1,276,822	3,268,967
Net fees and commissions income	1,573,479	119,828	(606,549)	1,086,758
Other operating income and net trading income	175,762	138,559	(198,101)	116,220
Dividend income			147	147
Operating income[(1)]	**3,222,475**	**777,298**	**472,319**	**4,472,092**
Other operating expenses	(1,542,251)	(375,112)	(465,482)	(2,382,845)
Provision for loan losses and other receivables	(651,737)	(184,657)	(266,997)	(1,103,391)
Profit before taxes[(2)]	**1,028,487**	**217,529**	**(260,160)**	**985,856**
Gain/loss on equity method	-	-	(11,338)	(11,338)
Tax charge[(3)]				(216,428)
Net profit/ (loss)				**758,090**

(1) Operating income stated in the segmental information corresponds to the Net Operating Income in the financial statements incorporated by reference herein.
(2) Profit before taxes stated in the segmental information corresponds to the Net Operating Income / (Loss) in the financial statements incorporated by reference herein.
(3) Tax charge stated in the segmental information corresponds to the Tax Charge for Continued Operations in the financial statements incorporated by reference herein.
(4) The Corporate and Commercial Banking also includes SME banking.

Segment Analysis

The Group has identified operating segments in a manner consistent with the internal reporting provided to the Board of Directors and manages its business through three main business segments, retail banking, corporate and commercial banking and SME banking. The main function of the Treasury Segment is managing the liquidity of the Bank and interest and foreign currency risks resulting from market conditions. This segment works closely with the corporate, commercial, retail and private banking units in order to increase the number of customers and the volume of transactions in the Bank's treasury products.

The decrease in profit before taxes in the Group's retail banking segment for 2013 was due primarily to higher other operating expenses and higher provision for loan losses and other receivables, reflecting an increase in new impairment losses on loans and receivables to retail customers. Interest earned on loans and receivables to customers increased for 2013; *however* this increase was partially offset by interest paid on the increased customer deposit volumes. The increase in profit before taxes in the Group's retail banking segment for 2012 was due primarily to higher net interest income and net fee and commission income. In the retail banking segment, impairment losses on loans and receivables to customers, finance lease receivables, factoring receivables and other impairment charges increased to TL 471.7 million in 2012 from TL 269.2 million in 2011. The increase in profit before taxes in the Group's retail banking segment for 2011 was due primarily to higher net interest income and net fee and commission income. Interest earned on loans and receivables to customers increased in 2011, but this increase was partially offset by the increased deposit customer volumes and increased interest rates paid on deposits.

Profit before taxes of the corporate and commercial banking segment decreased for 2013 compared to 2012 primarily as a result of a decrease in the Group's net interest income from this customer segment. The decrease in the Group's net interest income was partially offset by an increase of net fees and commissions income in the corporate and commercial banking segment.

Financial Condition as of December 31, 2011, 2012 and 2013

Total Assets

As of December 31, 2011, 2012 and 2013, the Group's total assets were TL 47,230.8 million, TL 55,435.6 million and TL 67,665.7 million, respectively.

The main driver behind the Group's increase of total assets was an increase in performing loans and receivables, which increased by 16.3% to TL 42,347.7 million as of December 31, 2013 from TL 36,412.6 million as of December 31, 2012, which was a 19.7% increase from TL 30,431.0 million as of December 30, 2011. Net loans and receivables increased 16.5% to TL 42,856.4 million as of December 31, 2013 from TL 36,790.1 million as of December 31, 2012, which was a 19.3% increase from TL 30,834.4 million as of December 31, 2011. For an analysis of the loans and receivables to customers type of loan and the borrower's principal economic activity, see "Selected Statistical and Other Information—Assets—Loans and Receivables to Customers and Finance Lease Receivables."

Total Liabilities

As of December 31, 2011, 2012 and 2013, the Group's total liabilities were TL 41,319.5 million, TL 48,023.3 million and TL 59,802.3 million, respectively.

The main drivers behind the Group's increase in total liabilities between 2011 and 2013 were customer deposits, funds borrowed and marketable securities issued. As of December 31, 2013, customer deposits amounted to TL 36,765.5 million, an increase of 16.1% from TL 31,657.4 million as of December 31, 2012, which, in turn, represented an increase of 10.3% compared to customer deposits of TL 28,707.1 million as of December 31, 2011. Customer deposits increased significantly during this period as a result of the continuing growth of the Bank's business.

Funds borrowed and marketable securities issued as of December 31, 2013 totaled TL 8,775.5 million, an increase of 15.2% compared to TL 7,618.1 million as of December 31, 2012, which itself represented an increase of 57.4% compared to funds borrowed and marketable securities issued as of December 31, 2011 of TL 4,840.1 million. The increase in funds borrowed and marketable securities issued during 2012 and 2013 were principally a result of increased funding to support the continuing growth of the Bank's business.

Total Shareholders' Equity

As of December 31, 2011, 2012 and 2013 total shareholders' equity of the Group was TL 5,911.3 million, TL 7,412.3 million and TL 7,863.5 million, respectively.

The changes in the total shareholders' equity were due primarily to current period income and changes in the unrealized gain on available for sale investments. In 2011, the paid-in capital of the Bank was increased from TL 2,205.0 million to TL 2,440.0 million, TL 118.7 million of which increase was provided from extraordinary general reserves in the form of bonus shares and the remaining TL 116.3 million of the increase was raised through a rights issue and collected in cash. In 2012, the paid-in capital of the Bank further increased to TL 2,565.0 million due to the capitalization of extraordinary reserves in the amount of TL 125.0 million. In 2013, the paid-in capital of the Bank increased again to TL 2,700.0 million as a result of capitalizing TL 128.3 million of the Bank's earnings and TL 6.8 million from income from the disposal of subsidiary shares.

Liquidity and Capital Resources

Funding Structure

Overview

The Group's primary funding sources are deposits and funds from international capital markets.

As of December 31, 2013, customer deposits increased to TL 36,765.5 million, an increase of 16.1% from TL 31,657.4 million as of December 31, 2012. This increase is in line with the overall growth strategy of the Group. In 2012, customer deposits increased 10.3% from TL 28,707.1 million as of December 31, 2011. Deposits constituted 61.4%, 59.0% and 56.3% of total liabilities as of December 31, 2011, 2012 and 2013, respectively. As of December 31, 2013, demand deposits constituted 15.0% of the total deposits of the Group. As of the same date, time deposits represented 85.0% of total deposits, with Turkish Lira denominated time deposits constituting 87.0% of the total Turkish Lira-denominated deposits. The Bank's management believes that deposits provide a stable funding base.

As of December 31, 2013, funds borrowed and marketable securities issued amounted to TL 8,775.5 million, an increase of 15.2% compared to TL 7,618.1 million as of December 31, 2012. This increase was primarily attributable to an increase in funds borrowed. As of December 31, 2012, funds borrowed and marketable securities issued amounted to TL 7,618.1 million, an increase of 57.4% compared to December 31, 2011. The increase in 2012 was primarily attributable to an increase in outstanding bonds, including a US$350.0 million five-year 5.15% bond issued on November 1, 2012 in the international capital markets, a TL 400.0 million six-month 10.0% bond issued on September 14, 2012, a TL 500.0 million six-month 9.60% bond issued on September 21, 2012, a TL 750.0 million six month 8.30% bond issued on November 15, 2012, a TL 650.0 million six-month 7.95% bond issued on December 14, 2012 and a TL 600.0 million 105-day 7.95% bond issued on December 28, 2012. See also "—Source of Financing" below.

The following table sets forth the allocation of the Group's funding as of the indicated dates:

	As of December 31,		
	2011	**2012**	**2013**
Customer time deposits	63.0%	58.9%	52.0%
Turkish Lira denominated	46.9%	42.1%	37.7%
Foreign currency denominated	16.1%	16.8%	14.2%
Customer's demand deposits	6.4%	7.1%	9.5%
Turkish Lira denominated	3.8%	4.2%	5.7%
Foreign currency denominated	2.6%	2.8%	3.8%
Borrowings	12.9%	10.8%	11.3%
Subordinated notes	4.2%	3.4%	3.3%
Secured loans	0.0%	0.6%	0.6%
Other	8.7%	6.8%	7.5%
Due to other banks	0.7%	2.2%	2.2%
Money market transactions	3.7%	3.7%	6.3%
Marketable securities issued	3.0%	8.5%	6.6%
Others	10.3%	8.8%	12.0%
Total	**100.0%**	**100.0%**	**100.0%**

Source of Financing

On April 24, 2008, the Bank obtained a subordinated loan amounting to US$650.0 million from NBG. The first tranche of the loan amounting to US$200.0 million was disbursed on April 29, 2008. The remaining US$450.0 million was disbursed on October 30, 2008. The maturity date of each tranche is 10 years from the date of disbursement, with an option to prepay the tranches on the date that is five years from the date of disbursement. Interest is paid semi-annually on both tranches and the principal is due on the maturity dates of the respective tranches. On July 19, 2010 the Bank repaid part of this subordinated loan in the amount of US$325.0 million. The Bank made this payment in order to receive TL 495.8 million, which was the Turkish Lira equivalent of US$325.0 million as of the transaction date, as a capital advance from NBG on August 3, 2010. As of December 13, 2010, this capital advance was included in the share capital of the Bank.

On October 8, 2009, the Bank obtained a subordinated loan of US$200.0 million from NBG. The loan bears interest until (and including) the optional prepayment date at Libor plus 3.20% *per annum* and thereafter interest at Libor plus 3.70% *per annum*. The loan (after having been extended two years on December 19, 2013) matures on October 7, 2021, with an optional repayment date on October 7, 2014. As per customary regulations providing for an annual diminishment of the ability of an issuer to include subordinated debt as capital as such debt nears its maturity date, the ability of the Bank to include this loan as capital will be reduced if it remains outstanding after such optional repayment date.

On December 30, 2009, the Bank obtained a subordinated loan amounting to US$125.0 million from NBG. The maturity date of the loan is (after having been extended two years on December 19, 2013) 12 years from the date of disbursement, with an option to prepay the loan on the date that is five years from the date of disbursement. Interest is paid semi-annually and the principal is due on the maturity date. As per customary regulations providing for an annual diminishment of the ability of an issuer to include subordinated debt as capital as such debt nears its maturity date, the ability of the Bank to include this loan as capital will be reduced if it remains outstanding after such optional repayment date.

On May 11, 2011, the Bank issued a US$500.0 million five-year 5.5% bond in the international capital markets.

On December 20, 2011, the Bank obtained a subordinated loan amounting to US$260.0 million from NBG. The maturity date of the loan is 10 years from the date of disbursement, with an option to prepay the loan on the date that is five years from the date of disbursement. Interest is paid semi-annually and the principal is due on the maturity date. The ability of the Bank to include this loan as capital will be reduced if it remains outstanding after such optional repayment date.

On November 1, 2012, the Bank issued a US$350.0 million five-year 5.15% bond in the international capital markets.

On December 20, 2012, the Bank received funding through its diversified payment rights program for a term of five years in the amount of €10.0 million and US$75.0 million and for a term of 12 years in the amount of €50.0 million.

On November 22, 2013, the Bank entered into a one-year syndicated loan facility with 20 banks in the amounts of US$167.0 million and €264.5 million.

In addition to the above, the Bank has from time to time issued short-term Turkish Lira-denominated bonds in the local market.

See also "Capitalization of the Group" in the Base Prospectus.

Capital Expenditure

The Group's capital expenditure requirements have been principally related to substantial investments in expanding its operations, primarily the expansion of its branch network and IT infrastructure. In particular in 2009 the Group expanded its branch network, converted some of its small scale branches into full-scale branches and renovated its existing branches. This expansion continued in 2011, 2012 and 2013, but at a substantially lower pace. The Bank opened 92 branches in 2013 and expects to open up to 25 branches in 2014. In order to support its growth, the Bank places continuous emphasis on the improvement of its IT infrastructure and architecture. Investments are made to develop and maintain a service-oriented scalable and user-friendly technology base and to further improve the Bank's internally developed core banking system.

The table below sets out the Group's principal items of capital expenditure for the periods indicated.

	2011	2012	2013
		(TL thousands)	
Type of capital expenditure			
Land and buildings	2,073	2,072	4,023
Fixed assets under finance lease	13,111	804	3,786
Vehicles	1,087	420	2
Other fixed assets	96,552	130,884	200,271
Rights	78,886	90,719	91,779
Capital expenditure	**191,709**	**224,899**	**299,861**

Contractual Obligations

The contractual obligations of the Group as of December 31, 2013 are set forth in the following table.

	Payment due by period						
	Demand	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
				(TL thousands)			
Bank deposits	21,521	893,593	413,105	16,891	-	-	1,345,110
Other deposits	5,683,752	18,883,466	10,483,143	2,125,988	3,500	-	37,179,849
Money market borrowings	-	3,395,138	386,550	-	-	-	3,781,688
Funds provided by other financial institutions	-	435,568	613,100	2,609,713	2,227,996	1,544,425	7,430,802
Securities issued	-	728,985	381,751	1,221,119	1,959,070	-	4,290,925
Total contractual obligations....	**5,705,273**	**24,336,750**	**12,277,649**	**5,973,711**	**4,190,566**	**1,544,425**	**54,028,374**

As a result of the relatively short maturity of deposits in Turkey generally, the Group uses the financings described above to extend the maturity of its funding sources.

Off-Balance Sheet Arrangements

In the normal course of business, the Group enters into various contractual commitments on behalf of its customers and is a party to financial instruments with off-balance sheet risk to meet the financing needs of its customers. These contractual commitments consist of commitments to extend credit, commercial letters of credit and standby letters of credit and guarantees. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of the conditions established in the contract. Commercial letters of credit ensure payment by a bank to a third party for a customer's foreign or domestic trade transactions, generally to finance a commercial contract for the shipment of goods. Standby letters of credit and financial guarantees are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. All of these arrangements are related to the normal lending activities of the Group.

The Group's exposure to credit loss in the events of non-performance by the other party to the financial instrument for commitments to extend credit and commercial and standby letters of credit is represented by the contractual notional amount of those instruments.

The following table summarizes the Group's off-balance sheet financial instruments, which represent credit risk, as of each of the indicated dates:

	As of December 31,					
	2011	**(%)**	**2012**	**(%)**	**2013**	**(%)**
			(TL thousands, except percentages)			
Letters of guarantee	5,215,046	74.6%	5,210,357	81.9%	5,940,576	83.5%
Bank loans	1,048,329	15.0%	545,914	8.6%	609,831	8.6%
Letters of credit	688,611	9.9%	579,351	9.1%	548,606	7.7%
Other guarantees	33,672	0.5%	24,055	0.4%	19,399	0.2%
Total non-cash loans ...	**6,985,658**	**100.0%**	**6,359,677**	**100.0%**	**7,118,412**	**100.0%**
Other commitments	4,741,652		6,728,349		8,599,738	
Credit card limits	16,020,220		18,535,966		17,105,176	
Total commitments	**27,747,530**		**31,623,992**		**32,823,326**	

Ratings

As of the date of this Prospectus, the Bank has been assigned the following ratings by Fitch and Moody's, which are both registered in the EU for purposes of the CRA Regulation.

	Rating Agency	
	Fitch	**Moody's**
Long-term foreign currency	BBB−	Ba2
Short-term foreign currency	F3	NP
Long-term local currency deposit	BBB−	Ba2
Short-term local currency deposit	F3	NP
Long-term national rating	AAA(tur)	—
Support	3	—
Bank financial strength	Bbb-	E+
Outlook	Stable	Stable

The ratings set forth above are accurate only as of the date of this Prospectus and are subject to change at any time. A rating only reflects the views of the relevant rating agency and is not a recommendation to buy, sell or hold the Notes (or beneficial interests therein) and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

SELECTED STATISTICAL AND OTHER INFORMATION

The following tables present certain selected statistical and other information for the Group (or, when information about the Group is not readily available or relevant, the Bank) as of the indicated dates and for the periods indicated. Except as specifically noted herein, the selected statistical and other information should be read in conjunction with the BRSA Financial Statements (including the notes thereto) and the information included in "Management's Discussion and Analysis of Financial Condition and Results of Operations." All foreign currency amounts in this section were notionally converted into Turkish Lira in the manner described in Section Three of the December 31, 2013 BRSA Financial Statements.

I. Distribution of Assets, Liabilities and Shareholders' Equity; Interest Rates and Interest Differential

A. Average Balance Sheet and Interest Data

As used in this "*Selected Statistical and Other Information*" section, the term "average balances" means the average of the beginning and end of period balances, as presented in the BRSA Financial Statements. The following table sets forth information on the Group's average balances and related interest rates for the periods indicated.

	2011			2012			2013		
	Average balance	**Interest**	**Average rate**	**Average balance**	**Interest**	**Average rate**	**Average balance**	**Interest**	**Average rate**
				(*TL thousands, except percentages*)					
Interest-earning assets									
Total banks	545,282	17,979	3.3%	410,283	13,441	3.3%	133,535	4,474	3.4%
Total securities[1]	7,044,667	439,944	6.2%	6,939,312	572,105	8.2%	6,295,577	502,993	8.0%
Total money market Placements	549,242	10,767	2.0%	1,440,146	25,665	1.8%	894,735	8,291	0.9%
Total performing loans	27,981,436	4,076,915	14.6%	33,404,372	4,984,499	14.9%	39,380,134	5,159,683	13.1%
Total leasing receivables	967,929	73,108	7.6%	1,046,397	81,617	7.8%	1,213,349	102,774	8.5%
Total factoring receivables	240,958	27,980	11.6%	314,797	38,769	12.3%	448,740	37,289	8.3%
Total interest-earning assets	**37,329,514**	**4,646,693**	**12.4%**	**43,555,307**	**5,716,096**	**13.1%**	**48,366,070**	**5,815,504**	**12.0%**
Non-interest-earning assets	5,912,865			7,777,895			13,184,574		
Total assets	**43,242,379**			**51,333,202**			**61,550,644**		
Interest-bearing liabilities									
Total deposits	24,048,167	1,983,843	8.2%	27,797,267	2,288,984	8.2%	30,755,358	1,972,161	6.4%
Funds borrowed	5,493,097	181,762	3.3%	5,247,111	178,097	3.4%	5,906,477	206,385	3.5%
Money market borrowings	1,358,914	116,610	8.6%	1,661,598	107,666	6.5%	2,782,856	103,651	3.7%
Marketable securities issued	628,949	36,338	5.8%	2,668,106	140,315	5.3%	3,943,884	252,784	6.4%
Total interest-bearing liabilities	**31,529,127**	**2,318,553**	**7.4%**	**37,374,082**	**2,715,062**	**7.3%**	**43,388,575**	**2,534,981**	**5.8%**
Non-interest-bearing liabilities	11,713,252			13,959,120			18,162,069		
Total liabilities	**43,242,379**			**51,333,202**			**61,550,644**		

(1) Securities include "Financial assets at fair value through profit or loss" and "Available for sale investments."

B. Net Changes in Interest Income and Expense– Volume and Rate Analysis

The following table sets forth the change in interest income and interest expense (net interest income) attributable to changes in the average volume of interest-earning assets and interest-bearing liabilities and changes in their respective interest rates for the periods presented from the Group's operations. Amounts due to changes in volume have been calculated by multiplying the change in volume during the year times the average rate for the preceding year. Amounts due to changes in rates have been calculated by multiplying the change in the current year average rate times the volume of the current year. The net change attributable to changes in both volume and rate has been allocated proportionately to the change due to average volume and the change due to average rate. The changes are calculated on the basis of the average yearly balance sheets set forth in the preceding table. For further information on changes to net interest income, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations for the Years Ended December 31, 2011, 2012 and 2013."

	2012 vs. 2011			2013 vs. 2012		
	Total change in interest	Due to change in volume	Due to change in rate	Total change in interest	Due to change in volume	Due to change in rate
	(TL thousands)					
Interest earning assets						
Total Banks	(4,538)	(4,423)	(115)	(8,967)	(9,272)	305
Total Securities [(1)]	132,161	(8,686)	140,847	(69,112)	(51,432)	(17,680)
Total Money Market Placements	14,898	15,877	(979)	(17,374)	(5,054)	(12,320)
Total Performing Loans	907,584	809,194	98,390	175,184	782,959	(607,775)
Total Leasing Receivables	8,509	6,120	2,389	21,157	14,141	7,016
Total Factoring Receivables	10,789	9,094	1,695	(1,480)	11,130	(12,610)
Total	**1,069,403**	**827,176**	**242,227**	**99,408**	**742,472**	**(643,064)**
Interest bearing liabilities						
Total Deposits	305,141	308,722	(3,581)	(316,823)	189,685	(506,508)
Funds Borrowed	(3,665)	(8,349)	4,684	28,288	23,040	5,248
Money Market Borrowings	(8,944)	19,613	(28,557)	(4,015)	41,763	(45,778)
Marketable securities issued	103,977	107,239	(3,262)	112,469	81,771	30,698
Total	**396,509**	**427,225**	**(30,716)**	**(180,081)**	**336,259**	**(516,340)**

(1) Securities include "Financial assets at fair value through profit or loss" and "Available for sale investments."

Interest-Earning Assets – Net Interest Margin

The following table sets forth the levels of average interest-earning assets and interest income and net interest income of the Group and the net interest margin for each of the periods indicated. These data are extracted from the table of average balances and interest rates above and are based upon information in the BRSA Consolidated Financial Statements. For further information on changes to net interest income, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations for the Years Ended December 31, 2011, 2012 and 2013."

	2011	2012	2013
	(TL thousands, except percentages)		
Average interest earning assets	37,329,514	43,555,307	48,366,070
Interest income	4,648,373	5,719,226	5,818,835
Average interest bearing liabilities	31,529,127	37,374,082	43,388,575
Interest expense	2,324,308	2,720,107	2,549,868
Net interest income	2,324,065	2,999,119	3,268,967
Net interest margin[(1)]	6.2%	6.9%	6.8%

(1) Net interest margin represent net interest income divided by average interest earning assets.

Interest-bearing and Due to Other Banks

The following table sets forth certain information relating to interest-bearing and amounts due to other banks as of the indicated dates:

	As of December 31,		
	2011	2012	2013
	(TL thousands)		
Turkish Lira	**104,010**	**403,529**	**341,329**
Foreign currency			
U.S. dollar	116,638	431,020	716,153
Euro	27,011	184,534	227,517
Other	1,807	6,962	30,537
Total foreign currency	**145,456**	**622,516**	**974,207**
Total	**249,466**	**1,026,045**	**1,315,536**

Return on Equity and Interest-earning Assets

The following table sets forth certain selected financial information and ratios related to equity and interest-earning assets for the periods indicated:

	2011	2012	2013
	(TL thousands, except percentages)		
Net interest income	2,324,065	2,999,119	3,268,967
Profit for the year attributable to equity holders of the Bank	883,731	1,103,630	746,151
Average interest-earning assets	37,329,514	43,555,307	48,366,070
Average equity attributable to equity holders of the Bank(1)	5,497,091	6,506,971	7,481,524
Net interest income as a percent of:			
Average interest-earning assets	6.2%	6.9%	6.8%
Average equity attributable to the equity holders of the Bank(1)	42.3%	46.1%	43.7%
Profit for the year attributable to equity holders of the Bank as a percent of:			
Average interest-earning assets	2.4%	2.5%	1.54%
Average equity attributable to equity holders of the Bank(1)	16.1%	17.0%	10.0%
Average equity attributable to equity holders of the Bank to average interest-earning assets	14.7%	14.9%	15.5%

(1) Average equity attributable to equity holders of the Bank is calculated as the arithmetical average of equity attributable to equity holders of the Bank at the beginning of the year and the end of the year.

II. Securities Portfolio

The Group's securities portfolio comprises trading securities (*i.e.*, debt and equity securities that the Group principally holds for the purpose of short-term profit taking, which are reflected on the balance sheet as "financial assets at fair value through profit or loss") and investment securities (*i.e.*, held-to-maturity securities and available-for-sale securities). The Group also enters into purchases (or sales) of securities under agreements to resell (or repurchase) substantially identical investments at a certain date in the future at a fixed price (*i.e.*, "repos"). Securities sold under repurchase agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy for the related security portfolio as appropriate. The Group's portfolio of marketable securities consists primarily of Turkish government securities (including bonds, treasury bills and eurobonds) denominated in Turkish Lira, U.S. Dollars and Euro.

Debt Securities Portfolio

As of December 31, 2013, the Group's debt securities had a carrying value of TL 8,778.8 million, representing 13.0% of total assets. Sovereign securities (Turkish government bonds and treasury bills) amounted to TL 8,353.3 million, or 95.2% of the Group's debt securities portfolio. Such investments are held in the available for sale and fair value through profit or loss portfolio; therefore the carrying value also represents the fair value as of each date.

The following table sets forth the carrying value of the Group's debt securities portfolio as of each of the indicated dates.

	As of December 31,		
	2011	2012	2013
	(TL thousands)		
Turkish government bonds and Treasury bills	6,712,776	7,035,340	8,353,287
Corporate bonds	81,377	48,495	375,105
Total	**6,794,153**	**7,083,835**	**8,728,392**

Investment Portfolio

As noted above, investment securities comprise held-to-maturity securities and available-for-sale securities. Held-to-maturity securities are financial assets with fixed or determinable payments and fixed maturities that the Group intends and has the ability to hold to maturity. Available-for-sale securities are financial assets that are not held for trading purposes or held-to-maturity. Available-for-sale instruments include certain debt and equity investments. The Group classifies investment securities depending upon the intention of management at the time of the purchase thereof, though such can be re-classified if the intention of management later changes.

Trading Portfolio

Trading securities are debt and equity securities that the Group principally holds for the purpose of short-term profit taking. These include investments and derivative contracts that are not designated as effective hedging instruments under Turkish law. All trading derivatives in a net receivable position (positive fair value) are reported as trading assets, whereas all trading derivatives in a net payable position (negative fair value) are reported as trading liabilities. The Group's portfolio of trading securities principally comprises Turkish government debt, investment participation bills and equity. The Group acts as a market-maker for Turkish government debt.

After initial recognition, securities that are classified as held-for-trading are measured at estimated fair value. Changes in the estimated fair value are included in the Group's BRSA Financial Statements within gains less losses from securities. In determining estimated fair value, trading securities are valued at the last trade price (if quoted on an exchange). When market prices are not available, fair value is determined by the internal rate of return method.

Equity Securities and Mutual Funds Portfolio

The Group's equity securities portfolio is comprised of both listed and non-listed equity securities. The following table sets forth the fair value of the Group's listed equity securities and mutual funds portfolio and the cost of the non-listed equity securities as of each of December 31, 2011, 2012 and 2013.

	As of December 31,		
	2011	**2012**	**2013**
		(TL thousands)	
Listed equity securities	29,300	21,889	8,629
Non-listed equity securities	-	-	4,225
Mutual fund units	106,161	192,751	37,530
Total	**135,461**	**214,640**	**50,384**

As of December 31, 2013, the carrying amount of the Group's debt securities by re-pricing date was as follows.

	Within one year or less	**After one year through five years**	**After five years**	**Total**
		(TL thousands)		
Financial assets at fair value through profit or loss[(1)]	185,378	4,887	4,673	194,938
Available-for-sale investment securities[(2)]	3,881,643	605,936	1,220,096	5,707,675
Held to maturity	2,206,701	433,211	185,867	2,825,779
Total	**6,273,722**	**1,044,034**	**1,410,636**	**8,728,392**

(1) Financial assets at fair value through profit or loss do not include the equity securities and the mutual funds.
(2) Available-for-sale investment securities do not include the equity securities and the mutual funds.

III. Loan Portfolio

A. Types of Loans

Loans and receivables represent the largest component of the Group's assets. The Group offers a wide range of credit instruments to entities and individuals, including letters of credit and short-term and long-term loans. The following table provides details of the loans and receivables to customers made by the Group, classified by type of loan and the borrower's principal economic activity, as of each of the indicated dates:

	As of December 31,					
	2011		2012		2013	
	Amounts	(%)	Amounts	(%)	Amounts	(%)
	(TL thousands, except percentages)					
Agricultural	**70,336**	**0.2**	**92,042**	**0.3**	**108,682**	**0.3**
Farming and Raising Livestock	*58,667*	*0.2*	*80,234*	*0.2*	*92,618*	*0.2*
Forestry	*2,475*	*0.0*	*1,946*	*0.0*	*3,172*	*0.0*
Fishing	*9,194*	*0.0*	*9,862*	*0.0*	*12,892*	*0.0*
Manufacturing	**2,873,492**	**9.4**	**2,795,562**	**7.7**	**3,284,473**	**7.8**
Mining	*36,788*	*0.1*	*42,180*	*0.1*	*67,679*	*0.2*
Production	*2,482,548*	*8.2*	*2,302,342*	*6.3*	*2,706,668*	*6.4*
Electric, Gas and Water	*354,156*	*1.2*	*451,040*	*1.2*	*510,126*	*1.2*
Construction	**585,445**	**1.9**	**972,742**	**2.7**	**1,453,977**	**3.4**
Services	**3,565,776**	**11.7**	**4,013,990**	**11.0**	**4,949,534**	**11.7**
Wholesale and Retail Trade	*2,106,816*	*6.9*	*2,343,098*	*6.4*	*2,630,260*	*6.2*
Hotel, Food and Beverage Services	*267,438*	*0.9*	*269,728*	*0.7*	*294,070*	*0.7*
Transportation and Telecommunication	*411,126*	*1.4*	*446,625*	*1.2*	*655,949*	*1.5*
Financial Institutions	*477,634*	*1.6*	*385,981*	*1.1*	*578,218*	*1.4*
Real Estate and Renting Services	*4,689*	*0.0*	*223,813*	*0.6*	*316,869*	*0.7*
Self-employment Services	*104,908*	*0.3*	*163,127*	*0.4*	*323,738*	*0.8*
Education Services	*19,123*	*0.1*	*20,934*	*0.1*	*37,733*	*0.1*
Health and Social Services	*174,042*	*0.6*	*160,684*	*0.4*	*112,697*	*0.3*
Other(1)	**23,335,954**	**76.7**	**28,538,277**	**78.3**	**32,550,988**	**76.9**
Total loans and receivables (2)	**30,431,003**	**100.0**	**36,412,613**	**100.0**	**42,347,654**	**100.0**

(1) Includes consumer loans, installment loans and credit cards.
(2) Amounts and totals represent only performing loans and receivables.

B. Maturities and Sensitivities of Loans to Changes in Interest Rates

The following tables provide details of loans and receivables made by the Group by maturity as well as the breakdown of domestic and foreign loans as of each of the indicated dates:

	As of December 31, 2011			
	Within one year or less	After one year through five years	After five years	Total
	(TL thousands)			
Domestic loans	21,692,500	8,078,522	2,290,830	32,061,852
Foreign loans	218,647	-	-	218,647
Total gross	**21,911,147**	**8,078,522**	**2,290,830**	**32,280,499**
Less: allowance for specific provisions for loans and receivables	(1,446,137)	-	-	(1,446,137)
Total loans and receivables(1)	**20,465,010**	**8,078,522**	**2,290,830**	**30,834,362**

	As of December 31, 2012			
	Within one year or less	After one year through five years	After five years	Total
	(TL thousands)			
Domestic loans	26,539,968	9,754,469	2,462,161	38,756,598
Foreign loans	168,731	-	-	168,731
Total gross	**26,708,699**	**9,754,469**	**2,462,161**	**38,925,329**
Less: allowance for specific provisions for loans and receivables	(2,135,194)	-	-	(2,135,194)
Total loans and receivables(1)	**24,573,505**	**9,754,469**	**2,462,161**	**36,790,135**

(1) Amounts and totals represent net loans and receivables.

	As of December 31, 2013			
	Within one year or less	After one year through five years	After five years	Total
	(TL thousands)			
Domestic loans	29,347,158	12,154,975	3,619,629	45,121,762
Foreign loans	191,745	-	-	191,745
Total gross	**29,538,903**	**12,154,975**	**3,619,629**	**45,313,507**
Less: allowance for specific provisions for loans and receivables	(2,457,128)	-	-	(2,457,128)
Total loans and receivables[1]	**27,081,775**	**12,154,975**	**3,619,629**	**42,856,379**

The following table sets forth the allocation of the Group's loans and receivables, non-cash loans, finance lease receivables, factoring receivables and various securities as of the indicated dates.

	As of December 31,		
	2011	2012	2013
Loans and receivables	64.2%	68.4%	70.2%
Turkish Lira-denominated	57.1%	62.0%	62.6%
Foreign currency denominated	7.1%	6.4%	7.6%
Non-cash loans[1]	14.5%	11.8%	11.6%
Turkish Lira-denominated	7.2%	6.8%	6.8%
Foreign currency denominated	7.3%	5.0%	4.8%
Finance lease receivables	2.0%	1.8%	2.1%
Factoring receivables	0.5%	0.7%	0.9%
Due from banks	1.9%	0.4%	0.8%
Money market placements	2.3%	3.3%	0.0%
Turkish government securities	14.0%	13.1%	13.7%
Corporate securities	0.2%	0.1%	0.6%
Other securities	0.4%	0.4%	0.1%
Total	**100.0%**	**100.0%**	**100.0%**

(1) Non-cash loans include letters of guarantee, acceptance credits, letters of credits and other guarantees.

C. Risk Elements

Risk Management – Loan Approval Process

The Bank's Board of Directors has the right to grant loans within the limits set by the Banking Law and may assign its credit granting authority to the Credit Committee and the Head Office for up to 10% and 1% of capital, respectively. The Head Office may use this credit granting authority in its units, regional offices and branches. The Head Office and regions are currently authorized to approve exposures up to TL 60.0 million.

Loans between TL 60.0 million and TL 600.0 million are approved by the Credit Committee, which consists of the General Manager and three permanent and two reserve members of the Bank's Board of Directors.

Extensions of credit in excess of TL 600.0 million are approved by the Board of Directors.

Risk Management – Credit Review Policies

Retail and Small Business Banking

The Bank's retail loan and Small Business Banking loan credit approval process requires a customer loan to be reviewed and approved by at least two authorized officers, in each case with requisite credit approval authority. Overall policies are set by the Board of Directors, as recommended by the Credit Committee. See also "Management – Board Committees." The following tables set forth the various authorities to allocate credit based on the size of credit.

Retail Loans and Credit Cards Limits

Credit approval required, based upon the size of credit – Retail loans and Credit Cards	Lending limit TL
Executive Vice President	Up to 20,000,000
Director of Retail Credits	Up to 4,000,000
Senior Vice President of Retail Credits and Credit Cards	Up to 3,000,000
Manager of Retail Credits	Up to 1,500,000
Supervisor/Assistant Supervisor of Retail Credits	Up to 500,000
Official	Up to 200,000

SME and Small Business Banking Lending Limits

Credit approval required, based upon the size of credit	Lending limit TL
Credit Region Management Group Department Manager	Up to 20,000,000
Regional Manager	Up to 10,000,000
Credit Region Allocation Manager	Up to 4,000,000
Credit Region Allocation Assistant Vice President	Up to 3,000,000
Credit Region Allocation Supervisor with authority	Up to 400,000

Note: SME customers with annual revenues of over TL 2 million are part of the Bank's SME segment under Commercial Banking and customers with annual revenues of up to TL 2 million are part of Small Business Banking.

In addition, the branches of the Bank have limited authority to extend credits of up to TL 350,000 according to their credit extension capacities. According to the branch authorization system used in the Bank, each branch manager has a specific level of authorization based upon his or her level of experience and past performance.

Before extending credit, each loan application is assessed initially at the branch level. The analysis takes into consideration a number of criteria, including three years of financial statements of the potential SME borrower, standard credit ratios, levels of existing indebtedness, the prior relationship of the potential borrower with the Bank, past credit history, various documentation relating to the operation of the potential borrower's business (*e.g.*, commercial registration certificates, specimen signatures, principal business contracts of the firm), quality of the proposed collateral, if any, and evidence of income, good health and personal statistics in the case of individual loans. In each case, the loan application form is then forwarded to the person(s) or committee with the appropriate approval authority. Loan authorities may revise the terms of the proposed credit or may request additional collateral before deciding whether to grant the credit. Decisions are also based, in the case of corporate borrowers, on industry sector reports and economic analysis prepared by the Bank's Economic Research and Planning department and Credit Information and Financial Analysis department.

All the applications for consumer loans and credit cards extended to real persons are scored with a model created on the basis of information provided by the applicant and information obtained from external resources (*e.g.*, credit bureaus, identity sharing systems) with the purpose of evaluating the customer's credibility. The applications approved according to the policy rules created for credit bureau records of the customer and his/her payment performance concerning the existing products in the Bank, his/her bad check records, income and other personal information in addition to the internal scorecard, are automatically approved by the system and applications that are not approved by the system can be approved by allocation units. The performance of the portfolio is monitored through behavior scores and actions are determined according to the early warning signals.

The Bank's management regularly monitors the overall quality of its retail credit portfolio through its branches and the Loans Department. Credit follow-up procedures include monitoring maturity and the status of collateral received as well as any defaults on liabilities and commitments (*e.g.*, unpaid principal or interest, unpaid checks, protested drafts or bonds and unpaid commissions). In addition, the Loans Department reviews relevant governmental regulations and internal bank policies and reports to the relevant loan authorities or branches, on a periodic basis. The relevant loan authority and/or branches are then responsible for monitoring the credit to prevent borrower default. The Bank supplements its monitoring process for corporate borrowers by conducting research by the Loans department, which prepares company and industry-specific reports. Loan officers also periodically visit their customers and the IAD periodically visits the branches to prepare reports about credit portfolios. If the Loans Department identifies a potential problem, then it makes information available, and gives instructions, to the relevant branch(es).

The Bank seeks to minimize its credit risk by requiring customers to pledge collateral to secure payment. For less liquid collateral, such as real estate, a higher excess over principal value is required. For real estate mortgages, for example, the Bank generally requires collateral in an amount equal to 200% of the value of principal and interest due over the term of the credit. If the extension of a mortgage or a new mortgage is requested, property securing the mortgage is independently appraised and revalued in view of fluctuations in the exchange rate between the Turkish Lira and certain foreign currencies, including the U.S. Dollar and the euro. The Bank typically seeks collateral that, as far as possible, matches the type of credit extended in terms of liquidity, maturity and the credibility of the customer. Collateral is classified according to a "collateral value table," which is an annex to the corporate credit policy. For each collateral, the loan-to-value ("*LTV*") ratio is determined. The LTV ratio may be taken as a reference value for the purpose of calculating the Bank's secured and unsecured concentration ratios. The requested collateral should be in line with the credibility of the customer and tenor of the loan.

Corporate and Commercial Banking

Similarly to the Bank's retail loan and Small Business Banking loan approval process, the corporate and commercial loan credit approval process requires a customer loan to be reviewed and approved by at least two authorized officers, in each case with requisite credit approval authority.

The following table sets forth the various authorities to approve credit based on the size of credit.

Credit approval required, based upon the size of credit(1)	**Lending limit TL**
Board of Directors	Above 600,000,000 legal outstanding limits
Corporate Credit Committee	Up to 600,000,000
General Manager /Executive Vice President of Corporate and Commercial Credits	Up to 60,000,000
Executive Vice President of Corporate and Commercial Credits/Executive Vice President/Senior Vice President of the related Banking Division	Up to 30,000,000
Senior Vice President of Corporate and Commercial Credits Allocation Group/ Senior Vice President of the related Banking Division	Up to 20,000,000
Vice President of Corporate and Commercial Credits Allocation Group	Up to 10,000,000
Manager of Corporate and Commercial Credits Allocation Group	Up to 7,500,000
Assistant Vice President of Corporate and Commercial Credits Allocation Group	Up to 3,000,000

(1) Cash collateral and letter of reference limits can be allocated in addition to credit limits.

In addition, the commercial and corporate branches of the Bank have been given the authority to extend credit within the limits set out by the Head Office in order to better serve the Bank's customers in an increasingly competitive market. The credit committee of a branch is composed of at least two members: the Branch Manager, as permanent member (whose participation is obligatory), and the Marketing Assistant Vice President/Supervisor. In the absence of either one of the members, alternative members can also be assigned.

Each credit application is assessed initially at the branch level before extending credit. The analysis takes into consideration a number of criteria, including three years of financial statements of potential borrowers, market intelligence, standard credit ratios, levels of existing indebtedness, the relationship of a potential borrower with the Bank, if any, credit history, various operational documentation (*e.g.*, commercial registration certificates, specimen signatures, principal business contracts of the firm), the quality of the proposed collateral, if any, and evidence of income. After this stage, the credit application form is then forwarded to the person(s) or committee that has the authority to approve the credit. Credit authorities may revise the terms of the proposed loans or may request additional collateral before deciding whether to grant the loans or not. Decisions are also based, in the case of corporate borrowers, on industry sector reports and economic analyses prepared by the Sector Analysis department. Moreover, the Bank has implemented Moody's Risk Rating Systems in order to improve its ability to assess and manage credit risk and to calculate capital requirements versus the credit risk.

The Bank uses different credit risk rating systems for its portfolios. Credit risk rating systems are implemented to ensure reliable borrower rating and therefore optimum decision-making on credit policy-related matters.

The Bank uses a Probability of Default ("*PD*") rating scale that contains 22 grades, nineteen of which corresponds to borrowers who have not been in default and three to borrowers who are or have been in default in the past. This PD rating scale is in conformity with Group's and Moody's rating scale.

Different applications for credit, from the same customer, will be examined based on overall customer credit rating regardless of the form of credit.

This procedure is carried out on a regular basis, at least on a yearly basis, and whenever new information or financial data on the customer is available.

The Bank's management regularly monitors the overall quality of its corporate and commercial loan portfolio through its branches and the Credit Department. Credit follow-up procedures include monitoring the tenor and the collateral status as well as any defaults on liabilities and commitments (*e.g*., unpaid principal or interest, unpaid checks, protested drafts or bonds and unpaid commissions).

To secure a healthy corporate and commercial loan portfolio, the Credit Department conducts research, prepares company and industry-specific reports; loan officers periodically visit their customers, the IAD periodically visits the branches to prepare reports on loan portfolios and the Credit Information and Financial Analysis Department prepares financial analyses on an annual basis and reviews the credit exposure of customers at other Turkish financial institutions and such customers' payment history every month, based upon information supplied to the Central Bank by these financial institutions. If the Credit Department identifies a potential problem, it informs the relevant branch(es) accordingly and takes the necessary actions.

The Bank aims to minimize its credit risk by requiring customers to pledge collateral to secure the payment of credits. Collateral is classified according to a "collateral value table," which is an annex to the corporate credit policy. For each collateral, the LTV ratio is determined. The LTV ratio may be taken as a reference value for the purpose of calculating the Bank's secured and unsecured concentration ratios. The requested collateral should be in line with the credibility of the customer and tenor of the loan.

IV. Summary of Loan Loss Experience

The Bank classifies those loans and receivables that are potentially uncollectible (generally those past due 90 days or more) as non-performing loans and sets aside specific provisions in accordance with the Regulation on Provisions and Classification of Loans and Receivables. The Bank also makes specific provisions for loans classified under follow-up regarding credit risk and other factors and general provisions in accordance with the aforementioned regulation.

The Bank classifies as "closely monitored" loans and receivables from the Corporate, Commercial, SME and Micro segments that are more than 30 days delinquent and, in such circumstances, the Bank makes specific provisions as a result of its risk assessment. These provisions are recorded as liabilities under "other provisions" as "free reserves for possible loan losses." Except for specific provisions and free reserves for possible loan losses, the Bank makes general loan loss provisions and records them under liabilities as "general provisions." Provisions made for loans are recorded under "provision for loan losses and other receivables" in the statement of income.

Collections for provisioned loans made during a period and collections for provisioned loans made in prior periods are offset against "provision for loans and other receivables" in the income statement. Collections on principal made on written-off loans are recorded under "other operating income" and collections on interest of write-off loans are recorded under "interest on loans." Write-offs are made when all or part of a loan is deemed uncollectible or in the case of debt forgiveness. Such loans are written-off after all necessary collection procedures have been completed and the amount of the loss has been determined. Write-offs are charged against previously established allowances and reduce the principal amount of a loan. Subsequent recoveries of amounts previously written-off decrease the amount of the provision for impairment losses on loans and receivables, finance lease receivables and factoring receivables in the income statement.

The following table illustrates the movement in the allowance for specific provisions for loans and receivables for the periods detailed below.

	2011	2012	2013
		(TL thousands)	
Balances at beginning of the period	**1,525,439**	**1,446,137**	**2,135,194**
Provision for period..	407,047	951,457	1,259,820
Provision reversals	(243,375)	(257,325)	(386,043)
Write-offs	(242,974)	(5,075)	(551,843)
Balances at the end of the period	**1,446,137**	**2,135,194**	**2,457,128**

The table below shows to the Group's general provisions for losses on cash and non-cash credit exposure as of each of the indicated dates:

	As of December 31,		
	2011	2012	2013
		(TL thousands)	
Cash	320,285	521,007	697,570
Non-cash commitments and contingencies	59,210	47,989	53,760
Total	**379,495**	**568,996**	**751,330**

Key ratios related to the activity in the Group's allowance for specific provisions for loans and receivables to customers for the indicated years to which the Group's loan impairment methodology was applied are as follows:

	2011	2012	2013
Non-performing loans to loans and receivables	5.7%	6.5%	6.5%
Non-performing loans to loans and receivables to customers and non-cash loans	4.7%	5.5%	5.7%
Allowance for specific provisions for loans and receivables to non-performing loans	78.2%	85.0%	82.8%
Allowance for specific provisions for loans and receivables to total gross loans and receivables	4.5%	5.5%	5.4%
Non-performing loans to total shareholders' equity	31.3%	33.9%	37.7%

Quality of Loans and Receivables, Non-Performing Loans, Allowance for Impairment on Loans and Receivables, and Loan Loss Experience

The table below shows the Bank's NPLs by loan type as of each of the indicated dates:

	As of December 31,		
	2011	2012	2013
		(TL thousands)	
Corporate	449,989	613,970	893,332
Consumer	432,809	598,768	665,305
Credit Card	822,161	1,107,966	1,197,028
Overdraft	128,425	176,179	196,985
Other/Miscellaneous Receivables	16,111	15,833	13,203
Total	**1,849,496**	**2,512,716**	**2,965,853**

The table below shows Bank's non-performing loans (NPLs) and related provisions as of each of the indicated dates:

	As of December 31,								
	2011			2012			2013		
	NPLs	Total Provision	% Reserved	NPLs	Total Provision	% Reserved	NPLs	Total Provision	% Reserved
Risk Category				(TL thousands, except percentages)					
Doubtful	326,776	66,145	20.2	440,683	217,150	49.3	419,095	167,353	39.9
Substantial	289,881	147,153	50.8	494,368	340,379	68.9	740,935	483,952	65.3
Loss	1,232,839	1,232,839	100.0	1,577,665	1,577,665	100.0	1,805,823	1,805,823	100.0
Total loans classified	**1,849,496**	**1,446,137**	**78.2**	**2,512,716**	**2,135,194**	**85.0**	**2,965,853**	**2,457,128**	**82.8**
Gross loans	32,280,499			38,925,329			45,313,507		
Cash loans, net	30,431,003			36,412,613			42,347,654		

Treatment of Non-performing Loans

The Bank classifies loans as non-performing if they are in arrears (principal and/or interest) for more than 90 days. Loans may be classified as non-performing earlier if deemed in default. The Bank charges penalties on overdue interest in accordance with the terms of the relevant loan agreement. When overdue amounts are fully repaid, companies renew their balance sheet accruals.

Remedial management procedures are employed for loans falling under the non-performing loan category. Under these remedial procedures, the first action is to try to receive the amount from the customers by using alternative solutions, the second action is to recover the amounts due and to enforce or execute the collaterals through court orders. See "–Loan Portfolio - Risk Analysis – Risk Management – Credit Review Policies."

When a company is assessed to have only temporary financial problems but has the potential to successfully operate in the near future, the Bank reschedules or restructures its non-performing loans in accordance with the Regulation on Provisions and Classification of Loans and Receivables. A restructuring depends on the assessment of the potential of the customer for the regular payment of loans in the future and the existing or additional collateral that the customer is ready to offer. Rescheduled loans remain classified in the same risk category (and thus they remain in the NPL portfolio) for a period of approximately six months after rescheduling. After that period the rescheduled loans can be gradually upgraded to a higher category only if the customer consistently meets its obligations.

Historically, the Group has, in accordance with its risk management policy, focused on recovering amounts due under non-performing loans through its own collection efforts and has sold only limited amounts of its non-performing loans to third parties. The Group may, however, consider selling additional non-performing loans or non-performing loan portfolios in the future if it determines that the benefits of any such sale outweigh the benefits achieved through internal collection efforts.

V. Deposits

The following table shows details of the Group's average deposits and average interest rates thereon, for each of 2011, 2012 and 2013.

	2011		**2012**		**2013**	
	Average balance[(1)]	**Average Rate**	**Average balance[(1)]**	**Average Rate**	**Average balance[(1)]**	**Average Rate**
Group Deposits			(*TL thousands, except percentages*)			
Savings deposits[(2)]	673,771	-	1,064,580	-	1,848,961	-
Time deposits	23,494,865	8.1%	27,159,510	8.5%	29,676,740	6.5%
Sight, current and other	1,750,652	-	1,958,168	-	2,685,776	-
Due to other banks	582,524	8.3%	666,894	9.4%	1,194,534	7.9%
Money market transactions	1,358,914	6.0%	1,661,598	7.0%	2,784,683	5.6%
Total deposits	**27,860,726**	**8.0%**	**32,510,750**	**8.5%**	**38,190,694**	**6.5%**

(1) It is the Bank's policy to calculate the average balances as the average of the account balances as of the end of each reporting period.
(2) Relates to non-interest bearing individual current and saving deposits.

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes shall consist of the terms and conditions set out in the Base Prospectus (the "Conditions") as amended or supplemented by the issue-specific terms set out below in this section. References in the Conditions to "Final Terms" shall be deemed to refer to the issue-specific terms of the Notes substantially in the form set out below.

28 April 2014

FİNANSBANK A.Ş.

Issue of US$500,000,000 6.25% Notes due 2019 (the "*Notes*")
under the US$1,500,000,000
Global Medium Term Note Programme (the "*Programme*")

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 5 February 2014 (as supplemented by the first supplement thereto dated 2 April 2014) and the Prospectus dated 28 April 2014 (the "*Drawdown Prospectus*"), which together, in the manner described in such Drawdown Prospectus, constitute a prospectus for the purposes of the Prospectus Directive (the "*Prospectus*"). This document constitutes the issue-specific terms of the Notes described herein for the purposes of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these issue-specific terms and the Prospectus. The Prospectus has been published on the Issuer's website (www.finansbank.com.tr/ en/investor-relations/financial-information/Default.aspx).

1.	Issuer:		Finansbank A.Ş.
2.	(a)	Series Number:	2014-1
	(b)	Tranche Number:	1
	(c)	Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3.	Specified Currency:		U.S. Dollars or US$ ("*US$*")
4.	Aggregate Nominal Amount immediately after issuance of this Tranche:		
	(a)	Series:	US$500,000,000
	(b)	Tranche:	US$500,000,000
5.	Issue Price:		99.472 *per cent*. of the Aggregate Nominal Amount of the Tranche
6.	(a)	Specified Denomination:	US$200,000 and integral multiples of US$1,000 in excess thereof
	(b)	Calculation Amount:	US$1,000
7.	(a)	Issue Date:	30 April 2014
	(b)	Interest Commencement Date:	Issue Date
8.	Maturity Date:		30 April 2019

9.	Interest Basis:		6.25 *per cent*. Fixed Rate (*see further particulars in paragraph 14)*
10.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 *per cent*. of their nominal amount
11.	Change of Interest Basis:		Not Applicable
12.	Put/Call Options:		Not Applicable
13.	(a)	Status of the Notes:	Senior
	(b)	Date Board approval for issuance of Notes obtained:	Not Applicable – No Board (or similar) authorisation is required for this Tranche of Notes

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		Applicable
	(a)	Rate(s) of Interest:	6.25 *per cent*. *per annum* payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	30 April and 30 October in each year up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s):	Not Applicable
	(d)	Broken Amount(s):	Not Applicable
	(e)	Day Count Fraction:	30/360
	(f)	Determination Date(s):	Not Applicable
15.	Floating Rate Note Provisions		Not Applicable
16.	Zero Coupon Note Provisions		Not Applicable

PROVISIONS RELATING TO REDEMPTION

17.	Notice periods for Condition 8.2:	Minimum period: 30 days Maximum period: 60 days
18.	Issuer Call:	Not Applicable
19.	Investor Put:	Not Applicable
20.	Final Redemption Amount:	US$1,000 per Calculation Amount
21.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	US$1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:	
	(a) Form:	Registered Notes: Regulation S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg exchangeable for Definitive Registered Notes upon an Exchange Event Rule 144A Global Note(s) registered in the name of a nominee for DTC exchangeable for Definitive Registered Notes upon an Exchange Event
	(b) New Global Note:	No
23.	Additional Financial Centre(s):	Not Applicable
24.	Talons for future Coupons to be attached to Definitive Notes:	No
25.	RMB Currency Event:	Not Applicable

Signed on behalf of **FINANSBANK A.Ş.**

By: .... By: ....

Duly authorised *Duly authorised*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a)	Listing and Admission to trading:	Application has been made by the Issuer (or on its behalf) to the Irish Stock Exchange for the Notes to be admitted to the Official List and admitted to trading on the Main Securities Market of the Irish Stock Exchange with effect from 30 April 2014; *however*, no assurance can be given that such application will be accepted.
(b)	Estimate of total expenses related to admission to trading:	€2,440

2. RATINGS

Ratings:	The Notes to be issued are expected to be rated: "BBB-" by Fitch Ratings Ltd. ("*Fitch*") and "Ba2" by Moody's Investors Service Limited ("*Moody's*"). Each of Fitch and Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended)).

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Initial Purchasers (the "*Managers*"), so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

4. YIELD

Indication of yield:	6.375 *per cent*. *per annum* The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. OPERATIONAL INFORMATION

(a)	ISIN Code:	US31772DAA00 for Rule 144A Global Note(s) XS1063442484 for Regulation S Global Note
(b)	Common Code:	106290423 for Rule 144A Global Note(s) 106344248 for Regulation S Global Note
(c)	CUSIP:	31772DAA0 for Rule 144A Global Note(s)
(e)	Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s):	Not Applicable
(f)	Delivery:	Delivery against payment

(g)	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
(h)	Deemed delivery of clearing system notices for the purposes of Condition 15:	Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the business day after the day on which it was given to the relevant clearing system.

6. DISTRIBUTION

(a)	Method of distribution:	Syndicated
(b)	If syndicated, names of Managers:	Citigroup Global Markets Limited HSBC Bank plc Morgan Stanley & Co. International plc Standard Chartered Bank
(c)	Date of Subscription Agreement:	28 April 2014
(d)	Stabilising Manager(s) (if any):	Standard Chartered Bank
(e)	If non-syndicated, name of relevant Dealer:	Not Applicable
(f)	U.S. Selling Restrictions:	Reg. S Compliance Category 2 and Rule 144A

U.S. TAXATION

This is a general summary of certain U.S. federal tax considerations in connection with an investment in the Notes. This summary does not address all aspects of U.S. federal tax law or the laws of other jurisdictions (including the United Kingdom or any state or local tax law). While this summary is considered to be a correct interpretation of existing laws in force on the date of this Prospectus, there can be no assurance that those laws or the interpretation of those laws will not change. This summary does not discuss all of the tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special rules, such as regulated investment companies, certain financial institutions or insurance companies.

Prospective investors are advised to consult their tax advisers with respect to the tax consequences of the purchase, ownership or disposition of the Notes (or the purchase, ownership or disposition by an owner of beneficial interests therein) as well as any tax consequences that may arise under the laws of any state, municipality or other taxing jurisdiction.

Certain U.S. Federal Income Tax Consequences

Notice pursuant to Treasury Department Circular 230**: The discussion of U.S. tax matters set forth in this Prospectus was written in connection with the promotion or marketing of this offering and was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax-related penalties under U.S. federal, state or local tax law. Each taxpayer should seek advice based upon its particular circumstances from an independent tax adviser.**

The following summary describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of a Note by a U.S. Holder (as defined below) whose functional currency is the U.S. Dollar that acquires the Note in this offering from the Initial Purchasers at a price equal to the issue price of the Notes and holds it as a capital asset. This summary does not address all aspects of U.S. federal income taxation that may be applicable to particular U.S. Holders subject to special U.S. federal income tax rules, including, among others, tax-exempt organizations, financial institutions, dealers and traders in securities or currencies, U.S. Holders that will hold a Note as part of a "straddle," hedging transaction, "conversion transaction" or other integrated transaction for U.S. federal income tax purposes, U.S. Holders that enter into "constructive sale" transactions with respect to the Notes, U.S. Holders liable for alternative minimum tax and certain U.S. expatriates. In addition this summary does not address consequences to U.S. Holders of the acquisition, ownership and disposition of a Note under any other U.S. federal tax laws (*e.g.*, estate or gift tax laws) or under the tax laws of any state, locality or other political subdivision of the United States or other countries or jurisdictions.

As used herein, the term "*U.S. Holder*" means a beneficial owner of a Note that is for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the U.S., (b) a corporation created or organized in or under the laws of the U.S., any state thereof or the District of Columbia, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust that is subject to U.S. tax on its worldwide income regardless of its source.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds a Note, then the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Therefore, a partnership holding a Note and its partners should consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of a Note.

The discussion below is based upon the Code, U.S. Treasury regulations thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this Prospectus and any of which may at any time be repealed, revoked or modified or subject to differing interpretations, potentially retroactively, so as to result in U.S. federal income tax consequences different from those discussed below.

The summary of the U.S. federal income tax consequences set out below is for general information only. Prospective purchasers should consult their tax advisers as to the particular tax consequences to them of owning the Notes, including the applicability and effect of state, local, foreign and other tax laws and possible changes in tax law.

Payments of Interest

Payments of interest on the Notes, including additional amounts, if any, generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. Interest paid on a Note generally will constitute foreign source income for U.S. federal income tax purposes and generally will be considered "passive" income, which is treated separately from other types of income in computing the foreign tax credit that may be allowable to U.S. Holders under U.S. federal income tax laws. Subject to applicable restrictions and limitations, a U.S. Holder may be entitled to claim a U.S. foreign tax credit in respect of any Turkish withholding taxes imposed on interest received on the Notes. A U.S. Holder who does not elect to claim a credit for foreign tax may instead claim a deduction in respect of the tax provided the U.S. Holder elects to deduct rather than claim a credit for all foreign taxes for such taxable year. U.S. Holders that are eligible for benefits under the double tax treaty between the United States and Turkey (the "*Double Tax Treaty*") or are otherwise entitled to a refund for the taxes withheld, under Turkish tax law generally will not be entitled to a foreign tax credit or deduction for the amount of any Turkish taxes withheld in excess of the maximum rate under the Double Tax Treaty or for those taxes that have been otherwise refunded to them under Turkish tax law. The rules relating to foreign tax credits or deducting foreign taxes are extremely complex, and U.S. Holders are urged to consult their own tax advisers regarding the availability and advisability of claiming a foreign tax credit or a deduction with respect to any Turkish taxes withheld from payment.

Sale, Exchange and Redemption of Notes

Upon the sale, exchange, redemption, retirement at maturity or other taxable disposition of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized (*i.e.*, the amount of cash and the fair market value of any property received on the disposition (except to the extent the cash or property received is attributable to accrued and unpaid interest not previously included in income, which is treated like a payment of interest)) and the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Note generally will equal the amount paid for the Note. Gain or loss recognized by a U.S. Holder on the sale, exchange or other disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. The deductibility of capital losses is subject to significant limitations. U.S. Holders should consult their own advisers about the availability of U.S. foreign tax credits or deductions with respect to any Turkish taxes imposed upon a disposition of Notes.

Information Reporting and Backup Withholding

Information returns may be filed with the U.S. Internal Revenue Service ("*IRS*") (unless the U.S. Holder establishes, if requested to do so, that it is an exempt recipient) in connection with payments on the Notes, and the proceeds from the sale, exchange or other disposition of Notes. If information reports are required to be made, then a U.S. Holder may be subject to U.S. backup withholding if it fails to provide its taxpayer identification number, or to establish that it is exempt from backup withholding. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS.

U.S. Holders should consult their own tax advisers regarding any filing and reporting obligations they may have as a result of their acquisition, ownership or disposition of Notes.

Medicare Tax

Certain U.S. Holders who are individuals, estates or non-exempt trusts must pay an additional 3.8% tax on, among other things, interest on and capital gains from the sale, retirement or other taxable disposition of Notes. U.S. Holders should consult their tax advisers regarding the effect, if any, of this tax on their investment in the Notes.

PLAN OF DISTRIBUTION

The Bank intends to offer the Notes through the Initial Purchasers named below and their broker-dealer affiliates, as applicable. Subject to the terms and conditions stated in a subscription agreement in respect of the Notes entered into on April 28, 2014 among the Initial Purchasers and the Bank (the "*Subscription Agreement*"), each of the Initial Purchasers has severally (and not jointly nor jointly and severally) agreed to purchase, and the Bank has agreed to sell to each of the Initial Purchasers, the principal amount of the Notes set forth opposite each Initial Purchaser's name below at the issue price of 99.472% of the principal amount of the Notes.

Initial Purchasers	*Principal Amount of Notes*
Citigroup Global Markets Limited......................	US$125,000,000
HSBC Bank plc..	US$125,000,000
Morgan Stanley & Co. International plc	US$125,000,000
Standard Chartered Bank	US$125,000,000
Total	**US$500,000,000**

The Subscription Agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The offering of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part.

The Bank has been informed that the Initial Purchasers propose to resell the Notes (or beneficial interests therein) at the issue price set forth on the cover page of this Prospectus to persons reasonably believed to be QIBs in reliance upon Rule 144A, and to non-U.S. persons in offshore transactions in reliance upon Regulation S, see "Subscription and Sale" and "Transfer and Selling Restrictions" in the Base Prospectus. The prices at which beneficial interests in the Notes are offered may be changed at any time without notice.

Offers and sales of the Notes in the United States will be made by those Initial Purchasers or their affiliates that are registered broker-dealers under the U.S. Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), or in accordance with Rule 15a-6 thereunder.

The Notes have not been registered under the Securities Act or any U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act, see "Subscription and Sale" and "Transfer and Selling Restrictions" in the Base Prospectus. Accordingly, until 40 days after the Issue Date (the "*Distribution Compliance Period*"), an offer or sale of Notes (or beneficial interests therein) within the United States or to, or for the account or benefit of, any U.S. person by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Each Initial Purchaser has agreed that it will send to each dealer to which it sells Regulation S Global Notes (or beneficial interests therein) during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes (or beneficial interests therein) within the United States or to, or for the account or benefit of, U.S. persons substantially to the following effect:

> "The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "*Securities Act*") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons: (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, except, in either case, in accordance with Rule 144A under the Securities Act or in an offshore transaction. Terms used above have the meanings given to them by Regulation S."

While application has been made by the Bank to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market, the Notes constitute a new class of securities of the Bank with a limited trading market. The Bank cannot provide any assurances to investors that the prices at which the Notes (or beneficial interests therein) will sell in the market will not be lower than the initial offering price or that an active trading market for the Notes will develop. The Initial Purchasers have advised the Bank that they currently intend to make a market in the Notes; *however*, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. No assurance can be given that the application to the Irish Stock Exchange to admit the Notes to listing on the Official List and trading on the Main Securities Market will be accepted.

In connection with the offering, one or more Initial Purchaser(s) may purchase and sell Notes (or beneficial interests therein) in the secondary market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves the sale of Notes (or beneficial interests therein) in excess of the principal amount of Notes to be purchased by the Initial Purchasers in their initial offering, which creates a short position for the Initial Purchasers. Covering transactions involve the purchase of the Notes (or beneficial interests therein) in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of Notes (or beneficial interests therein) made for the purpose of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein) while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein). They may also cause the price of the Notes (or beneficial interests therein) to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Initial Purchasers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchasers commence any of these transactions, then they may discontinue them at any time.

The Bank expects that delivery of interests in the Notes will be made against payment therefor on the Issue Date. Under Rule 15c6-l of the Exchange Act, trades in the secondary market through a broker or dealer in the United States generally are required to settle in three New York City business days, unless the parties to any such trade expressly agree otherwise. Accordingly, investors who wish to trade interests in the Notes through a broker or dealer in the United States on the date of this Prospectus or the next New York City business days will be required, by virtue of the fact that the Notes initially will settle in T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Investors in the Notes who wish to trade interests in the Notes through a broker or dealer in the United States on the date of this Prospectus or the next New York City business days should consult their own adviser.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates may have performed investment banking and advisory services for the Bank and its affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Initial Purchasers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Bank and its affiliates in the ordinary course of their business. Certain of the Initial Purchasers and/or their respective affiliates have acted and expect in the future to act as a lender to the Bank and/or other members of the Group and/or otherwise participate in transactions with the Group.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Bank and/or other members of the Group. In addition, certain of the Initial Purchasers and/or their respective affiliates hedge their credit exposure to the Bank and/or other members of the Group pursuant to their customary risk management policies. These hedging activities could have an adverse effect on the future trading prices of the Notes offered hereby.

The Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities or instruments.

The Bank has agreed in the Subscription Agreement, in connection with the issue and offering of the Notes, to indemnify each Initial Purchaser against certain liabilities, or to contribute to payments that the Initial Purchasers may be required to make because of those liabilities.

LEGAL MATTERS

Certain matters relating to the issuance of the Notes will be passed upon for the Bank by Mayer Brown LLP (or affiliates thereof) as to matters of United States law and by YazıcıLegal as to matters of Turkish law (other than with respect to tax-related matters). Certain matters of English and United States law will be passed upon for the Initial Purchasers by Herbert Smith Freehills LLP, and certain matters of Turkish law will be passed upon for the Initial Purchasers by Paksoy Ortak Avukat Bürosu (which will also pass upon matters of Turkish tax law).

OTHER GENERAL INFORMATION

Authorization

The establishment of the Program and the issue of notes thereunder have been duly authorized by resolutions of the Board of Directors of the Issuer dated March 21, 2013 and November 21, 2013.

Listing of Notes

An application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market; *however*, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to listing on the Official List and to trading on the Main Securities Market will be granted on or before the Issue Date, subject only to the issue of the Notes. The Main Securities Market is a regulated market for the purposes of MiFID.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Bank in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Documents Available

For as long as any of the Notes are outstanding, copies of the following documents will (as applicable, when published) be available in physical form for inspection at the registered office of the Issuer and from the specified office of the Fiscal Agent for the time being in London:

(a) the articles of association (with a certified English translation thereof) of the Issuer,

(b) the independent auditors' audit reports and audited consolidated BRSA Financial Statements of the Group for each of the years ended December 31, 2011, 2012 and 2013,

(c) the most recently published audited annual financial statements of the Issuer, in English and together with any audit reports prepared in connection therewith; the Issuer currently prepares audited consolidated financial statements in accordance with IFRS on an annual basis, audited consolidated and unconsolidated financial statements in accordance with BRSA Principles on an annual basis, and unaudited interim consolidated and unconsolidated interim financial statements in accordance with BRSA Principles on a quarterly basis,

(d) the Agency Agreement, the Deed of Covenant and the Deed Poll and the forms of the Global Notes and the Notes in definitive form, and

(e) a copy of this Prospectus and the Base Prospectus (including the supplements thereto).

In addition, copies of this Prospectus, each document incorporated by reference into this Prospectus and the financial statements listed above will be available on the Issuer's website at:

(a) with respect to this Prospectus (other than the documents incorporated by reference herein), www.finansbank.com.tr/en/investor-relations/financial-information/Default.aspx.,

(b) with respect to the original Base Prospectus (other than the documents incorporated by reference herein), www.finansbank.com.tr/en/investor-relations/financial-information/Default.aspx.,

(c) with respect to the First Supplement to the Base Prospectus dated April 2, 2014, www.finansbank.com.tr/en/investor-relations/financial-information/default.aspx?FBAS_IR_Financialreports, and

(d) with respect to the financial statements incorporated by reference herein, www.finansbank.com.tr/en/investor-relations/financial-information/Default.aspx.

Such website does not, and should not be deemed to, constitute a part of, or be incorporated into, this Prospectus.

Clearing Systems

The Rule 144A Global Note(s) has/have been accepted into DTC's book-entry settlement system and the Regulation S Global Note has been accepted for clearance through Euroclear and Clearstream, Luxembourg (CUSIP: 31772DAA0, ISIN: US31772DAA00 and Common Code: 106290423, with respect to the Rule 144A Global Note(s) and ISIN: XS1063442484 and Common Code: 106344248, with respect to the Regulation S Global Note).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Significant or Material Change

There has been: (a) no significant change in the financial or trading position of either the Bank or the Group since December 31, 2013 and (b) no material adverse change in the financial position or prospects of either the Bank or the Group since December 31, 2013.

Litigation

Except as described in "Business of the Group – Legal Proceedings" in the Base Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) that may have, or have had, during the 12 months prior to the date of this Prospectus, a significant effect on the Issuer's or the Group's financial position or profitability.

Auditors

The BRSA Annual Financial Statements as of and for the years ended December 31, 2011, 2012 and 2013 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci ve Mali Müşavirlik A.Ş., a member of Deloitte Touche Tohmatsu Limited ("*Deloitte*") in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. The audit reports on the BRSA Annual Financial Statements emphasize that: (a) the effect of the differences between the accounting principles summarized in Section 3 thereof and the accounting principles generally accepted in countries in which the financial statements are to be distributed and IFRS have not been quantified and reflected in the financial statements, (b) the accounting principles used in the preparation of the financial statements differ materially from IFRS and (c) accordingly, the financial statements are not intended to present the Group's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS. See Deloitte's reports incorporated by reference into the Base Prospectus.

Deloitte is located at Sun Plaza, Maslak Mah. Bilim Sk. No: 5, Şişli, İstanbul 34398. Deloitte, independent certified public accountants in Turkey, is an audit firm authorized by the BRSA to conduct independent audits of banks in Turkey.

The Bank's shareholders have appointed Güney Bağımsız Denetim ve S.M.M.M. A.Ş., a member firm of Ernst&Young Global Limited, as the external auditors of the Bank for the statutory and IFRS reporting of the 2014 financial year.

THE ISSUER

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Mecidiyeköy/Şişli 34394
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INITIAL PURCHASERS

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United Kingdom

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8 Canada Square
London E14 5HQ
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Standard Chartered Bank
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United Kingdom

FISCAL AGENT AND PRINCIPAL PAYING AGENT

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United Kingdom

REGISTRAR, TRANSFER AGENT AND PAYING AGENT

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2453 Luxembourg

UNITED STATES PAYING AGENT AND TRANSFER AGENT

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New York, New York
USA

LEGAL ADVISERS

To the Issuer as to English and United States law

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To the Issuer as to Turkish law

YazıcıLegal
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To the Initial Purchasers as to English and United States law

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To the Initial Purchasers as to Turkish law

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LISTING AGENT

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INDEPENDENT AUDITORS

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