

# **FİNANS BANK ANONİM ŞİRKETİ**

## **INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, UNCONSOLIDATED FINANCIAL STATEMENTS, NOTES AND INTERIM ACTIVITY REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

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

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

## **INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**

To the Board of Directors of Finans Bank A.Ş.

### **Introduction**

We have reviewed the unconsolidated balance sheet of Finans Bank A.Ş. (“the Bank”) at September 30, 2016 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” except for the matters regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards of Turkey and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

### **Basis of Qualified Conclusion**

As at September 30, 2016 the accompanying unconsolidated financial statements include a general reserve amounting to TL 100.000 thousands provided by the Bank Management considering the future possible effects of the developments in the economy and the markets out of which TL 82.000 thousands had been provided in 2014 and TL 36.000 thousands and TL 46.000 thousands have been reversed in the second and third quarters of 2015 respectively.

### **Qualified Conclusion**

Based on our review, except for the effect of the matter referred in the qualified conclusion basis of paragraph on the unconsolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Finans Bank A.Ş. at September 30, 2016 and of the results of its operations and its cash flows for the nine month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

**Report on other regulatory requirements arising from legislation**

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VII, are not consistent with the unconsolidated financial statements and disclosures in all material respects.

**Additional paragraph for convenience translation to English:**

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” except for the matters regulated by BRSA Legislation., accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Damla Harman, SMMM  
Partner

October 26, 2016  
İstanbul, Türkiye

**THE UNCONSOLIDATED FINANCIAL REPORT OF FINANS BANK A.Ş.**  
**FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

The Bank's;  
Address of the head office : Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İSTANBUL  
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E-mail address : [investor.relations@qnbfinansbank.com](mailto:investor.relations@qnbfinansbank.com)

The unconsolidated financial report for the nine-months period ended September 30, 2016, designed by the Banking Regulation and Supervision Agency in line with the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES OF THE BANK
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

The unconsolidated financial statements and related disclosures and footnotes for the nine-months period ended September 30, 2016, are prepared in accordance with the Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying unconsolidated interim financial statements are presented in **thousands of Turkish Lira (TL)**.

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

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

**Ramzi T.A. Mari**  
Member of the Board of  
Directors and of the  
Audit Committee

**Fatma Abdulla S.S. Al-Suwaidi**  
Member of the Board of  
Directors and of the  
Audit Committee

**Durmuş Ali Kuzu**  
Member of the Board of  
Directors and of the  
Audit Committee

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

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

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

Information related to the responsible personnel to whom the questions about the financial report can be communicated:  
Name-Surname/Title : Ercan Sakarya / Division Manager of Financial, Statutory Reporting and Treasury Control  
Phone Number : (0 212) 318 52 92  
Facsimile Number : (0 212) 318 55 78

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

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

**SECTION ONE  
GENERAL INFORMATION**

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

Finans Bank Anonim Şirketi ("the Bank") was incorporated in Istanbul on September 23, 1987. The Bank's shares have been listed on the Borsa Istanbul ("BIST") (formerly known as Istanbul Stock Exchange ("ISE")) since 1990.

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

A share sales agreement has been concluded between National Bank of Greece S.A. (NBG), principal shareholder of the Bank in previous periods, and Qatar National Bank ("QNB") regarding the direct or indirect sales of NBG's shares, owned by affiliates and current associations of the Bank, at the rate of 99,81% to QNB at a price of EUR 2.750 million as of December 21, 2015. On April 7, 2016, BRSA permitted to transfer shares at ratios of 82,23%, 7,90%, 9,68% owned by National Bank of Greece S.A., NBGI Holdings B.V. and NBG Finance (Dollar) PLC respectively in the capital of the Bank to Qatar National Bank S.A.Q. in the framework of paragraph 1 of article 18 of Banking Law and dropping direct share of National Bank of Greece S.A. to 0% through the aforementioned share transfer. Necessary permissions related to share transfer have been completed on May 4, 2016 before the Competition Authority while permission transactions regarding direct/indirect share ownership which shall realize in related affiliates of the Bank (Finans Yatırım Menkul Değerler A.Ş., Finans Portföy Yönetimi A.Ş., Finans Finansal Kiralama A.Ş. and Cigna Finans Emeklilik ve Hayat A.Ş.) Before the related official bodies on May 12, 2016 and share transfer of the Bank has been completed on June 15, 2016.

99,88% of shares of Finans Bank A.Ş. are controlled by Qatar National Bank as of September 30, 2016 and remaining 0,12% of related shares are public shares.

50% of QNB shares, which is the first commercial bank of Qatar founded in 1964 and has been traded at Qatar Stock Exchange since 1997, are owned by Qatar Investment Authority while 50% of related shares are public shares. QNB is operating over 30 countries mainly in Middle East and North Africa Regions as well as being the biggest bank of Qatar. Also with respect to total assets, total credits and total deposits QNB is the biggest bank of Middle East and North Africa.

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

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

**III. Information About the Chairman and Members of Board of Directors, Members of Audit Committee, Managing Directors and executive vice presidents; any changes, and the information about the Bank shares they hold and their responsibilities**

Name	Title	Date of Appointment	Education
Dr. Ömer A. Aras	Chairman	April 16, 2010	Phd
Sinan Şahinbaş	Deputy Chairman and Executive Member	April 16, 2010	Masters
Ali Teoman Kerman	Board Member and Chairman of the Audit Committee	April 16, 2013	Masters
Ramzi Talat A. Mari <sup>(*)</sup>	Board Member and Audit Committee Member	June 16, 2016	Masters
Fatma Abdulla S.S. Al-Suwaidi	Board Member and Audit Committee Member	June 23, 2016	Masters
Durmuş Ali Kuzu <sup>(**)</sup>	Board Member and Audit Committee Member	August 25, 2016	Phd
Temel Güzelöğlu	Board Member and General Manager	April 16, 2010	Masters
Abdulla Mubarak N.Alkhalifa	Board Member	June 23, 2016	Graduate
Assistant Prof. Osman Reha Yolalan	Board Member	June 21, 2016	Phd
Ali Rashid A.S.Al-Mohannadi <sup>(***)</sup>	Board Member	June 16, 2016	Graduate
Grant Eric Lowen	Board Member	June 23, 2016	Graduate
Adnan Menderes Yayla	Executive Vice President	May 20, 2008	Masters
Murat Şakar	Executive Vice President	August 1, 2008	Graduate
Köksal Çoban	Executive Vice President	August 19, 2008	Masters
Dr. Mehmet Kürşad Demirkol	Executive Vice President	October 8, 2010	Phd
Özlem Cinemre	Executive Vice President	July 9, 1997	Graduate
Hakan Alp	Executive Vice President	July 7, 2010	Graduate
Filiz Sonat	Executive Vice President	September 19, 2007	Graduate
Erkin Aydın	Executive Vice President	May 16, 2011	Masters
Ömür Tan	Executive Vice President	October 28, 2011	Graduate
Halim Ersun Bilgici	Executive Vice President	March 15, 2013	Masters
Enis Kurtoglu	Executive Vice President	May 14, 2015	Masters
Murat Koraş	Executive Vice President	May 14, 2015	Masters
Onur Özkan	Executive Vice President	May 14, 2015	Masters
Elsa Pekmez Atan	Executive Vice President	May 14, 2015	Masters
Emel Yılmaz Özbay <sup>(****)</sup>	Executive Vice President	Feb 12, 2016	Graduate
Engin Turhan <sup>(*****)</sup>	Executive Vice President	June 14, 2016	Masters
Ahmet Erzençin	Head of the Department of Internal Control and Compliance	September 12, 2012	Graduate
Bülent Yurdalan	Head of Department of Internal Systems	August 6, 2013	Graduate
Ersin Emir	Head of Internal Audit	February 18, 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	September 16, 2011	Masters

(\*) Ramzi Talat A. Mari has been assigned in Extraordinary General Assembly dated June 16, 2016 and his assignment process has been completed on July 18, 2016

(\*\*) As of August 25, 2016 Durmuş Ali Kuzu has been assigned as a member of a board of directors, and as of September 28, 2016 he has been assigned as a member of audit committee.

(\*\*\*) Ali Rashid A.S Al-Mohannadi has been assigned in Extraordinary General Assembly dated June 16, 2016 and his assignment process has been completed on July 29, 2016.

(\*\*\*\*) As of February 12, 2016 Emel Yılmaz Özbay has been assigned as the Executive Vice President responsible for legal department.

(\*\*\*\*\*) As of June 14, 2016 Engin Turhan has been assigned as Deputy General Manager responsible for Commercial Banking and Project Funding

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

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

Name Surname/Trade Name	Amount of Shares	Percentage of Shares	Paid-up Shares	Unpaid Shares
Qatar National Bank (“QNB”)	2.996.317	%99,88	2.996.317	-
Other	3.683	%0,12	3.683	-

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

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

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

The Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets and securities operations and credit card operations. In addition, the Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of September 30, 2016, the Bank operates through 628 domestic (December 31, 2015 – 640), 1 abroad (December 31, 2015 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2015 – 1) branches. As of September 30, 2016, the Bank has 12.398 employees (December 31, 2015 - 12.950 employees).

**VI. A short explanation on the differences between the Regulation on Preparation of Consolidated Financial Statements of Banks and the consolidation procedures required by Turkish Accounting Standards and about institutions that are subject to full consolidation, proportional consolidation, by way of deduction from capital or those that are subject to none:**

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

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

All other subsidiaries are fully consolidated.

**VII. The existing or potential, actual or legal obstacles to immediate transfer of shareholders' equity between the Bank and its subsidiaries and repayment of debts:**

None.



## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Commitments and Contingencies
- III. Income Statement (Statement of Income / Loss)
- IV. Statement of Profit and Loss Accounted for Under Equity ( Statement of Other Comprehensive Income and Loss )
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flow

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

**FİNANS BANK ANONİM ŞİRKETİ**

**BALANCE SHEET AS OF SEPTEMBER 30, 2016 (STATEMENT OF FINANCIAL POSITION)**

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

**I. BALANCE SHEET – ASSETS**

		Reviewed 30/09/2016			Audited 31/12/2015		
	Section 5 Part I	TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	<b>(1)</b>	<b>1.746.464</b>	<b>10.955.153</b>	<b>12.701.617</b>	<b>2.088.091</b>	<b>7.908.950</b>	<b>9.997.041</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	<b>(2)</b>	<b>1.292.858</b>	<b>302.315</b>	<b>1.595.173</b>	<b>2.059.461</b>	<b>253.202</b>	<b>2.312.663</b>
2.1 Financial assets held for trading		1.264.332	302.315	1.566.647	2.012.107	253.202	2.265.309
2.1.1 Public sector debt securities		32.693	6.635	39.328	23.207	4.853	28.060
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Assets on trading derivatives		1.231.639	295.680	1.527.319	1.988.900	248.349	2.237.249
2.1.4 Other securities		-	-	-	-	-	-
2.2 Financial assets at fair value through profit and loss		28.526	-	28.526	47.354	-	47.354
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		28.526	-	28.526	47.354	-	47.354
2.2.4 Other securities		-	-	-	-	-	-
<b>III. BANKS</b>	<b>(3)</b>	<b>2.451</b>	<b>435.375</b>	<b>437.826</b>	<b>9.536</b>	<b>306.366</b>	<b>315.902</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 İstanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
<b>V. INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)</b>	<b>(4)</b>	<b>3.973.245</b>	<b>2.597.089</b>	<b>6.570.334</b>	<b>3.382.972</b>	<b>1.912.514</b>	<b>5.295.486</b>
5.1 Equity securities		4.231	40.432	44.663	4.231	-	4.231
5.2 Public sector debt securities		3.969.014	2.522.822	6.491.836	3.378.323	1.880.669	5.258.992
5.3 Other securities		-	33.835	33.835	418	31.845	32.263
<b>VI. LOANS AND RECEIVABLES</b>	<b>(5)</b>	<b>50.180.817</b>	<b>11.214.301</b>	<b>61.395.118</b>	<b>47.256.465</b>	<b>9.969.165</b>	<b>57.225.630</b>
6.1 Loans and receivables		49.368.640	11.214.301	60.582.941	46.512.772	9.969.165	56.481.937
6.1.1 Loans to risk group of the Bank		252.599	83.042	335.641	96.840	59.113	155.953
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		49.116.041	11.131.259	60.247.300	46.415.932	9.910.052	56.325.984
6.2 Non-performing loans		4.222.954	-	4.222.954	3.797.990	-	3.797.990
6.3 Specific provisions (-)		3.410.777	-	3.410.777	3.054.297	-	3.054.297
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	<b>(6)</b>	<b>3.162.471</b>	<b>1.584.582</b>	<b>4.747.053</b>	<b>3.009.964</b>	<b>863.950</b>	<b>3.873.914</b>
8.1 Public sector debt securities		3.162.471	1.071.724	4.234.195	3.009.964	110.652	3.120.616
8.2 Other securities		-	512.858	512.858	-	753.298	753.298
<b>IX. INVESTMENT IN ASSOCIATES (Net)</b>	<b>(7)</b>	<b>3.766</b>	-	<b>3.766</b>	<b>3.766</b>	-	<b>3.766</b>
9.1 Equity method associates		-	-	-	-	-	-
9.2 Unconsolidated		3.766	-	3.766	3.766	-	3.766
9.2.1 Financial Investments		-	-	-	-	-	-
9.2.2 Non-financial Investments		3.766	-	3.766	3.766	-	3.766
<b>X. INVESTMENT IN SUBSIDIARIES (Net)</b>	<b>(8)</b>	<b>548.619</b>	-	<b>548.619</b>	<b>343.000</b>	-	<b>343.000</b>
10.1 Unconsolidated financial investments		530.573	-	530.573	324.954	-	324.954
10.2 Unconsolidated non-financial investments		18.046	-	18.046	18.046	-	18.046
<b>XI. ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (Net)</b>	<b>(9)</b>	<b>95.233</b>	-	<b>95.233</b>	<b>95.233</b>	-	<b>95.233</b>
11.1 Equity method entities under common control		-	-	-	-	-	-
11.2 Unconsolidated		95.233	-	95.233	95.233	-	95.233
11.2.1 Financial investments		92.433	-	92.433	92.433	-	92.433
11.2.2 Non-financial Investments		2.800	-	2.800	2.800	-	2.800
<b>XII. LEASE RECEIVABLES (Net)</b>	<b>(10)</b>	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES</b>	<b>(11)</b>	<b>2.297.112</b>	<b>20.001</b>	<b>2.317.113</b>	<b>3.219.905</b>	<b>19.104</b>	<b>3.239.009</b>
13.1 Fair value hedge		1.723.293	20.001	1.743.294	2.292.114	18.069	2.310.183
13.2 Cash flow hedge		573.819	-	573.819	927.791	1.035	928.826
13.3 Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		<b>1.591.037</b>	<b>27</b>	<b>1.591.064</b>	<b>1.576.634</b>	<b>8</b>	<b>1.576.642</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		<b>278.705</b>	-	<b>278.705</b>	<b>263.957</b>	-	<b>263.957</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		278.705	-	278.705	263.957	-	263.957
<b>XVI. INVESTMENT PROPERTIES (Net)</b>		-	-	-	-	-	-
<b>XVII. TAX ASSETS</b>	<b>(12)</b>	-	-	-	<b>78.968</b>	-	<b>78.968</b>
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets		-	-	-	78.968	-	78.968
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>(13)</b>	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	<b>(14)</b>	<b>1.289.313</b>	<b>417.232</b>	<b>1.706.545</b>	<b>976.301</b>	<b>129.885</b>	<b>1.106.186</b>
<b>TOTAL ASSETS</b>		<b>66.462.091</b>	<b>27.526.075</b>	<b>93.988.166</b>	<b>64.364.253</b>	<b>21.363.144</b>	<b>85.727.397</b>

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

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

**FİNANS BANK ANONİM ŞİRKETİ**

**BALANCE SHEET AS OF SEPTEMBER 30, 2016 (STATEMENT OF FINANCIAL POSITION)**

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

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

				Reviewed 30/09/2016	Audited 31/12/2015			
Section 5								
		Part II	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	31.258.359	20.212.668	51.471.027	28.874.448	19.691.389	48.565.837
1.1	Deposits from risk group of the Bank		267.674	86.840	354.514	304.656	220.154	524.810
1.2	Other		30.990.685	20.125.828	51.116.513	28.569.792	19.471.235	48.041.027
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	1.033.920	303.460	1.337.380	1.882.909	273.555	2.156.464
III.	FUNDS BORROWED	(3)	106.260	8.648.651	8.754.911	107.591	5.532.825	5.640.416
IV.	MONEY MARKET BORROWINGS		3.982.239	2.769.819	6.752.058	2.781.534	1.857.920	4.639.454
4.1	Interbank money markets takings		860.197	-	860.197	-	-	-
4.2	Istanbul Stock Exchange money markets takings		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements	(4)	3.122.042	2.769.819	5.891.861	2.781.534	1.857.920	4.639.454
V.	SECURITIES ISSUED (Net)	(5)	1.185.370	2.720.642	3.906.012	535.327	3.800.454	4.335.781
5.1	Bills		1.185.370	8.988	1.194.358	535.327	-	535.327
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	2.711.654	2.711.654	-	3.800.454	3.800.454
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		2.134.620	2.642.893	4.777.513	2.042.291	3.417.799	5.460.090
VIII.	OTHER LIABILITIES	(6)	1.591.042	211.317	1.802.359	987.164	154.881	1.142.045
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(7)	400	744	1.144	838	1.066	1.904
10.1	Financial lease payables		463	804	1.267	981	1.159	2.140
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial lease expenses ( - )		63	60	123	143	93	236
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(8)	337.508	362.847	700.355	60.229	223.215	283.444
11.1	Fair value hedge		24.292	280.243	304.535	-	178.808	178.808
11.2	Cash flow hedge		313.216	82.604	395.820	60.229	44.407	104.636
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
XII.	PROVISIONS	(9)	1.878.008	-	1.878.008	1.759.828	-	1.759.828
12.1	General provisions		1.284.083	-	1.284.083	1.190.403	-	1.190.403
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		249.757	-	249.757	236.751	-	236.751
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		344.168	-	344.168	332.674	-	332.674
XIII.	TAX LIABILITY	(10)	123.377	-	123.377	56.239	-	56.239
13.1	Current tax liability		121.437	-	121.437	56.239	-	56.239
13.2	Deferred tax liability		1.940	-	1.940	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(11)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(12)	-	2.780.244	2.780.244	-	2.662.119	2.662.119
XVI.	SHAREHOLDERS' EQUITY		9.991.490	(287.712)	9.703.778	9.202.073	(178.297)	9.023.776
16.1	Paid-in capital	(13)	3.000.000	-	3.000.000	3.000.000	-	3.000.000
16.2	Capital reserves		120.024	(287.712)	(167.688)	182.006	(178.297)	3.709
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	(15)	277.009	(246.725)	30.284	141.358	(178.297)	(36.939)
16.2.4	Revaluation fund on tangible asset		-	-	-	-	-	-
16.2.5	Revaluation fund on intangible asset		-	-	-	-	-	-
16.2.6	Investment property revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)		2.689	-	2.689	2.689	-	2.689
16.2.8	Hedging funds (effective portion)		(116.458)	(40.987)	(157.445)	81.175	-	81.175
16.2.9	Accumulated valuation differences from assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		(43.930)	-	(43.930)	(43.930)	-	(43.930)
16.3	Profit reserves		6.020.067	-	6.020.067	5.314.295	-	5.314.295
16.3.1	Legal reserves		444.527	-	444.527	409.238	-	409.238
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		5.575.540	-	5.575.540	4.905.057	-	4.905.057
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		851.399	-	851.399	705.772	-	705.772
16.4.1	Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2	Current period income/ (loss)		851.399	-	851.399	705.772	-	705.772
TOTAL LIABILITIES AND EQUITY			53.622.593	40.365.573	93.988.166	48.290.471	37.436.926	85.727.397

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

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

FINANS BANK ANONİM ŞİRKETİ

STATEMENT OF OFF-BALANCE SHEET AS OF SEPTEMBER 30, 2016

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

II. STATEMENT OF OFF-BALANCE COMMITMENTS AND CONTINGENCIES

		Reviewed 30/09/2016	Audited 31/12/2015					
		Section 5. Part III.	TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		90.386.813	77.624.673	168.011.486	101.035.556	99.438.836	200.474.392
I.	GUARANTEES	(1), (2), (3),(4)	6.934.750	5.690.881	12.625.631	6.009.442	4.466.384	10.475.826
1.1.	Letters of guarantee		6.923.238	3.160.748	10.083.986	5.981.355	3.047.590	9.028.945
1.1.1.	Guarantees subject to State Tender Law		316.119	33.164	349.283	294.530	30.894	325.424
1.1.2.	Guarantees given for foreign trade operations		3.415.907	3.127.584	6.543.491	3.171.512	3.016.696	6.188.208
1.1.3.	Other letters of guarantee		3.191.212	-	3.191.212	2.515.313	-	2.515.313
1.2.	Bank loans		6.512	1.348.703	1.355.215	23.085	772.477	795.562
1.2.1.	Import letter of acceptance		6.512	1.348.703	1.355.215	23.085	772.477	795.562
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		5.000	1.181.430	1.186.430	5.002	646.317	651.319
1.3.1.	Documentary letters of credit		5.000	1.064.543	1.069.543	5.002	628.377	633.379
1.3.2.	Other letters of credit		-	116.887	116.887	-	17.940	17.940
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	-	-	-	-	-
1.9.	Other collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(1)	38.874.988	3.695.323	42.570.311	35.030.262	727.276	35.757.538
2.1.	Irrevocable commitments		38.471.295	3.695.323	42.166.618	33.929.719	663.627	34.593.346
2.1.1.	Forward asset purchase commitments		1.234.575	2.922.568	4.157.143	190.701	612.957	803.658
2.1.2.	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		17.773.379	300	17.773.679	14.364.712	291	14.365.003
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		2.647.180	-	2.647.180	2.558.758	-	2.558.758
2.1.8.	Tax and fund liabilities from export commitments		9.533	-	9.533	8.479	-	8.479
2.1.9.	Commitments for credit card expenditure limits		16.296.034	-	16.296.034	16.255.578	-	16.255.578
2.1.10.	Commitments for promotions related with credit cards and banking activities		35.496	-	35.496	34.278	-	34.278
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		475.098	772.455	1.247.553	517.213	50.379	567.592
2.2.	Revocable commitments		403.693	-	403.693	1.100.543	63.649	1.164.192
2.2.1.	Revocable loan granting commitments		403.693	-	403.693	1.100.543	63.649	1.164.192
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)	44.577.075	68.238.469	112.815.544	59.995.852	94.245.176	154.241.028
3.1	Derivative financial instruments for hedging purposes		15.524.352	18.523.216	34.047.568	14.891.873	21.742.737	36.634.610
3.1.1	Fair value hedge		3.916.043	10.787.687	14.703.730	4.300.297	13.464.154	17.764.451
3.1.2	Cash flow hedge		11.608.309	7.735.529	19.343.838	10.591.576	8.278.583	18.870.159
3.1.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2	Held for trading transactions		29.052.723	49.715.253	78.767.976	45.103.979	72.502.439	117.606.418
3.2.1	Forward foreign currency buy/sell transactions		2.867.784	5.452.377	8.320.161	3.972.761	4.554.462	8.527.223
3.2.1.1	Forward foreign currency transactions-buy		1.955.076	2.210.965	4.166.041	2.602.412	1.664.211	4.266.623
3.2.1.2	Forward foreign currency transactions-sell		912.708	3.241.412	4.154.120	1.370.349	2.890.251	4.260.600
3.2.2	Swap transactions related to foreign currency and interest rates		21.182.734	36.710.321	57.893.055	35.943.194	58.224.153	94.167.347
3.2.2.1	Foreign currency swap-buy		9.976.736	12.382.182	22.358.918	15.836.451	25.523.539	41.359.990
3.2.2.2	Foreign currency swap-sell		9.575.998	12.604.505	22.180.503	19.805.147	21.547.586	41.352.733
3.2.2.3	Interest rate swaps-buy		815.000	5.861.817	6.676.817	150.798	5.576.514	5.727.312
3.2.2.4	Interest rate swaps-sell		815.000	5.861.817	6.676.817	150.798	5.576.514	5.727.312
3.2.3	Foreign currency, interest rate and securities options		5.002.205	6.228.996	11.231.201	5.187.330	8.443.962	13.631.292
3.2.3.1	Foreign currency options-buy		2.505.339	3.105.511	5.610.850	2.727.400	4.088.589	6.815.989
3.2.3.2	Foreign currency options-sell		2.496.866	3.123.485	5.620.351	2.459.930	4.355.373	6.815.303
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		-	83.220	83.220	694	32.026	32.720
3.2.4.1	Foreign currency futures-buy		-	41.610	41.610	347	16.013	16.360
3.2.4.2	Foreign currency futures-sell		-	41.610	41.610	347	16.013	16.360
3.2.5	Interest rate futures		-	476.384	476.384	-	535.474	535.474
3.2.5.1	Interest rate futures-buy		-	238.192	238.192	-	267.737	267.737
3.2.5.2	Interest rate futures-sell		-	238.192	238.192	-	267.737	267.737
3.2.6	Other		-	763.955	763.955	-	712.362	712.362
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		493.420.998	77.652.609	571.073.607	456.270.909	82.337.037	538.607.946
IV.	ITEMS HELD IN CUSTODY		7.905.818	1.547.776	9.453.594	7.770.373	1.752.505	9.522.878
4.1.	Assets under management		4.187.479	-	4.187.479	4.494.763	-	4.494.763
4.2.	Investment securities held in custody		404.758	812.270	1.217.028	196.455	815.520	1.011.975
4.3.	Checks received for collection		2.450.645	331.906	2.782.551	2.309.274	323.362	2.632.636
4.4.	Commercial notes received for collection		862.936	154.215	1.017.151	769.881	155.165	925.046
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		-	249.385	249.385	-	458.458	458.458
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGED ITEMS		300.557.656	42.086.721	342.644.377	274.029.387	44.825.851	318.855.238
5.1.	Marketable securities		1.125.375	3.163.202	4.288.577	889.715	3.510.280	4.399.995
5.2.	Guarantee notes		202.953	59.734	262.687	202.830	56.171	259.001
5.3.	Commodity		62.276	-	62.276	62.871	-	62.871
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		76.598.104	22.673.794	99.271.898	68.856.288	23.649.829	92.506.117
5.6.	Other pledged items		222.568.948	16.189.991	238.758.939	204.017.683	17.609.571	221.627.254
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		184.957.524	34.018.112	218.975.636	174.471.149	35.758.681	210.229.830
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			583.807.811	155.277.282	739.085.093	557.306.465	181.775.873	739.082.338

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

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

**FİNANS BANK ANONİM ŞİRKETİ**  
**INCOME STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2016**  
**(STATEMENT OF INCOME/LOSS)**  
*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**III. INCOME STATEMENT**

		<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>
	<b>Section 5</b>	<b>01.01 –</b>	<b>01.01 –</b>	<b>01.07 –</b>	<b>01.07 –</b>
	<b>Part IV.</b>	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>6.426.613</b>	<b>5.543.327</b>	<b>2.230.644</b>	<b>1.966.354</b>
1.1 Interest on loans		5.707.967	4.875.567	1.968.670	1.723.334
1.2 Interest received from reserve deposits		38.663	14.274	13.310	7.207
1.3 Interest received from banks		7.175	1.925	2.370	765
1.4 Interest received from money market placements		45.630	88.952	21.310	46.138
1.5 Interest received from marketable securities portfolio		623.047	559.144	223.635	187.820
1.5.1 Held-for-trading financial assets		2.694	1.305	586	521
1.5.2 Financial assets at fair value through profit and loss		3.625	7.417	998	2.089
1.5.3 Available-for-sale financial assets		354.608	314.518	126.661	106.824
1.5.4 Investments held-to-maturity		262.120	235.904	95.390	78.386
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		4.131	3.465	1.349	1.090
<b>II. INTEREST EXPENSE</b>	<b>(2)</b>	<b>3.134.458</b>	<b>2.706.427</b>	<b>1.042.679</b>	<b>943.140</b>
2.1 Interest on deposits		2.507.501	2.071.385	807.323	728.107
2.2 Interest on funds borrowed		231.410	182.838	87.225	66.677
2.3 Interest on money market borrowings		183.984	158.376	83.436	53.952
2.4 Interest on securities issued		201.408	286.138	64.594	94.238
2.5 Other interest expense		10.155	7.690	101	166
<b>III. NET INTEREST INCOME (I - II)</b>		<b>3.292.155</b>	<b>2.836.900</b>	<b>1.187.965</b>	<b>1.023.214</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>1.001.746</b>	<b>1.003.902</b>	<b>343.060</b>	<b>345.107</b>
4.1 Fees and commissions received		1.243.377	1.191.032	419.596	416.698
4.1.1 Non-cash loans		51.524	43.291	17.890	14.991
4.1.2 Other		1.191.853	1.147.741	401.706	401.707
4.2 Fees and commissions paid		241.631	187.130	76.536	71.591
4.2.1 Non-cash loans		909	689	238	197
4.2.2 Other		240.722	186.441	76.298	71.394
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>26</b>	<b>62.872</b>	<b>22</b>	<b>-</b>
<b>VI. NET TRADING INCOME</b>	<b>(4)</b>	<b>(517.562)</b>	<b>(502.406)</b>	<b>(149.709)</b>	<b>(231.212)</b>
6.1 Securities trading gains/ (losses)		15.188	19.499	2.723	8.261
6.2 Gains / (losses) from financial derivatives transactions		(560.233)	(505.880)	(168.429)	(253.914)
6.3 Foreign exchange gains/ (losses)		27.483	(16.025)	15.997	14.441
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>295.600</b>	<b>211.399</b>	<b>13.894</b>	<b>14.209</b>
<b>VIII. NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>4.071.965</b>	<b>3.612.667</b>	<b>1.395.232</b>	<b>1.151.318</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(6)</b>	<b>921.178</b>	<b>769.258</b>	<b>334.139</b>	<b>239.968</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>2.087.560</b>	<b>2.031.581</b>	<b>676.192</b>	<b>707.692</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1.063.227</b>	<b>811.828</b>	<b>384.901</b>	<b>203.658</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XIII. GAIN / (LOSS) ON EQUITY METHOD</b>		-	-	-	-
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	<b>(8)</b>	<b>1.063.227</b>	<b>811.828</b>	<b>384.901</b>	<b>203.658</b>
<b>XVI. TAX CHARGE FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(211.828)</b>	<b>(138.393)</b>	<b>(86.030)</b>	<b>(34.564)</b>
16.1 Current income tax charge		(68.800)	(147.521)	(51.509)	(36.285)
16.2 Deferred tax charge / benefit		(143.028)	9.128	(34.521)	1.721
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(10)</b>	<b>851.399</b>	<b>673.435</b>	<b>298.871</b>	<b>169.094</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1 Income on assets held for sale		-	-	-	-
18.2 Income on sale of associates, subsidiaries and entities under common control		-	-	-	-
18.3 Income on other discontinued operations		-	-	-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
19.1 Loss from assets held for sale		-	-	-	-
19.2 Loss on sale of associates, subsidiaries and entities under common control		-	-	-	-
19.3 Loss from other discontinued operations		-	-	-	-
<b>XX. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	<b>(8)</b>	-	-	-	-
<b>XXI. TAX CHARGE FOR DISCONTINUED OPERATIONS (±)</b>	<b>(9)</b>	-	-	-	-
21.1 Current income tax charge		-	-	-	-
21.2 Deferred tax charge / benefit		-	-	-	-
<b>XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	<b>(10)</b>	-	-	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	<b>(11)</b>	<b>851.399</b>	<b>673.435</b>	<b>298.871</b>	<b>169.094</b>
Earnings per share		0,02838	0,02245	0,00996	0,00564

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

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

**FİNANS BANK ANONİM ŞİRKETİ**

**STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

**(STATEMENT OF OTHER COMPREHENSIVE INCOME / LOSS)**

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

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

	Reviewed 01.01 - 30.09.2016	Reviewed 01.01 - 30.09.2015
<b>I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>64.758</b>	<b>(529.470)</b>
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	-	-
<b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (Effective Portion of Fair Value Differences)</b>	<b>(298.275)</b>	<b>179.288</b>
<b>VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (Effective Portion of Fair Value Differences)</b>	-	-
<b>VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES</b>	-	-
<b>VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED FOR UNDER EQUITY AS PER TURKISH ACCOUNTING STANDARDS</b>	-	-
<b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>	<b>62.120</b>	<b>39.862</b>
<b>X. TOTAL NET PROFIT/LOSS ACCOUNTED FOR UNDER EQUITY (I+II+...+IX)</b>	<b>(171.397)</b>	<b>(310.320)</b>
<b>XI. PROFIT/LOSS</b>	<b>851.399</b>	<b>673.435</b>
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	147.494	14.824
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	19.522	(39.860)
11.3 Transfer of hedge of net investments in foreign operations recycled to Income Statement	-	-
11.4 Other	684.383	698.471
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)</b>	<b>680.002</b>	<b>363.115</b>

The accompanying notes are an integral part of these financial statement

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

**FINANS BANK ANONİM ŞİRKETİ**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

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

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

Reviewed	Part 5 Section II.13	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity
I. Prior period – 01.01 – 30.09.2015		2.835.000	-	714	-	365.367	-	4.236.500	(48.141)	-	877.428	345.070	-	2.689	(40.479)	-	8.574.148
II. Beginning balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)		2.835.000	-	714	-	365.367	-	4.236.500	(48.141)	-	877.428	345.070	-	2.689	(40.479)	-	8.574.148
IV. Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Increase/decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(453.750)	-	-	-	-	(453.750)
VII. Hedging funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	143.430	-	143.430
6.1. Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	143.430	-	143.430
6.2. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Bonus shares obtained from associates, subsidiaries and entities under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. The effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital increase		165.000	-	-	-	-	-	(165.000)	-	-	-	-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2. Internal sources		165.000	-	-	-	-	-	(165.000)	-	-	-	-	-	-	-	-	-
XVI. Share issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX. Period net income/(loss)		-	-	-	-	-	-	-	-	673.435	-	-	-	-	-	-	673.435
20.1. Profit distribution		-	-	-	-	43.871	-	833.557	-	-	(877.428)	-	-	-	-	-	-
20.2. Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2. Transfers to reserves		-	-	-	-	43.871	-	833.557	-	-	(877.428)	-	-	-	-	-	-
20.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (III+IV+V+...+XVII+XIX+XX)		3.000.000	-	714	-	409.238	-	4.905.057	(48.141)	673.435	-	(108.680)	-	2.689	102.951	-	8.937.263

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

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

**FINANS BANK ANONİM ŞİRKETİ**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

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

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

Reviewed	Part 5 Section II.13	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and Disc. Op.	Total Equity
I. Current period – 01.01 – 30.09.2016		3.000.000	-	714	-	409.238	-	4.905.057	(43.930)	-	705.772	(36.939)	-	2.689	81.175	-	9.023.776
II. Beginning balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	67.223	-	-	-	-	67.223
VI. Hedging funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(238.620)	-	(238.620)
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(238.620)	-	(238.620)
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and entities under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period net income/(loss)		-	-	-	-	-	-	-	-	851.399	-	-	-	-	-	-	851.399
XVIII. Profit distribution		-	-	-	-	35.289	-	670.483	-	-	(705.772)	-	-	-	-	-	-
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	35.289	-	670.483	-	-	(705.772)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		3.000.000	-	714	-	444.527	-	5.575.540	(43.930)	851.399	-	30.284	-	2.689	(157.445)	-	9.703.778

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



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

**FINANS BANK ANONİM ŞİRKETİ**

**STATEMENT OF CASH FLOWS**

**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

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

**VI. STATEMENT OF CASH FLOWS**

	<b>Part 5 Section V</b>	<b>Reviewed 01.01 – 30.09.2016</b>	<b>Reviewed 01.01 – 30.09.2015</b>
<b>A. CASH FLOWS FROM / (TO) BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities (+)</b>		<b>780.659</b>	<b>2.269.549</b>
1.1.1 Interest received (+)		6.227.332	4.873.244
1.1.2 Interest paid (-)		(2.997.291)	(2.540.549)
1.1.3 Dividend received (+)		26	62.872
1.1.4 Fees and commissions received (+)		1.235.951	1.178.710
1.1.5 Other income (+)		266.252	67.207
1.1.6 Collections from previously written off loans (+)		578.975	466.057
1.1.7 Payments to personnel and service suppliers (-)		(1.493.601)	(1.368.683)
1.1.8 Taxes paid (-)		(40.931)	(427.873)
1.1.9 Others (+/-)		(2.996.054)	(41.436)
<b>1.2 Changes in operating assets and liabilities</b>		<b>2.411.697</b>	<b>321.517</b>
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(11.553)	(8.252)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		232.202	(60.224)
1.2.3 Net (increase) decrease in due from banks (+/-)		(2.346.381)	(2.075.421)
1.2.4 Net (increase) decrease in loans (+/-)		(3.999.409)	(5.694.118)
1.2.5 Net (increase) decrease in other assets (+/-)		(256.009)	(202.062)
1.2.6 Net increase (decrease) in bank deposits (+/-)		863.608	(121.820)
1.2.7 Net increase (decrease) in other deposits (+/-)		2.751.879	4.414.077
1.2.8 Net increase (decrease) in funds borrowed (+/-)		3.504.706	738.609
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		1.672.654	3.330.728
<b>I. Net cash provided from / (used in) banking operations (+/-)</b>		<b>3.192.356</b>	<b>2.591.066</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from / (used in) investing activities (+/-)</b>		<b>(1.995.734)</b>	<b>(432.360)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		(128.157)	(10.000)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		-	-
2.3 Fixed assets purchases (-)		(83.016)	(132.424)
2.4 Fixed assets sales (+)		255	185.810
2.5 Cash paid for purchase of financial assets available for sale (-)		(2.081.084)	(2.567.282)
2.6 Cash obtained from sale of financial assets available for sale (+)		1.060.789	1.914.362
2.7 Cash paid for purchase of investment securities (-)		(670.207)	(246.398)
2.8 Cash obtained from sale of investment securities (+)		-	512.035
2.9 Others (+/-)		(94.314)	(88.463)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from / (used in) financing activities (+/-)</b>		<b>(753.631)</b>	<b>(1.450.073)</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		1.118.305	2.306.472
3.2 Cash used for repayment of funds borrowed and securities issued (-)		(1.871.112)	(3.756.005)
3.3 Capital increase (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for finance leases (-)		(824)	(540)
3.6 Other (+/-)		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)</b>		<b>41.912</b>	<b>319.687</b>
<b>V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>484.903</b>	<b>1.028.320</b>
<b>VI. Cash and cash equivalents at beginning of the period (+)</b>		<b>3.641.584</b>	<b>2.867.988</b>
<b>VII. Cash and cash equivalents at end of the period (V+VI)</b>		<b>4.126.487</b>	<b>3.896.308</b>

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

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

**FİNANS BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016**  
*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**SECTION THREE**

**ACCOUNTING POLICIES**

**I. Basis of Presentation**

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

The Turkish Banking Law No: 5411 is published in the Official Gazette No: 25983 dated November 1, 2005. The Bank prepared the accompanying unconsolidated financial statements and the related disclosures and footnotes, in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated November 1, 2006 which is published in the Official Gazette No: 26333, which refers to "Turkish Accounting Standards" ("TAS"), put into effect by Public Oversight Accounting and Auditing Standards Authority ("KGK"), and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency ("BRSA"). The format and detail of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué.

Financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified. The amounts expressed in foreign currency is indicated by the full amount.

**Explanation for Convenience Translation to English**

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

**2. Classifications**

None.

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

Accounting policies and valuation principles used in the preparation of the financial statements are determined and applied, in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, the requirements of TAS and are consistent with the accounting policies applied in the annual financial statements of the year ended December 31, 2015. The amendments of TAS and TFRS, effective as of January 1, 2016, have no material impact on the Bank's accounting policies, financial position and performance. The aforementioned accounting policies and valuation principles are explained in Notes II to XXV below.

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

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

The amendments of TAS and TFRS, except TFRS 9 Financial Instruments (2011 version) which have been published as of reporting date but have not been effective yet, have no impact on the accounting policies, financial condition and performance of the Bank. TFRS 9 Financial Instruments standard will mainly effect Bank's classification and valuation of financial assets. Its impact has not yet been detected since it will change based on financial asset management model used and financial assets held as of transition date, The Bank is still assessing the impact of TFRS 9 Financial Instruments standard.

**II. Strategy for the Use of Financial Instruments and the Foreign Currency Transactions**

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

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

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

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

The strategies for hedging exchange rate risk resulting from the Bank's foreign currency available-for-sale debt securities are explained in foreign currency risk section and the applications regarding the cash flow hedging of interest rate cash flow risk resulting from deposits are explained in the Interest Rate Risk section in detail.

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

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**2. Foreign currency transactions**

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

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses arising from transactions that are completed as of September 30, 2016 are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TL by using foreign currency exchange rates of the Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency nonmonetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement. The Bank’s foreign currency exchange rates for the related period ends are as follows:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
US Dollar	TL 2,9959	TL 2,9076
Euro	TL 3,3608	TL 3,1776

**2.2. Net profit or loss is included in the total foreign exchange differences for the period**

As of September 30, 2016, the net gain on exchange included in net profit is TL 27.483 (September 30, 2015 – TL 16.025 net loss on exchange).

**III. Information on Associates and Subsidiaries and Entities Under Common Control**

Associates and Entities Under Common Control are recognized in the framework of TAS39 “Financial Instruments: Turkish Accounting Standards related to Recognition and Measurement” in accordance with TAS27 “Individual Financial Statements” and TAS28 “Investments in Subsidiaries and Associates” standards while subsidiaries are recognized based on cost principle.

**IV. Explanations on forwards, option contracts and derivative instruments**

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

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

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

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

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

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

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

Upon valuation of derivative instruments that are not subject to hedge accounting, differences in fair value, except for currency revaluation differences, are recorded in the income statement on Gains/Losses from Derivative transactions. These foreign currency valuation differences are accounted for under "Foreign Exchange Gains/Losses" account.

**In cash flow hedge accounting:**

The Bank applies cash flow hedge accounting using interest swap transactions to hedge its TL and FC customer deposits with an average maturity of 1 month against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Hedging Funds", whereas the amount concerning ineffective parts is associated with income statement.

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

**In fair value hedge accounting:**

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

The Bank applies fair value hedge accounting using FX swap transactions to hedge long term, fixed rate, foreign currency Eurobonds in available for sale financial assets portfolio against interest rate fluctuations.

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the long term government bonds with fixed coupon in available for sale financial assets portfolio using swap transactions as hedging instruments. The Bank performs hedge effectiveness tests at each balance sheet date.

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

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

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

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked, adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges. In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

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**V. Explanations on Interest Income and Expenses**

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

**VI. Explanations on Fees and Commission Income and Expenses**

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

**VII. Explanations and Disclosures on Financial Assets**

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

**1. Financial assets at fair value through profit or loss**

**1.1. Trading securities**

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

**1.2. Financial assets at fair value through profit or loss**

The Bank has classified its mortgage loans that were initiated between January 1, 2006 – December 31, 2007, as financial assets at fair value through profit or loss in compliance with TAS 39. These loans are presented under “Financial Assets at Fair Value through Profit or Loss” as loan and fair value differences are presented as “Securities Trading Gains (Losses)” in order to be in compliance with the balance sheet presentation.

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

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

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**2. Investment securities available for sale**

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

Premiums and discounts on investment securities available-for-sale are considered during the computation of the internal rate of return and are included in interest income in the income statement. Accrued interest income on investment securities available for sale is recognized in the income statement whereas gains and losses arising from the change in the fair values of such securities are reflected in equity under "Securities value increase fund" (Unrealized Gains/Losses on Securities). When investment securities available for sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity are transferred to the income statement. The Bank has inflation indexed (CPI) government bonds in its available for sale and held-to-maturity portfolios. CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate as disclosed by the Turkish Treasury. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

Some portion of the Eurobond portfolio which has been recognized as available for sale securities are designated as fair value hedged items, hedged against interest rate fluctuations, starting from March and April 2009, and some portion of the TL government bonds are designated as fair value hedged items, hedged against interest rate fluctuations, starting from July 2011. Those securities are disclosed under Investment Securities Available for Sale in order to be in line with balance sheet presentation. The fair value differences of Eurobond and TL government bond hedged items are accounted for under "Securities Trading Gains/ Losses" in the income statement.

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

**3. Investment securities held to maturity**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to held-to-maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available-for-sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from held-to-maturity financial assets is accounted in income statement.

There are no financial assets previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the contradiction of classification principles.

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**4. Loans and specific provisions**

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

The Bank as explained in part IV, “Explanations on Forwards, Option Contracts and Derivative Instruments”, enters into fx swap transactions against TL in order to hedge the possible losses which might arise due to the changes in the fair value of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. The Bank accounts for the hedged loan portfolio at fair value related to hedged risk, the swap transactions used as the hedging instrument at fair value and reflects the related net gain or loss to respective period’s income statement.

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

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

In the case where there is an evidence for the possibility of uncollectibility of loans, the Bank classifies related loans and receivables in non-performing loans and provides specific provision in accordance with the Communiqué dated November 1, 2006, published on the Official Gazette No: 26333 “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables”. The Bank provides specific provision for the loans under follow-up regarding credit risk and other factors, in accordance with the aforementioned regulation. Additionally, the Bank provides general provisions in accordance with the Communiqué dated November 1, 2006, published on the Official Gazette No: 28789 “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” and accounts such provision at the liability side of the balance sheet under general loan loss provision.

The Bank also provides provision for the closely monitored loans as a result of risk assessment. These provisions are accounted for at the liability side of the balance sheet under general provisions.

The general, specific and other provisions reserved for closely monitored loans are accounted for under “Provision for Loan Losses and Other Receivables” in the income statement.

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

**VIII. Explanations on Impairment of Financial Assets**

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

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

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

An explanation about the impairment of loans and receivables is given in Note VII-4 of Section Three.



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**IX. Explanations on Netting of Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts, and the intention of collecting or paying the net amount of related assets and liabilities or to realize the asset and settle the liability simultaneously.

**X. Explanations on Sales and Repurchase Agreements and Lending of Securities**

Securities sold under repurchase agreements are recorded on the balance in accordance with Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as “Investments Subject to Repurchase Agreements” and valued based on the Bank management’s future intentions, either at market prices or using discounting method with internal rate of return.

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

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TL 6.517.714 (December 31, 2015– TL 5.089.003).

As of September 30, 2016 the Bank has no securities that are subject to lending transactions (December 31, 2015 – none).

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

**XI. Explanations on Assets Held for Sale and Discontinued Operations**

In accordance with IFRS 5 (“Assets Held for Sale and Discontinued Operations”), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortization on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the entity’s control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale

A discontinued operation is a part of the Bank’s business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank has no discontinuing operations.

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

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**XII. Explanations on Goodwill and Other Intangible Assets**

The Bank's intangible assets consist of softwares and intangible rights.

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

Softwares have been classified as other intangible fixed assets. The useful life of softwares is determined as 3-5 years.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard on Impairment of Assets (TAS 36) and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made. There is no goodwill regarding the associates, entities under common controls and subsidiaries in the accompanying unconsolidated financial statements.

**XIII. Explanations on Tangible Assets**

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

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

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

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

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

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

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

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

There are no changes in the accounting estimates in regards to amortization duration that could have a significant impact on the current and future financial statements. There are no pledges, mortgages or other restrictions on the tangible assets.

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**XIV. Explanations on Leasing Transactions**

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

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

The Bank has no leasing transactions as lessor.

**XV. Explanations on Provisions and Contingent Liabilities**

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

**XVI. Explanations on Obligations of the Bank Concerning Employee Benefits**

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

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

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to IAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income.

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

Provision for the employees’ unused vacations has been booked in accordance with IAS 19 and reflected to the financial statements.

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

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**XVII. Explanations on Taxation**

**1. Corporate Tax**

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

75% of gains on disposal of subsidiary shares and profits from real estate sales held in Bank assets for more than two years are expected from tax according to Corporate Tax Law in condition with adding these gains into equity or allocating into a specific fund account in Bank's liabilities for five years.

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

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

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

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

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

**2. Deferred Taxes**

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

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

Deferred tax effect in regards to transactions directly accounted for in equity, is also reflected to equity.

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**3. Transfer Pricing**

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communiqué on Disguised Profit Distribution by way of Transfer Pricing” published on November 18, 2007 explains the application related issues in detail. According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communiqué’s 7.1 Annual Documentation section, taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

**XVIII. Explanations on Additional Explanations on Borrowings**

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

**XIX. Explanations on Share Issues**

During current period, there has been no change in the Bank’s paid in capital. (1 January -31 December 2015 the Bank’s paid in capital has been increased by TL 165.000, TL 141.750 paid from first dividend with bonus shares and TL 23.250 paid from subsidiary and real estate sales fund.)

**XX. Explanations on Confirmed Bills of Exchange and Acceptances**

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any.  
There are no acceptances and confirmed bills of exchange presented as liabilities against any assets.

**XXI. Explanations on Government Incentives**

As of September 30, 2016, the Bank does not have any government incentives or grants. (As of December 31, 2015 – None.)

**XXII. Explanations on Segment Reporting**

In addition to corporate banking, retail banking and commercial banking services, the Bank also provides private banking, SME banking, treasury operations and credit card services through branches and alternative channels. The Bank serves its retail banking clients with time and demand deposits, also overdraft services, automatic account services, consumer loans, vehicle loans, housing loans and investment fund services. The Bank provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. The Bank also serves in trading financial instruments and treasury operations.

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

The Corporate Marketing Unit provides services to firms that are institutional, big size, that have annual revenues of TL 300.000 and higher and multi-national firms operating in Turkey. The firms that have annual revenues between TL 40.000 and TL 300.000 are considered as "Commercial Enterprise". The Bank gives importance to the commercial segmentation in order to hedge risk and decrease the concentration of income. Moreover; The Bank also offers sectoral solution packages to these small and medium-size firms.

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

<b>Current Period (January 1 – September 30, 2016)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Bank</b>
Net Interest Income	1.198.515	1.106.132	987.508	3.292.155
Net Fees and Commissions Income	708.342	308.961	(15.557)	1.001.746
Other Operating Income and Net Trading Income	90.985	17.755	(330.702)	(221.962)
Dividend Income	-	-	26	26
<b>Operating Income</b>	<b>1.997.842</b>	<b>1.432.848</b>	<b>641.275</b>	<b>4.071.965</b>
Other Operating Expenses	1.194.202	713.820	179.538	2.087.560
Provision for Loan Losses and Other Receivables	539.891	380.260	1.027	921.178
<b>Profit Before Taxes</b>	<b>263.749</b>	<b>338.768</b>	<b>460.710</b>	<b>1.063.227</b>
<b>Provision for Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(211.828)</b>
<b>Net Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>851.399</b>
<b>Total Assets</b>	<b>23.832.736</b>	<b>37.590.908</b>	<b>27.277.057</b>	<b>93.988.166</b>
Segment Assets	23.832.736	37.590.908	27.277.057	88.700.701
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	647.618
Undistributed Assets	-	-	-	4.639.847
<b>Total Liabilities</b>	<b>32.555.869</b>	<b>16.505.616</b>	<b>26.640.502</b>	<b>93.988.166</b>
Segment Liabilities	32.555.869	16.505.616	26.640.502	75.701.987
Undistributed Liabilities	-	-	-	8.582.401
Equity	-	-	-	9.703.778
<b>Other Segment Accounts</b>	<b>253.619</b>	<b>151.598</b>	<b>43.481</b>	<b>448.698</b>
Capital Expenditures	145.562	87.008	27.187	259.757
Depreciation and Amortization	108.057	64.590	16.294	188.941
Value Decrease/ (Increase)	-	-	-	-

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<b>Prior Period (January 1 – September 30, 2015)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Bank</b>
Net Interest Income	1.170.431	885.844	780.625	2.836.900
Net Fees and Commissions Income	748.213	272.739	(17.050)	1.003.902
Other Operating Income and Net Trading Income	27.564	25.041	(343.612)	(291.007)
Dividend Income	-	-	62.872	62.872
<b>Operating Income</b>	<b>1.946.208</b>	<b>1.183.624</b>	<b>482.835</b>	<b>3.612.667</b>
Other Operating Expenses	1.237.170	604.847	189.564	2.031.581
Provision for Loan Losses and Other Receivables(-)	499.152	341.884	(71.778)	769.258
<b>Profit Before Taxes</b>	<b>209.886</b>	<b>236.893</b>	<b>365.049</b>	<b>811.828</b>
<b>Provision for Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(138.393)</b>
<b>Net Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>673.435</b>
<b>Other Segment Accounts</b>	<b>154.315</b>	<b>75.444</b>	<b>98.093</b>	<b>327.852</b>
Capital Expenditures	52.006	25.426	81.831	159.263
Depreciation and Amortization	102.309	50.018	16.262	168.589
Value Decrease/ (Increase)	-	-	-	-

  

<b>Prior Period (December 31, 2015)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Bank</b>
<b>Total Assets</b>	<b>23.227.392</b>	<b>34.045.592</b>	<b>24.030.762</b>	<b>85.727.397</b>
Segment Assets	23.227.392	34.045.592	24.030.762	81.303.746
Associates and Subsidiaries and Entities	-	-	-	441.999
Undistributed Assets	-	-	-	3.981.652
<b>Total Liabilities</b>	<b>30.557.060</b>	<b>16.451.447</b>	<b>21.275.008</b>	<b>85.727.397</b>
Segment Liabilities	30.557.060	16.451.447	21.275.008	68.283.515
Undistributed Liabilities	-	-	-	8.420.106
Equity	-	-	-	9.023.776

**XXIII. Explanations on Profit Reserves and Profit Distribution**

The Ordinary General Assembly Meeting of the Bank was held on 24 March 2016. In the Ordinary General Assembly, it was decided to net income from 2015 operations to the Bank's shareholders.

**Statement of Profit Distribution, 2015**

<b>Profit for the Period</b>	<b>705.772</b>
A – First Legal Reserves (Turkish Commercial Code 519/A) 5%	(35.289)
B – First Profit share to be distributed (*)	(150.000)
C – Real Estate sale income fund (KVK 5-1/e)	(145.684)
D – Extraordinary Reserves	(374.799)

(\*) It has been decided for TL 150.000 reserved as the First Profit shares to be distributed to be added to Shareholder's Equity.

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**XXIV. Earnings Per Share**

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

	<b>Current Period</b>	<b>Prior Period</b>
Net Profit for the Period	851.399	673.435
Weighted Average Amount of Shares Issued (Thousands)	30.000.000	30.000.000
<b>Earnings Per Share</b>	<b>0,02838</b>	<b>0,02245</b>

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

There is no bonus shared in 2016. (Amount of issued bonus shared in 2015 is 1.650.000)

**XXV. Explanations on Other Matters**

None.



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**SECTION FOUR**

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK**

**I. EXPLANATIONS ON EQUITY:**

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

As of September 30, 2016 Bank’s total capital has been calculated as TL 10.988.939, Capital adequacy ratio is % 14,46. As of December 31, 2015, Bank’s total capital amounted to TL 11.193.253, Capital adequacy ratio was % 15,40 calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation

	Current Period September 30, 2016	1/1/2014 Amounts related to previous application(*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.000.000	
Share issue premiums	714	
Reserves	6.020.067	
Gains recognized in equity as per TAS	289.587	
Profit	851.399	
Current Period Profit	851.399	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	2.689	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>10.164.456</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	303.233	
Improvement costs for operating leasing	79.866	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	150.250	250.416
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>533.349</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>9.631.107</b>	

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	Current Period September 30, 2016	1/1/2014 Amounts related to previous application(*)
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	100.167	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>		
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>9.530.940</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and premiums deemed suitable by the BRSA	-	
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	693.264	
Provisions (Article 8 of the Regulation on the Equity of Banks)	844.529	
<b>Tier II Capital Before Deductions</b>	<b>1.537.793</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>1.537.793</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>11.068.733</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	15.533	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	16.765	
Other items to be defined by the BRSA (-)	47.496	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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	<b>Current Period September 30, 2016</b>	<b>1/1/2014 Amounts related to previous application (*)</b>
<b>TOTAL CAPITAL</b>		
Total Capital	10.988.939	
Total risk weighted amounts	76.013.391	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	12,67%	
Tier 1 Capital Adequacy Ratio	12,54%	
Capital Adequacy Ratio	14,46%	
<b>BUFFERS</b>		
Bank specific total common equity tier 1 capital ratio	5,13%	
Capital conservation buffer requirement	0,63%	
Bank specific counter-cyclical buffer requirement	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,67%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	92.433	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.284.083	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	844.529	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	693.264	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	2.033.005	

Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of “Regulations regarding to changes on Regulation on Equity of Banks” and taken into consideration at the end of transition process.

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	<b>Prior Period December 31, 2015<sup>(*)</sup></b>
<b>COMMON EQUITY</b>	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.000.000
Share premium	714
Share cancellation profits	-
Reserves	5.314.295
Gains recognized in equity as per TAS	207.320
Profit	705.772
Current Period Profit	705.772
Prior Period Profit	-
Provisions for Possible Risks	100.000
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	2.689
<b>Common Equity Before Deductions</b>	<b>9.330.790</b>
<b>Deductions from Common Equity</b>	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	288.189
Improvement costs for operating leasing (-)	88.288
Goodwill or other intangible assets and deferred tax liability related to these items (-)	94.243
Net deferred tax asset/liability (-)	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law (-)	-
Direct and indirect investments of the Bank in its own Common Equity (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity (-)	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity (-)	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital (-)	-
Excess amount arising from mortgage servicing rights (-)	-
Excess amount arising from deferred tax assets based on temporary differences (-)	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
<b>Total Deductions From Common Equity</b>	<b>470.720</b>
<b>Total Common Equity</b>	<b>8.860.070</b>
<b>ADDITIONAL TIER I CAPITAL</b>	
Capital amount and related premiums corresponding to preference shares that are not included in common equity	-
Debt instruments and premiums deemed suitable by BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2014)	-
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>
<b>Deductions from Additional Tier I Capital</b>	
Direct and indirect investments of the Bank in its own Additional Tier I Capital (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>

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

	<b>December 31, 2015<sup>(*)</sup></b>
<b>DEDUCTIONS FROM TIER I CAPITAL</b>	<b>141.365</b>
Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1st clause of Provisional Article 2 of the Regulation on the Equity of Banks (-)	141.365
Portion of net deferred tax assets/liabilities which is not deducted from the common equity pursuant to Paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
<b>Total Tier I Capital</b>	<b>8.718.705</b>
<b>TIER II CAPITAL</b>	
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014)	1.736.305
Sources pledged to the Bank by shareholders to be used in capital increases of the Bank	-
General Loan Loss Provisions	805.676
<b>Tier II Capital Before Deductions</b>	<b>2.541.981</b>
Direct and indirect investments of the Bank in its own Tier II Capital (-)	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Other items to be defined by the BRSA (-)	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>2.541.981</b>
<b>CAPITAL BEFORE DEDUCTIONS</b>	<b>11.260.686</b>
<b>Deductions from Capital</b>	
Loans granted contrary to the 50th and 51th Article of the Law (-)	15.456
Net book value of amounts exceeding the limit mentioned in the 1st Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date(-)	13.246
Loans granted to banks and financial institutions, including those established abroad, and to eligible shareholders of the Bank and investments made in the borrowing instruments issued by them (-)	-
Amounts to be deducted from equity as per the 2nd Clause of Article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-
Other items to be defined by the BRSA (-)	38.731
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
<b>TOTAL CAPITAL</b>	<b>11.193.253</b>
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	<b>171.401</b>
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-
Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	92.433
Amounts arising from mortgage servicing rights	-
Amounts arising from deferred tax assets based on temporary differences	78.968
	<b>December 31, 2015<sup>(*)</sup></b>
Capital Requirements for Credit Risk ( Related of Credit Risk Amount 0,08) (KRSY)	5.156.328
Capital Requirement for Market Risk (PRSY)	85.370
Capital Requirement for Operations Risk (ORSY)	572.223
Equity	11.193.253
Equity/(KRSY +PRSY+ORSY)*12,5*100	15,40%
Capital /((KRSY+PRSY+ORSY) *12,5*100)	12,00%
Common Equity /((KRSY+PRSY+ORSY) *12,5*100)	12,19%

<sup>(\*)</sup> Total capital has been calculated in accordance with the “Regulations regarding to changes on Regulation on Equity of Banks” effective from date March 31 2016, the information given in the prior period column has been calculated pursuant to former regulation.

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

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

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Issuer (*)	QATAR NATIONAL BANK S.A.Q.	QATAR NATIONAL BANK S.A.Q.	QATAR NATIONAL BANK S.A.Q.	QATAR NATIONAL BANK S.A.Q.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	Yes	Yes	Yes	Yes
Eligible at stand-alone / consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	347	213	133	-
Par value of instrument (Currency in million)	974	599	374	779
Accounting classification	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost
Original date of issuance	April 24, 2008	October 6, 2009	December 28, 2009	December 20, 2011
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	12 years	12 years	12 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends	6 months	6 months	6 months	6 months
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	LIBOR + 4,50%	LIBOR + 4,34%	LIBOR + 4,34%	LIBOR + 4,50%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-

<sup>(\*)</sup> The aforementioned subordinated loans has been used from NBG, former shareholder of the Bank, and has been transferred to QNB as of June 15, 2016 in accordance with the share sales agreement signed between NBG and QNB on December 21, 2015.

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

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**II. EXPLANATIONS ON RISK MANAGEMENT :**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of September 30, 2016. According to Communiqué have to be presented on six-month basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

**GB1 - Overview of Risk Weighted Assets**

	Risk Weighted Amount		Minimum Capital Requirement
	30/09/2016	31/12/2015	Current Period
1. Credit Risk (excluding counterparty Credit Risk (CCR))	66.270.258	64.454.098	5.301.621
2. Standardized approach (SA)	66.270.258	64.454.098	5.301.621
3. Internal rating-based (IRB) approach	-	-	-
4. Counterparty credit risk	1.292.066	637.294	103.365
5. Standardized approach for counterparty credit Risk (SA-CCR)	1.292.066	637.294	103.365
6. Internal model method (IMM)	-	-	-
7. Basic risk weight approach to internal models equity position in the banking account	-	-	-
8. Investments made in collective investment companies – look-through approach	-	-	-
9. Investments made in collective investment companies – mandate-based approach	-	-	-
10. Investments made in collective investment companies - %1250 weighted risk approach	-	-	-
11. Settlement risk	-	-	-
12. Securitization positions in banking accounts	-	-	-
13. IRB ratings-based approach (RBA)	-	-	-
14. IRB Supervisory Formula Approach (SFA)	-	-	-
15. SA/simplified supervisory formula approach (SSFA)	-	-	-
16. Market risk	798.450	1.067.125	63.876
17. Standardized approach (SA)	798.450	1.067.125	63.876
18. Internal model approaches (IMM)	-	-	-
19. Operational Risk	7.652.617	7.152.784	612.209
20. Basic Indicator Approach	7.652.617	7.152.784	612.209
21. Standard Approach	-	-	-
22. Advanced measurement approach	-	-	-
23. The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24. Floor adjustment	-	-	-
<b>TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>76.013.391</b>	<b>73.311.301</b>	<b>6.081.071</b>



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

**III. Explanations on Foreign Currency Exchange Rate Risk**

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

The difference between the Bank's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure.

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

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

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

The Bank hedges foreign currency borrowings with derivative instruments. The Bank does not hedge net foreign currency investments with derivative instruments. (Details explaining Section Five Part three)

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

US Dollar purchase rate at the date of the balance sheet	2,9959 TL
Euro purchase rate at the date of the balance sheet	3,3608TL

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
September 30, 2016	2,9959	3,3608
September 29, 2016	2,9764	3,3362
September 28, 2016	2,9709	3,3401
September 27, 2016	2,9846	3,3546
September 26, 2016	2,9474	3,3044

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

The arithmetical average of the Bank's US Dollar and Euro purchase rates for September 2016 are TL 2,9601 and TL 3,3165 respectively.

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**FINANS BANK ANONİM ŞİRKETİ**

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

**5. Information on the foreign currency exchange rate risk of the bank**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank <sup>(1)</sup>	2.147.249	7.288.101	1.519.803	10.955.153
Due From Banks	103.350	319.974	12.051	435.375
Financial Assets at Fair Value through Profit/Loss <sup>(2)</sup>	94.460	184.401	3.446	282.307
Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	321.317	2.275.772	-	2.597.089
Loans and Receivables <sup>(3)</sup>	7.225.582	7.578.059	16.205	14.819.846
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Investment Securities Held-to-Maturity	14.622	1.569.960	-	1.584.582
Derivative Financial Assets Hedging Purposes	2.412	17.589	-	20.001
Tangible Assets	-	-	27	27
Intangible Assets	-	-	-	-
Other Assets <sup>(4)</sup>	304.964	108.989	20	413.973
<b>Total Assets</b>	<b>10.213.956</b>	<b>19.342.845</b>	<b>1.551.552</b>	<b>31.108.353</b>
<b>Liabilities</b>				
Bank Deposits	490.267	1.340.349	71.410	1.902.026
Foreign Currency Deposits <sup>(5)</sup>	4.443.307	13.116.085	751.250	18.310.642
Money Market Borrowings	162.073	2.607.746	-	2.769.819
Funds Provided from Other Financial Institutions	2.245.228	8.112.408	1.071.259	11.428.895
Securities Issues <sup>(6)</sup>	-	2.720.642	-	2.720.642
Sundry Creditors	1.445.980	1.195.350	1.563	2.642.893
Derivative Fin. Liabilities for Hedging Purposes	67.193	295.654	-	362.847
Other Liabilities <sup>(7)</sup>	123.954	372.844	502	497.300
<b>Total Liabilities</b>	<b>8.978.002</b>	<b>29.761.078</b>	<b>1.895.984</b>	<b>40.635.064</b>
<b>Net Balance Sheet Position</b>	<b>1.235.954</b>	<b>(10.418.233)</b>	<b>(344.432)</b>	<b>(9.526.711)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(1.297.774)</b>	<b>8.983.607</b>	<b>346.484</b>	<b>8.032.317</b>
Financial Derivative Assets	4.438.315	32.064.249	639.696	37.142.260
Financial Derivative Liabilities	5.736.089	23.080.642	293.212	29.109.943
Non-Cash Loans <sup>(8)</sup>	1.875.440	3.745.847	69.594	5.690.881
<b>Prior Period</b>				
Total Assets	8.172.969	14.878.654	1.733.311	24.784.934
Total Liabilities	11.088.271	25.360.692	1.127.387	37.576.350
<b>Net Balance Sheet Position</b>	<b>(2.915.302)</b>	<b>(10.482.038)</b>	<b>605.924</b>	<b>(12.791.416)</b>
<b>Net Off-Balance Sheet Position</b>	<b>2.672.374</b>	<b>10.488.686</b>	<b>(602.659)</b>	<b>12.558.401</b>
Financial Derivative Assets	7.810.606	45.187.218	354.262	53.352.086
Financial Derivative Liabilities	5.138.232	34.698.532	956.921	40.793.685
Non-Cash Loans <sup>(7)</sup>	1.304.766	2.171.515	990.103	4.466.384

(1) Cash and Balances with TR Central Bank; Other FC include TL 1.501.311 (December 31, 2015 – TL 1.694.042) precious metal deposit account.

(2) Does not include TL 20.008 (December 31, 2015 – TL 9.501) of currency income accruals arising from derivative transactions.

(3) Includes 3.605.545 (December 31, 2015 – TL 3.435.405) FC indexed loans.

(4) Does not include FC prepaid expenses amounting to TL 3.259 (December 31, 2015 – TL 4.114) as per BRSA's Communique published in Official Gazette no 26085 on 19 February 2006.

(5) Other foreign currency includes TL 487.312 (December 31, 2015 – TL 430.694) of precious metal deposit account.

(6) Debt instrument at an amount of USD 380 million included in securities issued has been mentioned in fair value hedge accounting.

(7) Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TL 18.221 (December 31, 2015 – TL 38.873)

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

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

As of September 30, 2016, the net foreign currency exposure of the Bank is TL 1.494.394 short position (December 31, 2015–TL 233.015 short) resulting from on balance sheet short position amounting to TL 9.526.711 (December 31, 2015 –TL 12.791.416 short) and off balance sheet long position amounting to TL 8.032.317 (December 31, 2015 – TL 12.558.401 long). As it is stated in note numbered III.5.1.d in Section Five, net foreign currency open position of the Bank is TL 355.952 following the fair value hedge accounting since the debt instrument at amount of USD 380 million (TL 1.138.442) included in issued securities recorded as foreign currency in balance sheet in order to ensure currency hedging of immovable which has recorded in TL in accordance with TAS but whose fair value forms in foreign currency in market.

**IV. Explanations on Interest Rate Risk**

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

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

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

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

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

(Based on repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing <sup>(*)</sup>	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	7.861.424	-	-	-	-	4.840.193	12.701.617
Due from Banks	217.109	-	-	-	-	220.717	437.826
Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>	498	924	7.764	16.041	42.729	3.844.330	3.912.286
Money Market Placements	-	-	-	-	-	-	-
Inv. Securities Available for Sale	837.686	1.047.771	1.660.722	620.638	2.272.246	131.271	6.570.334
Loans and Receivables	13.184.933	8.290.463	20.128.716	15.439.230	2.547.890	1.803.886	61.395.118
Inv. Securities Held to Maturity	607.379	916.245	1.389.775	924.197	806.162	103.295	4.747.053
Other Assets	-	-	-	-	-	4.223.932	4.223.932
<b>Total Assets</b>	<b>22.709.029</b>	<b>10.255.403</b>	<b>23.186.977</b>	<b>17.000.106</b>	<b>5.669.027</b>	<b>15.167.624</b>	<b>93.988.166</b>
<b>Liabilities</b>							
Bank Deposits	1.743.455	592.618	28.491	-	-	44.290	2.408.854
Other Deposits	26.831.309	11.941.909	2.028.767	53.365	-	8.206.823	49.062.173
Money Market Borrowings	5.721.397	602.194	399.221	-	23.704	5.542	6.752.058
Sundry Creditors	2.642.893	-	-	-	-	2.134.620	4.777.513
Securities Issued	468.536	643.461	186.680	2.529.324	-	78.011	3.906.012
Funds Borrowed	2.458.025	6.432.103	2.523.245	24.073	-	97.709	11.535.155
Other Liabilities <sup>(***)</sup>	100	164	591	289	-	15.545.257	15.546.401
<b>Total Liabilities</b>	<b>39.865.715</b>	<b>20.212.449</b>	<b>5.166.995</b>	<b>2.607.051</b>	<b>23.704</b>	<b>26.112.252</b>	<b>93.988.166</b>
On Balance Sheet Long Position	-	-	18.019.982	14.393.055	5.645.323	-	38.058.360
On Balance Sheet Short Position	(17.156.686)	(9.957.046)	-	-	-	(10.944.628)	(38.058.360)
Off-Balance Sheet Long Position	4.785.187	8.998.166	-	-	-	-	13.783.353
Off-Balance Sheet Short Position	-	-	(334.977)	(9.050.340)	(1.648.341)	-	(11.033.658)
<b>Total Position</b>	<b>(12.371.499)</b>	<b>(958.880)</b>	<b>17.685.005</b>	<b>5.342.715</b>	<b>3.996.982</b>	<b>(10.944.628)</b>	<b>2.749.695</b>

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

<sup>(\*\*)</sup> Financial Assets at Fair Value Through Profit/Loss include TL 2.317.113 derivative financial assets used for hedging purposes.

<sup>(\*\*\*)</sup> Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 700.355

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing <sup>(*)</sup>	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	5.726.664	-	-	-	-	4.270.377	9.997.041
Due from Banks	98.933	5.000	-	-	-	211.969	315.902
Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>	131	9.378	12.408	10.641	42.785	5.476.329	5.551.672
Money Market Placements	-	-	-	-	-	-	-
Inv. Securities Available for Sale	1.392.244	310.046	1.427.730	334.391	1.832.927	(1.852)	5.295.486
Loans and Receivables	12.585.411	7.892.441	19.432.083	14.351.621	1.154.277	1.809.797	57.225.630
Inv. Securities Held to Maturity	166.413	1.026.712	1.468.368	951.410	176.449	84.562	3.873.914
Other Assets	-	-	-	-	-	3.467.752	3.467.752
<b>Total Assets</b>	<b>19.969.796</b>	<b>9.243.577</b>	<b>22.340.589</b>	<b>15.648.063</b>	<b>3.206.438</b>	<b>15.318.934</b>	<b>85.727.397</b>
<b>Liabilities</b>							
Bank Deposits	1.247.544	268.133	12.689	-	-	28.404	1.556.770
Other Deposits	27.377.446	10.147.458	1.694.628	38.035	-	7.751.500	47.009.067
Money Market Borrowings	3.486.174	796.433	349.686	-	-	7.161	4.639.454
Sundry Creditors	3.417.799	-	-	-	-	2.042.291	5.460.090
Securities Issued	286.396	292.546	1.261.806	2.450.170	-	44.863	4.335.781
Funds Borrowed	875.417	1.861.337	5.493.556	31.758	-	40.467	8.302.535
Other Liabilities <sup>(***)</sup>	100	198	819	787	-	14.421.796	14.423.700
<b>Total Liabilities</b>	<b>36.690.876</b>	<b>13.366.105</b>	<b>8.813.184</b>	<b>2.520.750</b>	<b>-</b>	<b>24.336.482</b>	<b>85.727.397</b>
On Balance Sheet Long Position	-	-	13.527.405	13.127.313	3.206.438	-	29.861.156
On Balance Sheet Short Position	(16.721.080)	(4.122.528)	-	-	-	(9.017.548)	(29.861.156)
Off-Balance Sheet Long Position	5.075.073	8.149.847	1.652.123	-	-	-	14.877.043
Off-Balance Sheet Short Position	-	-	-	(9.587.001)	(1.796.952)	-	(11.383.953)
<b>Total Position</b>	<b>(11.646.007)</b>	<b>4.027.319</b>	<b>15.179.528</b>	<b>3.540.312</b>	<b>1.409.486</b>	<b>(9.017.548)</b>	<b>3.493.090</b>

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

(\*\*) Financial Assets at Fair Value Through Profit/Loss include TL 3.239.009 derivative financial assets used for hedging purposes.

(\*\*\*) Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 283.444.

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

Current Period	EURO %	USD %	JPY %	TL %
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	0,49	-	2,78
Due from Banks	0,03	0,77	-	8,34
Financial Assets at Fair Value Through Profit/Loss	2,40	4,67	-	9,27
Money Market Placements	-	-	-	-
Investment Securities Available for Sale	3,51	4,83	-	10,21
Loans and Receivables	4,11	4,99	2,99	14,32
Investment Securities Held to Maturity	2,96	4,93	-	10,13
<b>Liabilities</b>				
Bank Deposits	0,29	0,99	-	10,19
Other Deposits	1,41	2,61	0,75	10,55
Money Market Borrowings	0,30	1,23	-	7,57
Sundry Creditors	0,07	0,13	-	-
Securities Issued	-	5,90	-	10,93
Funds Borrowed	1,34	3,27	-	7,63

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<b>Prior Period</b>	<b>EURO</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	0,49	-	3,81
Due from Banks	0,10	0,92	-	10,86
Financial Assets at Fair Value Through Profit/Loss	1,94	4,57	-	10,94
Money Market Placements	-	-	-	-
Investment Securities Available for Sale	3,68	4,96	-	9,93
Loans and Receivables	4,23	4,57	3,65	14,46
Investment Securities Held to Maturity	2,96	5,22	-	10,01
<b>Liabilities</b>				
Bank Deposits	0,87	0,97	-	11,33
Other Deposits	1,62	2,13	0,25	11,78
Money Market Borrowings	0,45	0,92	-	8,03
Sundry Creditors	0,20	0,17	-	-
Securities Issued	-	5,89	-	11,90
Funds Borrowed	1,38	3,43	-	7,57

**V. Explanations on Position Risk of Equity Securities in Banking Book**

<b>Equity Securities (shares)</b>	<b>Comparison</b>		
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Market Value</b>
<b>1. Investment in Shares- grade A</b>	-	-	-
Quoted Securities	-	-	-
<b>2. Investment in Shares- grade B</b>	<b>410.068</b>	-	<b>410.068</b>
Quoted Securities	410.068	-	410.068
<b>3. Investment in Shares- grade C</b>	-	-	-
Quoted Securities	-	-	-
<b>4. Investment in Shares- grade Other (*)</b>	<b>237.555(*)</b>	<b>212.942</b>	-

(\*)Includes associates, subsidiaries and entities under common control not quoted to ISE and not classified as investment in shares by CMB.

<b>Portfolio</b>	<b>Revaluation Surpluses</b>			<b>Unrealized Gains and Losses</b>		
	<b>Gains/Losses in Current Period</b>	<b>Total</b>	<b>Amount under Supplementary Capital</b>	<b>Total</b>	<b>Amount under Core Capital</b>	<b>Amount under Supplementary Capital</b>
1. Private Equity Investments	-	282.434	282.434	-	-	-
2. Quoted Shares	-	-	-	3	-	1
3. Other Shares	-	-	-	-	-	-
<b>4. Total</b>	<b>-</b>	<b>282.434</b>	<b>282.434</b>	<b>3</b>	<b>-</b>	<b>1</b>

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**VI. Explanations on Remarks regarding Liquidity Risk Management and Liquidity Coverage Rate**

Liquidity Risk of the Bank is monitored and managed in accordance with Liquidity Risk Management Policy. According to this policy, Board of Directors is responsible to review and approve risk profile and appetite of the Bank periodically. Senior Management takes necessary measures to monitor aforementioned risk and controls liquidity risk in line with accepted strategies and policies.

Treasury Department is responsible to carry out liquidity strategy determined and approved by Board of Directors. Risk Management Department is responsible to define, measure, monitor and control liquidity risk besides developing internal and external methods and procedures which are in line with context and structure of applicable activities in the Bank in order to monitor related limits. Senior management of the Bank is informed periodically regarding current liquidity risk amount exposed in order to ensure being under the approved limits of Bank's liquidity risk profile. Assets and Liabilities Committee (ALC) meetings, which ensure the necessary monitoring for liquidity risk, are held monthly. Risk Committee reviews the liquidity risk of the Bank monthly in addition to aforementioned meetings and informs Board of Directors.

The Bank reviews its liquidity position daily. Internal and legal reports related to liquidity positions are examined in ALC meetings monthly with the participation of senior management. Several decisions are taken related to management of short and long term liquidity in this scope. Internal metrics such as reserve liquidity and deposit concentration are monitored daily besides liquidity coverage rate related to measurement of liquidity coverage. Internal limit and warning level are periodically monitored and reported to related parties by the Board of Directors.

Finans Bank has no liquidity management center and each entity, which is under control of the Bank, performs its liquidity management separately from the Bank by an authority responsible for liquidity management. Fund amounts, which shall be used by associates from the Bank, are determined in the framework of limits.

It is essential for the Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Bank is carried out in line with limits and internal warning systems within the framework of ALC decisions. Funding and placement strategies are developed through evaluating the liquidity of the Bank. Liquidity position is evaluated and funding strategy is developed taking into consideration customer based concentration and maturity levels. While developing this strategy, it is aimed to fully utilize funding from long term and consistent resources.

A large part of the Bank's liabilities consist of TL, USD and EUR. Gap reports issued based on the aforementioned three currencies are presented in ALC meetings. Maturity mismatches based on currencies are managed through FC swap and FC forward.

The Bank diversifies its funding sources as customer deposits, foreign loans and bond issuance in order to reduce its liquidity risk. Measures are taken through making investments to assets having higher capacity to generate cash against liquidity crisis. The Bank watches over reducing customer deposit concentration and controls concentration level daily in line with warning level approved by the Board of Directors.

Liquidity life cycle approach is determined as the liquidity risk stress test methodology. This approach is a stress test to measure the period in which the Bank can meet its cumulative cash outflows without providing a fund from the market. Liquidity life cycle is calculated according to various scenarios and simulated in line with possible scenarios in crisis situation and the results are reported to Risk Committee and Board of Directors.

Emergency Funding Plan (EMP) of the Bank regulates funding activities to be used in liquidity crisis periods specific to the Bank or in liquidity crisis at financial markets. EMP defines components triggering the crisis and early warning indicators which help to evaluate and manage the liquidity crisis and determine primary funding structure. EMP also defines actions of the Bank against cash and guarantee need. In addition to aforementioned issues, EMP determines duties and responsibilities in performing actions in a liquidity crisis included in risk management and emergency funding plan.

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**Liquidity Coverage Ratio**

	Unweighted Amounts <sup>(*)</sup>		Weighted Amounts <sup>(*)</sup>	
CURRENT PERIOD - September 30, 2016	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>			<b>14.120.795</b>	<b>8.479.985</b>
1. High Quality Liquid Assets	16.235.163	10.594.353	14.120.795	8.479.985
<b>CASH OUTFLOWS</b>				
2. Retail and Small Business Customers Deposits	<b>36.146.482</b>	<b>12.955.351</b>	<b>3.254.022</b>	<b>1.295.535</b>
3. Stable deposits	7.212.509	-	360.625	-
4. Less stable deposits	28.933.973	12.955.351	2.893.397	1.295.535
5. Unsecured Funding other than Retail and Small Business Customers Deposits	<b>13.383.202</b>	<b>7.219.049</b>	<b>7.483.628</b>	<b>4.016.002</b>
6. Operational deposits	546.449	25.736	136.612	6.434
7. Non-Operational Deposits	12.836.753	7.193.313	7.347.016	4.009.568
8. Other Unsecured Funding	4.084.795	2.065.241	3.547.800	2.065.241
9. Secured funding	-	-	514.799	514.799
10. Other Cash Outflows	<b>12.311.567</b>	<b>8.399.410</b>	<b>12.311.567</b>	<b>8.399.410</b>
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	12.311.567	8.399.410	12.311.567	8.399.410
12. Debts related to the structured financial products	-	-	-	-
13. Commitment related to debts to financial markets	-	-	-	-
14. Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	330.100	-	16.505	-
15. Other irrevocable or conditionally revocable commitments	50.168.995	6.173.914	3.382.125	519.577
<b>16. TOTAL CASH OUTFLOWS</b>			<b>30.510.446</b>	<b>16.810.564</b>
<b>CASH INFLOWS</b>				
17. Secured Lending Transactions	845.608	-	-	-
18. Unsecured Lending Transactions	6.229.674	1.496.128	3.885.415	1.333.605
19. Other contractual cash inflows	10.915.494	7.311.174	10.915.494	7.311.174
<b>20. TOTAL CASH INFLOWS</b>	<b>17.990.776</b>	<b>8.807.302</b>	<b>14.800.909</b>	<b>8.644.779</b>
			<b>Capped Amounts</b>	
<b>21. TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>14.120.795</b>	<b>8.479.985</b>
<b>22. TOTAL NET CASH OUTFLOWS</b>			<b>15.709.537</b>	<b>8.165.785</b>
<b>23. Liquidity Coverage Ratio (%)</b>			<b>89,89%</b>	<b>103,85%</b>

<sup>(\*)</sup> In current period unconsolidated Liquidity Coverage Ratio table, the arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratio's are used.

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<b>PREVIOUS PERIOD - December 31, 2015</b>	<b>Unweighted Amounts<sup>(*)</sup></b>		<b>Weighted Amounts<sup>(*)</sup></b>	
	<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>HIGH QUALITY LIQUID ASSETS</b>			<b>13.585.278</b>	<b>7.377.354</b>
1. High Quality Liquid Assets	15.280.757	9.072.833	13.585.278	7.377.354
<b>CASH OUTFLOWS</b>				
2. Retail and Small Business Customers Deposits	<b>32.924.299</b>	<b>12.722.640</b>	<b>2.796.206</b>	<b>1.147.503</b>
3. Stable deposits	9.924.481	2.495.227	496.224	124.761
4. Less stable deposits	22.999.818	10.227.413	2.299.982	1.022.742
5. Unsecured Funding other than Retail and Small Business Customers Deposits	<b>13.211.900</b>	<b>7.314.134</b>	<b>6.634.558</b>	<b>3.633.912</b>
6. Operational deposits	543.372	23.829	135.843	5.957
7. Non-Operational Deposits	12.668.528	7.290.305	6.498.715	3.627.955
8. Other Unsecured Funding	4.221.523	2.636.626	3.860.182	2.636.626
9. Secured funding	-	-	253.941	253.941
10. Other Cash Outflows	<b>14.969.899</b>	<b>9.119.362</b>	<b>14.969.899</b>	<b>9.119.362</b>
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	14.969.899	9.119.362	14.969.899	9.119.362
12. Debts related to the structured financial products	-	-	-	-
13. Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14. Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.089.536	6.715	54.477	336
15. Other irrevocable or conditionally revocable commitments	43.150.504	4.505.502	2.915.750	398.929
<b>16. TOTAL CASH OUTFLOWS</b>			<b>31.485.013</b>	<b>17.190.609</b>
<b>CASH INFLOWS</b>				
17. Secured Lending Transactions	1.531.481	-	-	-
18. Unsecured Lending Transactions	4.916.599	463.145	2.587.613	338.834
19. Other contractual cash inflows	13.552.810	9.413.555	13.552.809	9.413.555
<b>20. TOTAL CASH INFLOWS</b>	<b>20.000.890</b>	<b>9.876.700</b>	<b>16.140.422</b>	<b>9.752.389</b>
			<b>Capped Amounts</b>	
<b>21. TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>13.585.278</b>	<b>7.377.354</b>
<b>22. TOTAL NET CASH OUTFLOWS</b>			<b>15.344.591</b>	<b>7.438.220</b>
<b>23. Liquidity Coverage Ratio (%)</b>			<b>88,53%</b>	<b>99,18%</b>

<sup>(\*)</sup> In current period unconsolidated Liquidity Coverage Ratio table, the arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratio's are used.



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The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months are explained in the table below. According to “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette no. 28948, dated March 21, 2014.

	<b>Maximum</b>	<b>Week</b>	<b>Minimum</b>	<b>Week</b>	<b>Average</b>
<b>TL+FC</b>	100,69	19.08.2016	82,8	30.09.2016	91,6
<b>FC</b>	116,94	08.07.2016	94,97	30.09.2016	106,8

Liquidity coverage ratio is regulated by the BRSA to make sure that the Banks sustain high quality liquid asset stock to cover probable cash outflows in the short term.

All of Bank’s high quality liquid assets are comprised of first quality liquid assets, most of which are CBT accounts and securities that are issued by the Turkish Treasury that have not been collateralized. Optional use of reserve levels and fluctuations in repo amount lead up to periodical variations in liquidity coverage ratio. Additionally syndication loans and large amount funds such as foreign bond issuances that have less than 1 month to maturity, lead up to short term fall in liquidity coverage ratios.

Funding sources of the Bank mainly consist of deposits which constitute 55 % of total liabilities of the bank (December 31, 2015 – 57%) and also include repo, syndication, securitization, securities issued and other instruments including subordinated debts.

The Bank effectively uses derivative transactions to manage interest and liquidity risk. Impact of derivative cash flows in terms of liquidity coverage ratio is limited. However, FX swaps used in short term foreign currency liquidity management cause liquidity coverage ratio to fluctuate due to changes in volume and 1-month maturity. In addition, possible cash outflow caused by margin call requirements of derivative transactions is taken into consideration in accordance with the respective regulations.

Secured funding consists repo securized borrowing transactions. A large part of securities which are subjects of aforementioned guaranteed funding transactions consist of Sovereign Bonds issued by Treasury of the Republic of Turkey and transactions are carried out both in CBRT market and interbank market.

The Bank manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework.

All cash inflow and outflow items related to liquidity profile of the Bank are included in liquidity coverage ratio tables above.

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**Presentation of assets and liabilities according to their remaining maturities**

Current Period								
	Demand	Up to 1 month	1-3 months	3-12 months	1-5 Years	5 Years and Over	Unallocated <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency								
Cash, Money in Transit, Cheques								
Purchased, Precious Metal) and								
Balances with the T.R Central Bank	3.154.932	9.546.685	-	-	-	-	-	12.701.617
Due from Banks	220.717	217.109	-	-	-	-	-	437.826
Financial Assets at Fair Value Through								
Profit/Loss <sup>(2)</sup>	-	273.945	364.440	1.012.562	1.990.052	271.287	-	3.912.286
Money Markets Placements	-	-	-	-	-	-	-	-
Investment Securities Available for								
Sale	44.663	-	1.938	567.138	2.360.058	3.596.537	-	6.570.334
Loans and Receivables	-	12.385.900	6.483.878	18.256.861	17.767.461	5.688.841	812.177	61.395.118
Investment Securities Held to Maturity	-	-	-	110.665	1.919.502	2.716.886	-	4.747.053
Other Assets	-	1.424.828	-	-	281.715	-	2.517.389	4.223.932
<b>Total Assets</b>	<b>3.420.312</b>	<b>23.848.467</b>	<b>6.850.256</b>	<b>19.947.226</b>	<b>24.318.788</b>	<b>12.273.551</b>	<b>3.329.566</b>	<b>93.988.166</b>
Bank Deposits	39.277	1.748.088	592.798	28.691	-	-	-	2.408.854
Other Deposits	7.978.278	26.952.933	12.002.812	2.072.947	55.203	-	-	49.062.173
Funds Borrowed	-	1.638.261	2.192.924	3.258.357	2.453.358	1.992.255	-	11.535.155
Money Market Borrowings	-	5.450.862	549.703	170.770	128.568	452.155	-	6.752.058
Securities Issued	-	468.536	643.465	188.341	2.605.670	-	-	3.906.012
Sundry Creditors	-	2.934.363	49.976	123.130	1.670.044	-	-	4.777.513
Other Liabilities <sup>(3)</sup>	-	1.903.604	300.171	343.048	890.284	525.568	11.583.726	15.546.401
<b>Total Liabilities</b>	<b>8.017.555</b>	<b>41.096.647</b>	<b>16.331.849</b>	<b>6.185.284</b>	<b>7.803.127</b>	<b>2.969.978</b>	<b>11.583.726</b>	<b>93.988.166</b>
<b>Liquidity Excess / Gap</b>	<b>(4.597.243)</b>	<b>(17.248.180)</b>	<b>(9.481.593)</b>	<b>13.761.942</b>	<b>16.515.661</b>	<b>9.303.573</b>	<b>(8.254.160)</b>	<b>-</b>
<b>Net Off Balance Sheet Exposure <sup>(4)</sup></b>	<b>-</b>	<b>199.451</b>	<b>215.529</b>	<b>482.630</b>	<b>1.154.413</b>	<b>9.893</b>	<b>-</b>	<b>2.061.916</b>
Receivables from Derivatives	-	11.030.445	7.041.493	14.280.425	20.599.900	4.486.467	-	57.438.730
Liabilities from Derivatives	-	10.830.994	6.825.964	13.797.795	19.445.487	4.476.574	-	55.376.814
<b>Non-cash Loans <sup>(5)</sup></b>	<b>-</b>	<b>400.271</b>	<b>1.439.909</b>	<b>4.576.705</b>	<b>1.797.129</b>	<b>297.154</b>	<b>4.114.463</b>	<b>12.625.631</b>
<b>Prior Period</b>								
Total Assets	3.582.103	20.221.368	6.896.648	19.047.087	22.454.934	10.419.997	3.105.260	85.727.397
Total Liabilities	7.550.745	37.175.354	12.592.576	6.690.986	7.459.212	3.474.920	10.783.604	85.727.397
<b>Liquidity Excess / Gap</b>	<b>(3.968.642)</b>	<b>(16.953.986)</b>	<b>(5.695.928)</b>	<b>12.356.101</b>	<b>14.995.722</b>	<b>6.945.077</b>	<b>(7.678.344)</b>	<b>-</b>
<b>Net Off Balance Sheet Exposure <sup>(4)</sup></b>	<b>-</b>	<b>155.552</b>	<b>201.826</b>	<b>769.845</b>	<b>1.501.774</b>	<b>63.421</b>	<b>-</b>	<b>2.692.418</b>
Receivables from Derivatives	-	18.374.606	9.932.419	23.640.835	22.132.466	4.386.397	-	78.466.723
Liabilities from Derivatives	-	18.219.054	9.730.593	22.870.990	20.630.692	4.322.976	-	75.774.305
<b>Non-cash Loans <sup>(5)</sup></b>	<b>-</b>	<b>433.440</b>	<b>830.347</b>	<b>3.479.655</b>	<b>2.007.868</b>	<b>70.982</b>	<b>3.653.534</b>	<b>10.475.826</b>

- (1) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified under this column.  
Unallocated other liabilities include shareholders' equity amounting to TL 9.703.778, unallocated provisions amounting to TL 1.878.008 and deferred tax amounting to TL 1.940.
- (2) Financial Assets at Fair Value Through Profit/Loss include derivative financial assets held for hedging purposes amounting to TL 2.317.113.
- (3) Other Liabilities also include derivative financial liabilities held for hedging purposes amounting to TL 700.355.
- (4) Liquidity excess / (deficit) related to Derivative Financial Instruments constituting Net Off-Balance positions are included in Liquidity Excess / (deficit) through valuations of related transactions to balance sheet
- (5) Amounts related to letter of guarantees represent contractual maturities and amounts included in aforementioned maturities and they have on demand and optionally withdrawable nature.

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VII. Information regarding Leverage Ratio

Information in regards to the differences between current period and prior period leverage ratio

The Bank's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 6,39% (December 31, 2015: 6,51%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

The table related to leverage ratio calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" published in Official Gazette dated November 5, 2013 and numbered 28812 is below:

	Book Value	
	Current Period <sup>(*)</sup>	Prior Period <sup>(*)</sup>
<b>Assets on Balance sheet</b>		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	90.327.878	81.424.211
(Assets deducted from capital stock)	332.941	335.554
<b>Total risk amount related to Assets on Balance sheet</b>	<b>89.994.937</b>	<b>81.088.657</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost of derivative financial instruments and credit derivatives	4.095.568	5.796.483
Potential credit risk amount of derivative financial instruments and credit derivatives	662.930	1.350.098
<b>Total risk amount related to derivative financial instruments and credit derivatives</b>	<b>4.758.498</b>	<b>7.146.581</b>
<b>Financial transactions having security or commodity collateral</b>		
Risk amount of financial transactions having security or commodity collateral	-	-
Risk amount sourcing from transactions mediated	-	-
<b>Total risk amount related to financial transactions having security or commodity collateral</b>	<b>-</b>	<b>-</b>
<b>Off-Balance sheet Transaction</b>		
Gross nominal amount of off-balance sheet transactions	53.023.906	46.196.301
(Adjustment amount sourcing from multiplying to credit conversion rates)	(292.734)	(553.365)
<b>Total risk amount related to off-balance sheet transactions</b>	<b>52.731.172</b>	<b>45.642.936</b>
<b>Capital and Total Risk</b>		
Core Capital	9.426.228	8.712.330
Amount of total risk	147.484.607	133.878.174
<b>Financial leverage ratio</b>	<b>6,39%</b>	<b>6,51%</b>
Financial leverage ratio	6,39%	6,51%

<sup>(\*)</sup> Amounts stated in table shows the last quarter averages of related period.

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS**

**a) Cash and balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	743.096	300.823	678.545	274.820
T.R. Central Bank	985.700	10.652.380	1.409.024	7.632.114
Other	17.668	1.950	522	2.016
<b>Total</b>	<b>1.746.464</b>	<b>10.955.153</b>	<b>2.088.091</b>	<b>7.908.950</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	985.700	1.105.695	1.400.527	1.009.092
Restricted Time Deposits	-	9.546.685	8.497	6.623.022
<b>Total</b>	<b>985.700</b>	<b>10.652.380</b>	<b>1.409.024</b>	<b>7.632.114</b>

As of September 30, 2016, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 4% to 10.5% depending on the maturity of deposits (December 31, 2015 – 5% to 11.5%) and the compulsory rates for the foreign currency liabilities are within an interval from 5% to 25% depending on the maturity of deposits and other liabilities (December 31, 2015 – 5% to 25%).

In accordance with the “Communiqué Regarding the Reserve Requirements”, the reserve requirements can be maintained as TL, USD, EUR and standard gold.

According to CBRT press release No. 2014-72 dated October 21, 2014, starting from November 2014, interest is paid on reserve requirements held in TL. Additionally, according to T. C. Central Bank press release No. 2015-35 dated May 2, 2015, starting from May 5, 2015 interest is paid on USD reserve deposits, reserve options and unrestricted deposits.

**2. Further information on financial assets at fair value through profit/loss**

**a) Trading securities given as collateral or blocked**

As of September 30, 2016 amount of financial assets at fair value through profit/loss which has given as collateral or blocked is TL 1.136. None (December 31, 2015 – None).

**b) Financial assets at fair value through profit/loss which subject to repurchase agreement**

As of balance sheet date financial assets at fair value through profit/loss subjected to repurchase agreements are amount to TL 325. None (December 31, 2015 – None).

**c) Assets on trading derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	29.533	-	52.806	-
Swap Transactions	1.201.799	256.991	1.936.094	123.192
Futures Transactions	-	1.200	-	313
Options	307	37.489	-	124.844
Other	-	-	-	-
<b>Total</b>	<b>1.231.639</b>	<b>295.680</b>	<b>1.988.900</b>	<b>248.349</b>

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**3. a) Information on banks**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Banks				
Domestic	2.192	38	9.402	51
Foreign	259	435.337	134	306.315
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>2.451</b>	<b>435.375</b>	<b>9.536</b>	<b>306.366</b>

**b) Information on foreign bank accounts**

	<b>Unrestricted Amount</b>		<b>Restricted Amount <sup>(**)</sup></b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
EU Countries	284.279	49.059	10.336	10.112
USA and Canada	106.444	215.324	30.762	29.691
OECD Countries <sup>(*)</sup>	3.374	1.759	-	-
Off-shore Banking Regions	-	-	-	-
Other	401	504	-	-
<b>Total</b>	<b>394.498</b>	<b>266.646</b>	<b>41.098</b>	<b>39.803</b>

<sup>(\*)</sup> Includes OECD countries other than the EU countries, USA and Canada.

<sup>(\*\*)</sup> Includes blocked placements amounting to TL 41.098 at foreign banks (December 31, 2015 - TL 39.803) for the funds borrowed from foreign banks.

**4. Information on Subject to repurchase agreements and given as Collateral /blocked Investment securities available for sale**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Given as Collateral/ Blocked	713.868	588.781	573.686	459.933
Subject to repurchase agreements	1.452.160	1.860.329	1.403.911	1.419.256
<b>Total</b>	<b>2.166.028</b>	<b>2.449.110</b>	<b>1.977.597</b>	<b>1.879.189</b>

**b) Investment securities available for sale**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt securities</b>	<b>6.593.607</b>	<b>5.392.394</b>
Quoted on a stock exchange <sup>(*)</sup>	6.593.607	5.392.394
Unquoted on a stock exchange	-	-
<b>Share certificates</b>	<b>44.770</b>	<b>4.824</b>
Quoted on a stock exchange <sup>(**)</sup>	113	599 <sup>(**)</sup>
Unquoted on a stock exchange <sup>(***)</sup>	44.657	4.225
<b>Impairment provision(-)</b>	<b>(68.043)</b>	<b>(101.732)</b>
<b>Total</b>	<b>6.570.334</b>	<b>5.295.486</b>

<sup>(\*)</sup> The Eurobond Portfolio amounting to TL 1.631.418 (December 31, 2015 – TL 1.520.298) which is accounted for as investment securities available for sale was hedged under fair value hedge accounting starting from March and April 2009. The mentioned financial assets are accounted for as Investment Securities Available for Sale in order to be in line with balance sheet presentation.

<sup>(\*\*)</sup> As of December 31, 2015 Share certificates that are quoted on a stock exchange include “exchange traded mutual funds” amounting to TL 487.

<sup>(\*\*\*)</sup> It includes 11.695 Type C Visa Inc shares transferred to the Bank because of exchange of stock as a result of transferring of Visa Europe Ltd to Visa Inc.

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**5. Information related to loans**

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	<b>359</b>	<b>-</b>	<b>-</b>	<b>21.651</b>
Corporate Shareholders	359	-	-	21.651
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees <sup>(*)</sup>	77.523	-	74.844	-
<b>Total</b>	<b>77.882</b>	<b>-</b>	<b>74.844</b>	<b>21.651</b>

<sup>(\*)</sup> Includes the advances given to the bank personnel.

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

Performing Loans and Other Receivables				Loans and Other Receivables		
Cash Loans <sup>(*)</sup>	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	Other	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	Other
		Extension of Repayment Plan		Extension of Repayment Plan		
Non-specialized Loans	56.430.441	1.063.593	-	4.181.026	1.670.265	-
Discount Notes	818.293	-	-	9.969	-	-
Export Loans	1.202.311	-	-	195.970	-	-
Import Loans	19.549	-	-	-	-	-
Loans Given to Financial Sector	1.102.816	-	-	-	-	-
Retail Loans	13.444.594	137.918	-	935.092	290.346	-
Credit Cards	8.789.642	275.337	-	545.801	207.938	-
Other	31.053.236	650.338	-	2.494.194	1.171.981	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	56.430.441	1.063.593	-	4.181.026	1.670.265	-

<sup>(\*)</sup> The loans amounting to TL 28.526 (December 31, 2015 – TL 47.354) are classified under “Loans at Fair Value Through Profit/Loss” in the financial statements.

<b>Times Payment Plan has been restructured</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
1 or 2 times	1.047.808	1.640.880
3, 4 or 5 times	15.569	27.737
Over 5 times	216	1.648
<b>Total</b>	<b>1.063.593</b>	<b>1.670.265</b>

<b>Payment Plan Amendment with the Extended Time</b>	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables Monitoring</b>
0 - 6 months	227.314	205.843
6 -12 months	37.974	113.073
1 - 2 years	166.000	233.455
2 - 5 years	411.719	656.546
5 years and over	220.586	461.348
<b>Total</b>	<b>1.063.593</b>	<b>1.670.265</b>

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

Cash Loans (*)	Performing Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
<b>Short-term Loans</b>	<b>24.957.773</b>	<b>275.337</b>	<b>545.801</b>	<b>207.938</b>
Non-specialized Loans	24.957.773	275.337	545.801	207.938
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and Long-term Loans</b>	<b>31.472.668</b>	<b>788.256</b>	<b>3.635.225</b>	<b>1.462.327</b>
Non-specialized Loans	31.472.668	788.256	3.635.225	1.462.327
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>56.430.441</b>	<b>1.063.593</b>	<b>4.181.026</b>	<b>1.670.265</b>

(\*) The loans amounting to TL 28.526 (December 31, 2015 – TL 47.354) are classified under “Loans at Fair Value Through Profit/Loss” in the financial statements.

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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
<b>Consumer Loans-TL</b>	<b>488.880</b>	<b>12.216.357</b>	<b>12.705.237</b>	<b>213.729</b>
Housing Loans	985	5.128.642	5.129.627	135.978
Automobile Loans	159	24.372	24.531	225
Personal Need Loans	487.736	7.063.343	7.551.079	77.526
Other	-	-	-	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>20.673</b>	<b>20.673</b>	<b>97</b>
Housing Loans	-	19.772	19.772	92
Automobile Loans	-	-	-	-
Personal Need Loans	-	901	901	5
Other	-	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Individual Credit Cards-TL</b>	<b>7.472.368</b>	<b>174.795</b>	<b>7.647.163</b>	<b>91.158</b>
Installment	2.674.441	174.795	2.849.236	33.971
Non- Installment	4.797.927	-	4.797.927	57.187
<b>Individual Credit Cards-FC</b>	<b>3.784</b>	<b>-</b>	<b>3.784</b>	<b>21</b>
Installment	-	-	-	-
Non- Installment	3.784	-	3.784	21
<b>Personnel Loans-TL</b>	<b>6.244</b>	<b>40.090</b>	<b>46.334</b>	<b>316</b>
Housing Loans	-	743	743	3
Automobile Loans	-	5	5	-
Personal Need Loans	6.244	39.342	45.586	313
Other	-	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>28.746</b>	<b>-</b>	<b>28.746</b>	<b>-</b>
Installment	11.308	-	11.308	-
Non-Installment	17.438	-	17.438	-
<b>Personnel Credit Cards-FC</b>	<b>83</b>	<b>-</b>	<b>83</b>	<b>-</b>
Installment	-	-	-	-
Non-Installment	83	-	83	-
<b>Overdraft Accounts-TL (Real Persons)</b>	<b>1.292.697</b>	<b>-</b>	<b>1.292.697</b>	<b>100.603</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9.292.802</b>	<b>12.451.915</b>	<b>21.744.717</b>	<b>405.924</b>



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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
<b>Commercial Loans with Installment Facility – TL</b>	<b>503.632</b>	<b>10.172.824</b>	<b>10.676.456</b>	<b>259.508</b>
Real Estate Loans	-	287.847	287.847	8.132
Automobile Loans	3.388	258.438	261.826	4.462
Personal Need Loans	500.244	9.626.539	10.126.783	246.914
Other	-	-	-	-
<b>Commercial Loans with Installment Facility - FC Indexed</b>	<b>17.807</b>	<b>1.546.518</b>	<b>1.564.325</b>	<b>12.945</b>
Real Estate Loans	-	39.861	39.861	82
Automobile Loans	1.898	88.918	90.816	211
Personal Need Loans	15.909	1.417.739	1.433.648	12.652
Other	-	-	-	-
<b>Commercial Loans with Installment Facility – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Corporate Credit Cards –TL</b>	<b>1.542.236</b>	<b>3.335</b>	<b>1.545.571</b>	<b>18.355</b>
Installment	419.227	3.335	422.562	5.018
Non-Installment	1.123.009	-	1.123.009	13.337
<b>Corporate Credit Cards –FC</b>	<b>559</b>	<b>-</b>	<b>559</b>	<b>3</b>
Installment	-	-	-	-
Non-Installment	559	-	559	3
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>1.087.400</b>	<b>-</b>	<b>1.087.400</b>	<b>5.583</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3.151.634</b>	<b>11.722.677</b>	<b>14.874.311</b>	<b>296.394</b>

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

	Current Period	Prior Period
Public	211.155	204.567
Private	60.400.312	56.324.724
<b>Total</b>	<b>60.611.467</b>	<b>56.529.291</b>

(\*) The loans amounting to TL 28.526 (December 31, 2015 – TL 47.354) are classified under “Loans at Fair Value Through Profit/Loss in the financial statements.

**g) Domestic and foreign loans (\*)**

	Current Period	Prior Period
Domestic Loans	60.361.472	56.241.729
Foreign Loans	249.995	287.562
<b>Total</b>	<b>60.611.467</b>	<b>56.529.291</b>

(\*) The loans amounting to TL 28.526 (December 31, 2015 – TL 47.354) are classified under “Loans at Fair Value Through Profit/Loss in the financial statements.

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

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	335.191	155.953
Indirect Loans Granted to Subsidiaries and Associates	-	-
<b>Total</b>	<b>335.191</b>	<b>155.953</b>

**i) Specific provisions for loans**

	Current Period	Prior Period
<b>Specific Provisions</b>		
Loans and Receivables with Limited Collectability	96.947	92.057
Doubtful Loans and Other Receivables	424.390	375.466
Uncollectible Loans and Receivables	2.889.440	2.586.774
<b>Total</b>	<b>3.410.777</b>	<b>3.054.297</b>

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

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Current Period</b>			
(Gross Amounts Before the Specific Provisions)	503	20.667	95.192
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	503	20.667	95.192
<b>Prior Period</b>			
(Gross Amounts Before the Specific Provisions)	2.471	7.336	96.276
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	2.471	7.336	96.276

**j.2) Movement of non-performing loans**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Prior Period End Balance</b>	<b>460.289</b>	<b>750.927</b>	<b>2.586.774</b>
Additions (+)	1.329.662	49.752	32.183
Transfers from Other Categories of Non-Performing Loans (+)	-	1.178.201	1.002.258
Transfers to Other Categories of Non-Performing Loans (-)	1.178.201	1.002.258	-
Collections (-)	127.001	127.440	251.655
<b>Write-offs (-)(*)</b>	<b>15</b>	<b>402</b>	<b>480.120</b>
Corporate and Commercial Loans	-	-	-
Consumer Loans	15	402	167.660
Credit Cards	-	-	312.460
Others	-	-	-
<b>Current Period End Balance</b>	<b>484.734</b>	<b>848.780</b>	<b>2.889.440</b>
Specific Provision (-)	96.947	424.390	2.889.440
<b>Net Balances on Balance Sheet</b>	<b>387.787</b>	<b>424.390</b>	<b>-</b>

(\*)Credit receivables at an amount of TL 477.261, whose legal proceedings have begun, have been sold at a cash value of TL 69.400.

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

None (December 31, 2015 - None).

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V.Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period (Net)</b>	<b>387.787</b>	<b>424.390</b>	<b>-</b>
Loans to Real Persons and Legal Entities (Gross)	484.734	848.780	2.861.964
Specific provision (-)	(96.947)	(424.390)	(2.861.964)
Loans to Real Persons and Legal Entities (Net)	387.787	424.390	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	27.476
Specific provision (-)	-	-	(27.476)
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>368.232</b>	<b>375.461</b>	<b>-</b>
Loans to Real Persons and Legal Entities (Gross)	460.289	750.927	2.561.505
Specific provision (-)	(92.057)	(375.466)	(2.561.505)
Loans to Real Persons and Legal Entities (Net)	368.232	375.461	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	25.269
Specific provision (-)	-	-	(25.269)
Other Loans and Receivables (Net)	-	-	-

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

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

**l) Write-off policy:**

Unrecoverable non-performing loans under legal follow-up, in compliance with the "Provisioning Decree" and with no collateral that are deemed as uncollectible are written off by the Board of Directors' decision.

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6. Information on investment securities held-to-maturity

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral / Blocked	111.743	17.070	96.191	-
Subject to repurchase agreements	1.668.661	1.536.239	1.417.955	847.881
<b>Total</b>	<b>1.780.404</b>	<b>1.553.309</b>	<b>1.514.146</b>	<b>847.881</b>

b) Information on financial government debt securities held-to-maturity

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	3.162.471	693.043	3.009.964	110.652
Treasury Bill	-	-	-	-
Other Debt Securities	-	378.681	-	-
<b>Total</b>	<b>3.162.471</b>	<b>1.071.724</b>	<b>3.009.964</b>	<b>110.652</b>

c) Information on investment securities held-to-maturity

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Debt Securities</b>	<b>3.162.471</b>	<b>1.584.582</b>	<b>3.009.964</b>	<b>863.950</b>
Publicly-traded	3.162.471	1.584.582	3.009.964	863.950
Non-publicly traded	-	-	-	-
<b>Provision for losses (-)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3.162.471</b>	<b>1.584.582</b>	<b>3.009.964</b>	<b>863.950</b>

d) Movement of held-to-maturity investments

	Current Period	Prior Period
<b>Value at the beginning of the period</b>	<b>3.873.914</b>	<b>3.727.223</b>
Exchange differences on monetary assets	51.336	171.250
Acquisitions during the year	670.207	290.680
Disposals through sales and redemptions	-	(512.035)
Provision for losses (-)	-	-
Valuation effect	151.596	196.796
<b>The sum of end of the period</b>	<b>4.747.053</b>	<b>3.873.914</b>

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**7. Investments in associates (Net):**

**7.1. Investments in associates:**

**a) Information on the unconsolidated subsidiaries**

<b>Title</b>	<b>Address (City/</b>	<b>Bank's Share-If</b>	<b>Bank's Risk</b>
Bankalararası Kart Merkezi (BKM) <sup>(*)</sup>	Istanbul/Turkey	9,23%	9,23%

  

<b>Total Assets</b>	<b>Shareholder's Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
68.992	39.246	48.097	383	-	9.586	5.165	-

<sup>(\*)</sup> Current period information is obtained from financial statements as of June 30, 2016 while prior period profit and loss information is obtained from financial statements as of June 30, 2015.

**b) Information on the consolidated subsidiaries:**

None.

**7.2. Movements of investments in associates**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of Period</b>	<b>3.766</b>	<b>3.766</b>
<b>Movements During the Period</b>	-	-
Purchases	-	-
Bonus Shares Received	-	-
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at the End of the Period</b>	<b>3.766</b>	<b>3.766</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of the Period (%)</b>	-	-

**7.3. Sectoral distribution of associates**

	<b>Current Period</b>	<b>Prior Period</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	3.766	3.766
<b>Total</b>	<b>3.766</b>	<b>3.766</b>

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**7.4. Quoted Associates**

None (December 31, 2015 - None).

**7.5. Valuation methods of investments in associates**

	Current Period	Prior Period
Valued at Cost	3.766	3.766
Valued at Fair Value	-	-
Valued at Equity Method	-	-
<b>Total</b>	<b>3.766</b>	<b>3.766</b>

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

**a) Information on the unconsolidated subsidiaries**

Title	Address (City/Country)	Bank's Share-If different, Voting Rights (%)	Bank' Risk Group Share (%)
1. Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	İstanbul/Turkey	99,91	99,99
2. EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	İstanbul/Turkey	51,00	51,00

(*)	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	42.707	21.520	16.605	-	-	(995)	2.800	-
2.	9.711	4.674	6.203	209	-	(771)	(712)	-

(\*) Current period information is obtained from financial statements as of September 30, 2016, prior period profit and loss information is obtained from financial statements as of September 30, 2015.

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**b) Information on the consolidated subsidiaries:**

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

Subsidiary	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1. Finans Yatırım Menkul Değerler A.Ş. <sup>(*)</sup>	Istanbul/Turkey	99,80	100,00
2. Finans Finansal Kiralama A.Ş. <sup>(**)</sup>	Istanbul/Turkey	81,41	99,40
3. Hemenal Finansman A.Ş. <sup>(***)</sup>	Istanbul/Turkey	100,00	100,00
4. Finans Portföy Yönetimi A.Ş. <sup>(*)</sup>	Istanbul/Turkey	0,03	100,00
5. Finans Faktoring Hizmetleri A.Ş.	Istanbul/Turkey	99,99	100,00

(\*) As per board of directors meeting dated August 11, 2016 paid in capital of "Finans Yatırım Menkul Değerler A.Ş." and "Finans Portföy Yönetimi A.Ş." representing 0,20% and 0,02% shares are acquired for 44TL and 1 TL respectively.

(\*\*) On February 3, 2016 in accordance with the Board of Directors of Bank, it is been decided to acquire 3.434.632 shares NBG (prior partner of the Bank) owns in Finans Finansal Kiralama A.Ş. representing the %29,87 of Finans Finansal Kiralama's equity and with TL 34.346 nominal amount for TL 128.112. Subject share transfer has occurred on February 8, 2016. Together with this transaction, the Bank's share in Finans Finansal Kiralama A.Ş. has reached 80,92%. On June 15, 2016, as a result of the Bank's share directly acquired by the QNB, administration of Finans Financial Leasing has been transferred to the QNB indirectly, the share of QNB in Finans Finansal Kiralama A.Ş. capital exceeds 97%. In accordance with the Communiqué on Right of Squeeze out and Sale issued by CMB numbered II-27.2, the right of sale of the other shareholder's has become effective within a period of foreclosure of three months (June 16, 2016 - September 16, 2016). As of September 30, 2016, the Bank's share in Finans Financial Leasing has reached from 80,92% to 81,41% as a result of use of aforementioned right by other shareholders except from controlling shareholder QNB.

(\*\*\*) As of November 9, 2015, acquisition of PSA Finansman Anonim Şirketi has been approved by BRSA and share transfer of subject company has been completed as of December 14, 2015. Additionally, the trade name of PSA Finansman Anonim Şirketi has been changed to Hemenal Finansman Anonim Şirketi as of April 18, 2016.

Information on subsidiaries in the order presented in the table above

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value <sup>(**)</sup>
1.	314.496	136.117	3.756	7.168	1.286	7.460	33.089	68.104
2.	2.496.082	653.375	3.416	162.189	-	44.276	34.971	410.062
3.	6.070	5.798	2.300	256	-	(2.590)	1.450	-
4.	13.123	12.084	162	1.086	2	104	1.508	-
5.	760.735	44.725	1.252	71.486	-	6.085	1.315	44.012

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

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

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>324.954</b>	<b>426.813</b>
<b>Movements during the period</b>	<b>205.619</b>	<b>(101.859)</b>
Purchases <sup>(*)</sup>	128.157	18.395
Bonus Shares Received <sup>(**)</sup>	2.347	-
Dividends from Current Year Profit	-	-
Disposals <sup>(***)</sup>	-	(14.512)
Changes Due to Reclassification	-	-
Revaluation Increase	75.115	(105.742)
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>530.573</b>	<b>324.954</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the end of the Period (%)</b>	-	-

(\*) In the current period, 3.434.632 shares NBG owns in Finans Finansal Kiralama A.Ş. representing the %29,87 of Finans Finansal Kiralama's equity and with TL 34.346 nominal amount for TL 128.112 has been bought from NBG and as per board of directors meeting dated August 11, 2016 paid in capital of "Finans Yatırım Menkul Değerler A.Ş." and "Finans Portföy Yönetimi A.Ş." representing 0,20% and 0,02% shares are acquired for 44TL and 1 TL respectively. In prior period Finans Faktoring A.Ş. has increased its capital at an amount of TL 10.000 through rights issues. Also in prior period, PSA Finansman A.Ş., whose share transfer transactions are completed, has been acquired with a price of TL 8.395 as of December 14, 2015.

(\*\*) Due the share of QNB in Finans Finansal Kiralama A.Ş. capital exceeds 97%, in accordance with the Communiqué on Right of Squeeze out and Sale of CMB numbered II-27.2, the right of sale of the other shareholder's became effective related amount consists of purchased shares through QNB with the use of aforementioned right.

(\*\*\*) Represents the cash outflow as a result of liquidation of Finans Yatırım Ortaklığı A.Ş. realized as of December 7, 2015.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	44.012	40.918
Leasing Companies	410.062	206.691
Finance Companies	8.395	8.395
Other Subsidiaries	68.104	68.950
<b>Total</b>	<b>530.573</b>	<b>324.954</b>

**b.4) Quoted subsidiaries within the context of consolidation**

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	410.062	206.691
Quoted on International Stock Exchanges	-	-
<b>Total</b>	<b>410.062</b>	<b>206.691</b>

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

The Bank does not have any significant subsidiaries.

**9. Investments in entities under common control:**

	Title	Address (City/Country)	Bank's Share-If different, Voting Rights (%)	Bank' Risk Group Share (%)
1.	Cigna Finans Emeklilik ve Hayat A.Ş.	İstanbul/Turkey	49,00	49,00
2.	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	İstanbul/Turkey	33,33	33,33

	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1. (*)	997.727	85.526	674.801	-	-	25.774	7.903	-
2. (**)	43.467	28.515	22.808	-	-	7.695	5.687	-

(\*) Cigna Finans Emeklilik ve Hayat A.Ş., is accounted with fair value method as Comminique on Bank's Consolidated Financial Statement and Turkish Accounting Standards. Current year information is based on September 30, 2016 financials. Prior year profit and loss amounts are based on September 30, 2015 financials.

(\*\*) Current year information is based on September 30, 2016 financials. Prior year profit and loss amounts are based on September 30, 2015 financials.



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**10. Information on leasing receivables (Net)**

None (December 31, 2015 - None).

**11. Information on hedging purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (*)	1.723.293	20.001	2.292.114	18.069
Cash Flow Hedge	573.819	-	927.791	1.035
Foreign Net Investment Hedges	-	-	-	-
<b>Total</b>	<b>2.297.112</b>	<b>20.001</b>	<b>3.219.905</b>	<b>19.104</b>

(\*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of September 30, 2016, TL 56 from securities (December 31, 2015 – TL 3.991), TL 17.534 (December 31, 2015 - TL 14.078) from securities issued, TL 2.411 (December 31, 2015 – none) from funds borrowed, and TL 1.723.293 (December 31, 2015 - TL 2.292.114) represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans.

**12. Information on Tax Asset**

As of September 30, 2016 the Bank has no deferred tax asset. (December 31, 2015 - TL 78.968 deferred tax asset).

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

As of September 30, 2016 there is no tangible asset held for sale (December 31, 2015: none).

Deed transfers of Gayrettepe head office building, registered at İstanbul province, Şişli District, Mecidiyeköy quarter, 307 Map section, 1956 city block, 41 parcel and Polat building registered at İstanbul province, Şişli District, Mecidiyeköy quarter, 303 Map section, 1997 city block, which are owned by the Bank, have been completed on March 25, 2015 and April 27, 2015 respectively within terms mentioned in agreements concluded between parties and the sales of the aforementioned buildings, which are recognized as fixed assets held to be sold, have been made with prices of USD 65.250.000 and USD 28.000.000 respectively.

**14. Information on other assets**

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

	Current Period	Prior Period
Cheques Receivables from Other Banks	472.054	271.452
Collateral Given for Derivative Transactions	390.596	108.495
Other Prepaid Expenses	387.657	319.655
Assets Held for Resale (net)	281.715	220.249
Miscellaneous Receivables	97.559	74.308
Prepaid rent expenses	41.030	38.905
Advances Given	3.484	4.338
Prepaid Agency Commissions	3.037	14.330
Other	29.413	54.454
<b>Total</b>	<b>1.706.545</b>	<b>1.106.186</b>

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

Details of the other assets are described above in the 14.1 section of explanations and disclosures related to assets.

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**15. Accrued interest and income**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Instruments Held for Hedging Purposes	2.297.112	20.001	3.219.905	19.104
Assets on Trading Derivatives	1.231.639	295.680	1.988.900	248.349
Loans and Receivables	766.480	225.229	935.008	131.096
Investments Securities Available for Sale	57.152	31.978	43.025	52.031
Investments Held-to-Maturity	82.154	21.141	73.776	10.784
Central Bank of Turkey	13.310	5	8.497	-
Banks	-	3	37	-
Trading Securities	(52)	(50)	165	18
Other Accruals	8.302	322	15.244	1.237
<b>Total</b>	<b>4.456.097</b>	<b>594.309</b>	<b>6.284.557</b>	<b>462.619</b>

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**SECTION FIVE**

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

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

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>2.307.055</b>	<b>-</b>	<b>2.803.055</b>	<b>15.002.178</b>	<b>786.657</b>	<b>366.909</b>	<b>808.591</b>	<b>3.226</b>	<b>22.077.671</b>
<b>Foreign Currency</b>									
<b>Deposits</b>	<b>3.155.585</b>	<b>-</b>	<b>1.970.561</b>	<b>11.328.336</b>	<b>689.268</b>	<b>241.942</b>	<b>437.288</b>	<b>350</b>	<b>17.823.330</b>
Residents in Turkey	3.082.619	-	1.949.869	11.039.467	673.555	226.382	391.845	322	17.364.059
Residents Abroad	72.966	-	20.692	288.869	15.713	15.560	45.443	28	459.271
<b>Public Sector Deposits</b>	<b>305.194</b>	<b>-</b>	<b>3.752</b>	<b>43.963</b>	<b>3.222</b>	<b>6.056</b>	<b>144</b>	<b>-</b>	<b>362.331</b>
<b>Commercial Deposits</b>	<b>1.738.291</b>	<b>-</b>	<b>1.748.671</b>	<b>2.721.001</b>	<b>870.694</b>	<b>211.127</b>	<b>148.366</b>	<b>-</b>	<b>7.438.150</b>
<b>Other Ins. Deposits</b>	<b>40.309</b>	<b>-</b>	<b>36.641</b>	<b>360.255</b>	<b>40.864</b>	<b>379.144</b>	<b>16.166</b>	<b>-</b>	<b>873.379</b>
<b>Precious Metal</b>									
<b>Deposits</b>	<b>431.844</b>	<b>-</b>	<b>-</b>	<b>1.307</b>	<b>321</b>	<b>1.254</b>	<b>52.586</b>	<b>-</b>	<b>487.312</b>
<b>Bank Deposits</b>	<b>39.277</b>	<b>-</b>	<b>108.061</b>	<b>2.174.284</b>	<b>80.317</b>	<b>4.824</b>	<b>2.091</b>	<b>-</b>	<b>2.408.854</b>
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	4.542	-	100.824	175.507	-	4.185	2.091	-	287.149
Foreign Banks	15.299	-	7.237	1.998.777	80.317	639	-	-	2.102.269
Participation Banks	19.436	-	-	-	-	-	-	-	19.436
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8.017.555</b>	<b>-</b>	<b>6.670.741</b>	<b>31.631.324</b>	<b>2.471.343</b>	<b>1.211.256</b>	<b>1.465.232</b>	<b>3.576</b>	<b>51.471.027</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>1.836.314</b>	<b>-</b>	<b>2.453.079</b>	<b>13.626.243</b>	<b>628.259</b>	<b>260.686</b>	<b>880.499</b>	<b>3.002</b>	<b>19.688.082</b>
<b>Foreign Currency</b>									
<b>Deposits</b>	<b>3.309.786</b>	<b>-</b>	<b>2.090.008</b>	<b>11.129.390</b>	<b>866.874</b>	<b>169.550</b>	<b>436.221</b>	<b>3.306</b>	<b>18.005.135</b>
Residents in Turkey	3.251.799	-	2.067.469	10.796.958	839.704	159.101	395.311	3.306	17.513.648
Residents Abroad	57.987	-	22.539	332.432	27.170	10.449	40.910	-	491.487
<b>Public Sector Deposits</b>	<b>236.348</b>	<b>-</b>	<b>509</b>	<b>137.003</b>	<b>408</b>	<b>387</b>	<b>76</b>	<b>-</b>	<b>374.731</b>
<b>Commercial Deposits</b>	<b>1.730.003</b>	<b>-</b>	<b>1.710.341</b>	<b>3.542.286</b>	<b>345.933</b>	<b>115.456</b>	<b>178.330</b>	<b>-</b>	<b>7.622.349</b>
<b>Other Ins. Deposits</b>	<b>35.463</b>	<b>-</b>	<b>104.997</b>	<b>662.999</b>	<b>10.997</b>	<b>5.763</b>	<b>67.858</b>	<b>-</b>	<b>888.077</b>
<b>Precious Metal</b>									
<b>Deposits</b>	<b>376.794</b>	<b>-</b>	<b>-</b>	<b>4.325</b>	<b>101</b>	<b>-</b>	<b>49.473</b>	<b>-</b>	<b>430.693</b>
<b>Bank Deposits</b>	<b>26.037</b>	<b>-</b>	<b>133.860</b>	<b>1.194.672</b>	<b>189.475</b>	<b>12.244</b>	<b>482</b>	<b>-</b>	<b>1.556.770</b>
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	7.652	-	110.195	105.521	-	-	-	-	223.368
Foreign Banks	18.385	-	23.665	1.089.151	189.475	12.244	482	-	1.333.402
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7.550.745</b>	<b>-</b>	<b>6.492.794</b>	<b>30.296.918</b>	<b>2.042.047</b>	<b>564.086</b>	<b>1.612.939</b>	<b>6.308</b>	<b>48.565.837</b>

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

	Covered by Deposit Insurance Fund		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	11.350.833	10.434.904	10.724.951	9.249.580
Foreign Currency Savings Deposits	2.399.220	2.473.087	9.351.244	9.041.063
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>13.750.053</b>	<b>12.907.991</b>	<b>20.076.195</b>	<b>18.290.643</b>

1.2. Savings deposits in Turkey are not covered under insurance in another country since the headquarter of the Bank is not located abroad.

1.3. Savings deposits that are not covered under the guarantee of deposit insurance fund

	Current Period	Prior Period
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close	47.999	61.131
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237	-	-
Saving deposits in banks established in Turkey exclusively for off-shore	9.550	5.707
<b>Total</b>	<b>57.549</b>	<b>66.838</b>

2. Information on trading purpose derivatives

a) Negative value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	27.478	-	53.207	-
Swaps	1.006.391	268.215	1.829.702	153.242
Futures	-	1.318	-	273
Options	51	33.927	-	120.040
Other	-	-	-	-
<b>Total</b>	<b>1.033.920</b>	<b>303.460</b>	<b>1.882.909</b>	<b>273.555</b>

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**3. Information on funds borrowed**

**a) Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Bank and Institutions	106.260	134.537	107.591	119.321
Foreign Bank, Institutions and Funds	-	8.514.114	-	5.413.504
<b>Total</b>	<b>106.260</b>	<b>8.648.651</b>	<b>107.591</b>	<b>5.532.825</b>

**b) Maturity information on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	106.260	3.475.994	107.591	1.932.330
Medium and Long-Term	-	5.172.657	-	3.600.495
<b>Total</b>	<b>106.260</b>	<b>8.648.651</b>	<b>107.591</b>	<b>5.532.825</b>

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

The Bank has obtained 5 year maturity securitization loans amounting to USD 280 million on 18 September 2015 within the context of money transfer based securitization program.

The Bank has obtained syndication loans amounting to USD 99.5 million and EUR 376 million on November 25, 2015 and November 26, 2015, respectively.

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

As of September 30, 2016, the Bank's liabilities comprise; 55% deposits (December 31, 2015 – 57%), 9% funds borrowed (December 31, 2015 – 7%), 4% issued bonds (December 31, 2015 – 5%) and 6% funds provided under repurchase agreements (December 31, 2015 – 5%).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From domestic transactions</b>	<b>3.115.003</b>	<b>-</b>	<b>2.779.124</b>	<b>-</b>
Financial institutions and organizations	3.087.357	-	2.754.209	-
Other institutions and organizations	8.620	-	10.130	-
Real persons	19.026	-	14.785	-
<b>From foreign transactions</b>	<b>7.039</b>	<b>2.769.819</b>	<b>2.410</b>	<b>1.857.920</b>
Financial institutions and organizations	-	2.769.819	-	1.857.920
Other institutions and organizations	7.039	-	2.241	-
Real persons	-	-	169	-
<b>Total</b>	<b>3.122.042</b>	<b>2.769.819</b>	<b>2.781.534</b>	<b>1.857.920</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1.185.370	8.988	535.327	-
Bills	-	2.711.654	-	3.800.454
<b>Total</b>	<b>1.185.370</b>	<b>2.720.642</b>	<b>535.327</b>	<b>3.800.454</b>

The Bank has government bond issue program (Global Medium Term Note Programme) amounting to USD 2 Billion.

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

Other liabilities do not exceed 10% of total liabilities excluding the off-balance sheet items. (December 31, 2015 - None).

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

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

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

No changes have been made to the leasing agreements in the current period (December 31, 2015- None).

**7.2. Financial Lease Payables**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	947	855	1.255	1.116
Between 1 - 4 years	320	289	885	788
More than 4 years	-	-	-	-
<b>Total</b>	<b>1.267</b>	<b>1.144</b>	<b>2.140</b>	<b>1.904</b>

**7.3. Information on operational lease**

Operational lease payments are recognized as an expense in the income statement on a straight-line basis over the lease terms. The Bank arranges operating lease arrangements for some of its ATM and branches. The lease contract is done on a yearly basis and the payment is made upfront each year and realized as an expense under the "Other Assets" account.

**7.4. Information on "Sale -and- lease back" agreements**

The Bank does not have any sale-and-lease back transactions in the current period (December 31, 2015 - None).

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8. Information on liabilities arising from hedging purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (*)	24.292	280.243	-	178.808
Cash Flow Hedge (**)	313.216	82.604	60.229	44.407
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>337.508</b>	<b>362.847</b>	<b>60.229</b>	<b>223.215</b>

(\*) Derivative financial instruments for hedging purposes include swaps. As of September 30, 2016, TL 52.342 (December 31, 2015 – TL 25.804) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio, TL 252.193 (December 31, 2015 – TL 152.099) represents security portfolio. As of September 30, 2016, fair value of derivatives which are hedging instruments of hedged borrowings is none (December 31, 2015 – TL 905).

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

9. Information on provisions

9.1. Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	950.352	905.191
-Additional Provision for Loans and Receivables with Extended Maturities	55.031	52.253
Provisions for Loans and Receivables in Group II	194.885	167.383
-Additional Provision for Loans and Receivables with Extended Maturities	49.369	38.079
Provisions for Non - Cash Loans	99.221	85.275
Other	39.625	32.554
<b>Total</b>	<b>1.284.083</b>	<b>1.190.403</b>

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

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans (*)	2.094	20.065

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

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

The specific provision for non-cash loans which are related with the non-performing cash loans in arrears or the loans which were written off from balance sheet is TL 36.788 (December 31, 2015 - TL 36.736).

9.4. Information on employee termination benefits and unused vacation accrual

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

As of September 30, 2016, TL 143.243 (December 31, 2015 - TL 125.433) reserve for employee termination benefits was provided in the accompanying financial statements.

As of September 30, 2016, the Bank accrued TL 36.349 (December 31, 2015 – TL 33.200) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of September 30, 2016, TL 70.165 (December 31, 2015- TL 78.118) bonus and premium provisions have been provided under reserve for employee benefits account in the accompanying financial statements.

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9.4.1. Movement of employee termination benefits

	Current Period 01.01-30.09.2016	Prior Period 01.01-30.09.2015
As of January 1	125.433	116.324
Service Cost	13.607	13.623
Interest Cost	10.063	7.069
Settlement / curtailment / termination loss	13.109	4.846
Paid during the period	(18.969)	(14.516)
<b>Total</b>	<b>143.243</b>	<b>127.346</b>

9.5. Information on other provisions

9.5.1. Information on special provisions for possible risks:

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

	Current Period	Prior Period
General reserves for possible risks	100.000	100.000
Other provisions made for close monitoring loans portfolio	94.554	106.241
Provision for Promotion Expenses of Credit Cards	7.706	6.458
Other Provisions	105.120	83.239
<b>Total</b>	<b>307.380</b>	<b>295.938</b>

As of September 30, 2016, The Bank has made a provision of 94.554 TL (December 31, 2015- 106.241 TL) for the possible risks in its loan portfolio by taking the collection rate of its watchlist into account.

10. Taxation

10.1. Current taxes

10.1.1. Current tax liability

As of September 30, 2016, the Bank has TL 147.280 current tax liability (December 31, 2015 - TL 210.338) and TL 25.843 prepaid tax (December 31, 2015 - TL 154.099).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	121.437	56.239
Banking and Insurance Transaction Tax (BITT)	44.961	48.440
Taxation on Securities Income	2.855	2.008
Taxation on Real Estates Income	48.709	49.062
Other	16.615	19.756
<b>Total</b>	<b>234.577</b>	<b>175.505</b>

The "Corporate Taxes Payable" balance is presented in the "Current Tax Liability" account and other taxes are presented in the "Other Liabilities" account in the accompanying unconsolidated financial statements.



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**10.1.3. Information on premiums**

	Current Period	Prior Period
Social Security Premiums - Employee Share	8.199	7.392
Social Security Premiums - Employer Share	8.969	8.019
Unemployment Insurance - Employee Share	577	520
Unemployment Insurance - Employer Share	1.153	1.041
<b>Total</b>	<b>18.898</b>	<b>16.972</b>

**10.1.4. Information on deferred tax liability**

As of September 30, 2016, the Bank has calculated deferred tax liabilities amounting to TL 1.940 (December 31, 2015 - TL 78.968 deferred tax asset).

According to the TAS 12, the deferred tax assets and liabilities are netted off in the accompanying financial statements. As of September 30, 2016 the Bank has presented the net amount of deferred tax asset of TL 240.396 (December 31, 2015–TL 175.147) and deferred tax liability of TL 242.336 (December 31, 2015–TL 96.179) in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

In cases whereby deferred tax differences arising from the differences between the carrying amounts and the taxable amounts of the assets subjected to deferred tax that are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax asset amounting to TL 113.874 (December 31, 2015 –TL 51.754 deferred tax asset) is netted in the equity.

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Provision for Employee Rights	249.757	236.751	49.951	47.350
Difference Between the Book Value of Financial Assets and Tax Base	640.730	391.743	128.146	78.349
Other	311.493	247.239	62.299	49.448
<b>Deferred Tax Assets</b>			<b>240.396</b>	<b>175.147</b>
Difference Between the Book Value Financial Fixed Assets and Tax Base	(191.037)	(193.598)	(38.207)	(38.720)
Difference Between the Book Value of Financial Assets and Tax Base	(538.695)	(84.538)	(107.739)	(16.908)
Other	(481.949)	(202.757)	(96.390)	(40.551)
<b>Deferred Tax Liabilities</b>			<b>(242.336)</b>	<b>(96.179)</b>
<b>Deferred Tax Assets/(Liabilities), Net</b>			<b>(1.940)</b>	<b>78.968</b>

	Current Period	Prior Period
	01.01-30.09.2016	01.01-30.09.2015
Deferred Tax as of January 1 Assets/ (Liabilities) - Net	78.968	50.050
Deferred Tax (Loss) / Gain	(143.028)	9.128
Deferred Tax that is Realized Under Shareholder's Equity	62.120	39.862
<b>September 30 Deferred Tax Assets/ (Liabilities) - Net</b>	<b>(1.940)</b>	<b>99.040</b>

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

None (December 31, 2015 – None).

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**12. Information on subordinated loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	2.780.244	-	2.662.119
From Other Foreign Institutions	-	-	-	-
	-	<b>2.780.244</b>	-	<b>2.662.119</b>

The Bank received USD 650 million of subordinated loans during 2008 and USD 325 million of subordinated loans during 2009 from its former main shareholder, National Bank of Greece S.A. The loan amounting to USD 325 million which was received in 2008 is closed in 2010 to be used in capital increase. In addition, the Bank received USD 260 million subordinated loan in 2011 from National Bank of Greece S.A. Aforementioned subordinated loans are subject to interest payment every 6 months and principal payment at maturity. USD 585 million of existing subordinated loans will mature in 2021, USD 325 million will mature in 2020. In accordance with the share purchase agreement signed on 21 December 2015, mentioned subordinated loans was transferred to QNB as of June 15, 2016 with remaining unchanged all terms and conditions.

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

**13.1. Paid-in capital**

	Current Period	Prior Period
Common Stock	3.000.000	3.000.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital System	12.000.000	12.000.000

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

None (December 31, 2015 – TL 165.000).

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

None (December 31, 2015 – None).

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

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

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

None (December 31, 2015 – None).

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

None (December 31, 2015 – None).

14. Common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Stocks (Thousands)	30.000.000	30.000.000
Preferred Capital Stock	-	-
Common Stock Issue Premiums <sup>(*)</sup>	714	714
Common Stock Withdrawal Profits	-	-
Other Capital Instruments	-	-

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

15. Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Entities under Common Control	282.434	-	207.320	-
Valuation Difference	282.434	-	207.320	-
Foreign Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(5.425)	(246.725)	(65.962)	(178.297)
Valuation Difference	(5.425)	(246.725)	(65.962)	(178.297)
Foreign Exchange Rate Difference	-	-	-	-
Total	277.009	(246.725)	141.358	(178.297)

16. Accrued interest and expenses

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Deposits	209.110	24.435	207.107	22.050
Derivative Financial Liabilities Held for Trading	1.033.920	303.460	1.882.909	273.555
Funds Borrowed	1.790	94.220	1.667	38.800
Money Market Borrowings	1.737	3.805	2.349	4.811
Derivative Financial Liabilities Held for Hedging Purposes	337.508	362.847	60.229	223.215
Securities Issued	-	78.010	-	44.863
Other Accruals	124.532	126	44.824	78
Total	1.708.597	866.903	2.199.085	607.372

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SECTION FIVE

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

1. Information related to off-balance sheet contingencies

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Credit Cards Limit Commitments	16.296.034	16.255.578
Commitment For Use Guaranteed Credit Allocation	17.773.679	14.365.003
Payment Commitments for Cheques	2.647.180	2.558.758
Forward Asset Purchase Commitments	4.157.143	803.658
Other Irrevocable Commitments	1.247.553	567.592
Commitments for promotions related with credit cards and banking activities	35.496	34.278
Tax and Fund Liabilities due to Export Commitments	9.533	8.479
<b>Total</b>	<b>42.166.618</b>	<b>34.593.346</b>

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

Specific provision is provided for the non-cash loans amounting to TL 36.788 (December 31, 2015 - TL 36.736) followed in the off-balance sheet accounts that are not indemnified and liquidated yet.

1.3 Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Bank Loans	1.355.215	795.562
Letters of Credit	1.186.430	651.319
Other Guarantees	-	-
<b>Total</b>	<b>2.541.645</b>	<b>1.446.881</b>

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

	Current Period	Prior Period
Provisional Letters of Guarantee	612.944	373.483
Final Letters of Guarantee	4.854.529	4.716.970
Advance Letters of Guarantee	433.400	457.160
Letters of Guarantee Given to Customs Offices	349.283	325.424
Other Letters of Guarantee	3.833.830	3.155.908
<b>Total</b>	<b>10.083.986</b>	<b>9.028.945</b>

2. Total amount of non-cash loans

	Current Period	Prior Period
<b>Non-Cash Loans granted for Obtaining Cash Loans</b>	<b>1.014.284</b>	<b>771.408</b>
Less Than or Equal to One Year with Original Maturity	321.920	95.968
More Than One Year with Original Maturity	692.364	675.440
<b>Other Non-Cash Loans</b>	<b>11.611.347</b>	<b>9.704.418</b>
<b>Total</b>	<b>12.625.631</b>	<b>10.475.826</b>

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

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>28.778</b>	<b>0,42</b>	<b>6.719</b>	<b>0,12</b>	<b>28.986</b>	<b>0,48</b>	<b>6.200</b>	<b>0,14</b>
Farming and Raising Livestock	27.126	0,39	1.008	0,02	26.741	0,44	6.149	0,14
Forestry	555	0,01	-	-	963	0,02	-	-
Fishing	1.097	0,02	5.711	0,10	1.282	0,02	51	-
<b>Manufacturing</b>	<b>1.054.791</b>	<b>15,21</b>	<b>2.959.717</b>	<b>52,01</b>	<b>1.083.869</b>	<b>18,04</b>	<b>2.298.573</b>	<b>51,46</b>
Mining and Quarrying	44.274	0,64	37.312	0,66	52.298	0,87	19.420	0,43
Production	820.204	11,83	2.409.417	42,34	813.184	13,53	1.676.460	37,54
Electricity, gas and water	190.313	2,74	512.988	9,01	218.387	3,63	602.693	13,49
<b>Construction</b>	<b>2.141.535</b>	<b>30,88</b>	<b>696.775</b>	<b>12,24</b>	<b>1.536.308</b>	<b>25,56</b>	<b>767.217</b>	<b>17,18</b>
<b>Services</b>	<b>3.619.234</b>	<b>52,19</b>	<b>1.987.693</b>	<b>34,93</b>	<b>3.268.772</b>	<b>54,39</b>	<b>1.371.772</b>	<b>30,71</b>
Wholesale and Retail Trade	2.125.539	30,65	907.897	15,95	1.938.370	32,26	580.540	13,00
Hotel, Food and Beverage	85.598	1,23	72.986	1,28	76.266	1,27	72.025	1,61
	171.368	2,47	159.312	2,80	129.391	2,15	61.789	1,38
Financial Institutions	741.367	10,69	634.511	11,15	665.350	11,07	487.465	10,91
Real Estate and Renting	3.827	0,06	1.509	0,03	4.145	0,07	2.574	0,06
Self Employment Services	236.403	3,41	42.169	0,74	211.077	3,51	36.507	0,82
Educational Services	5.913	0,09	-	-	6.667	0,11	-	-
Health and Social Services	249.219	3,59	169.309	2,98	237.506	3,95	130.872	2,93
<b>Other</b>	<b>90.412</b>	<b>1,30</b>	<b>39.977</b>	<b>0,70</b>	<b>91.507</b>	<b>1,52</b>	<b>22.622</b>	<b>0,51</b>
<b>Total</b>	<b>6.934.750</b>	<b>100,00</b>	<b>5.690.881</b>	<b>100,00</b>	<b>6.009.442</b>	<b>100,0</b>	<b>4.466.384</b>	<b>100,0</b>

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

Current Period(*)	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	6.706.456	3.095.366	187.273	58.103
Bills of Exchange and Acceptances	6.512	1.347.800	-	903
Letters of Credit	5.000	1.180.456	-	974
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
<b>Non-cash Loans</b>	<b>6.717.968</b>	<b>5.623.622</b>	<b>187.273</b>	<b>59.980</b>

(\*) Does not include non-cash loans amounting to TL 36.788, for which provision is provided, but which are not indemnified and not liquidated yet.

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Prior Period (*)	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	5.950.440	3.038.895	2.874	-
Bills of Exchange and Acceptances	23.085	772.186	-	291
Letters of Credit	5.002	646.317	-	-
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
<b>Non-cash Loans</b>	<b>5.978.527</b>	<b>4.457.398</b>	<b>2.874</b>	<b>291</b>

(\*) Does not include non-cash loans amounting to TL 36.736, for which provision is provided, but which are not indemnified and not liquidated yet.

**5. Information on derivative financial instruments**

	Current Period	Prior Period
<b>Types of trading transactions</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>68.331.146</b>	<b>105.707.616</b>
Forward transactions <sup>(*)</sup>	12.477.304	9.330.881
Swap transactions	44.539.421	82.712.723
Futures transactions	83.220	32.720
Option transactions	11.231.201	13.631.292
<b>Interest Related Derivative Transactions (II)</b>	<b>13.830.018</b>	<b>11.990.098</b>
Forward rate transactions	-	-
Interest rate swap transactions	13.353.634	11.454.624
Interest option transactions	-	-
Futures interest transactions	476.384	535.474
Security option transactions	-	-
<b>Other trading derivative transactions (III)</b>	<b>763.955</b>	<b>712.362</b>
<b>A.Total Trading Derivative Transactions (I+II+III)</b>	<b>82.925.119</b>	<b>118.410.076</b>
<b>Types of hedging transactions</b>		
Fair value hedges	14.703.730	17.764.451
Cash flow hedges	19.343.838	18.870.159
Net investment hedges	-	-
<b>B.Total Hedging Related Derivatives</b>	<b>34.047.568</b>	<b>36.634.610</b>
<b>Total Derivative Transactions (A+B)</b>	<b>116.972.687</b>	<b>155.044.686</b>

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

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As of September 30, 2016, breakdown of the Bank's foreign currency forward and swap and interest rate swap transactions based on currencies are disclosed below in their TL equivalents:

	<b>Forward Buy<sup>(**)</sup></b>	<b>Forward Sell<sup>(**)</sup></b>	<b>Swap Buy<sup>(*)</sup></b>	<b>Swap Sell<sup>(*)</sup></b>	<b>Option Buy</b>	<b>Option Sell</b>	<b>Future Buy</b>	<b>Futures Sell</b>	<b>Other</b>
<b>Current Period</b>									
TL	2.329.790	1.772.569	15.441.866	21.265.220	2.505.339	2.496.866	-	-	-
USD	3.162.046	2.387.572	28.093.849	19.509.591	2.591.927	2.682.847	279.802	279.802	763.955
EURO	718.969	1.706.876	3.373.017	3.776.034	480.538	345.597	-	-	-
Other	32.932	366.550	443.346	37.700	33.046	95.041	-	-	-
<b>Total</b>	<b>6.243.737</b>	<b>6.233.567</b>	<b>47.352.078</b>	<b>44.588.545</b>	<b>5.610.850</b>	<b>5.620.351</b>	<b>279.802</b>	<b>279.802</b>	<b>763.955</b>

<sup>(\*)</sup> This column also includes hedging purpose derivatives.

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

	<b>Forward Buy<sup>(**)</sup></b>	<b>Forward Sell<sup>(**)</sup></b>	<b>Swap Buy<sup>(*)</sup></b>	<b>Swap Sell<sup>(*)</sup></b>	<b>Option Buy</b>	<b>Option Sell</b>	<b>Future Buy</b>	<b>Futures Sell</b>	<b>Other</b>
<b>Prior Period</b>									
TL	2.708.325	1.455.137	20.022.379	30.812.688	2.727.400	2.459.930	347	347	-
USD	1.098.411	2.750.074	41.217.474	28.811.962	2.587.585	2.852.748	283.750	283.750	712.362
EURO	797.778	386.959	5.512.115	3.249.638	1.500.712	1.501.634	-	-	-
Other	64.075	70.122	289.894	885.807	292	991	-	-	-
<b>Total</b>	<b>4.668.589</b>	<b>4.662.292</b>	<b>67.041.862</b>	<b>63.760.095</b>	<b>6.815.989</b>	<b>6.815.303</b>	<b>284.097</b>	<b>284.097</b>	<b>712.362</b>

<sup>(\*)</sup> This column also includes hedging purpose derivatives.

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

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**5.1 Fair value hedge accounting**

**a) Loans**

The Bank enters into swap transactions in order to hedge itself from the changes in the fair value due to the changes in market interest rates of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. As of balance sheet date; the mortgage loans amounting to TL 3.757.174 (December 31, 2015 – TL 4.352.016) were subject to hedge accounting by swaps with a nominal of TL 3.916.043 (December 31, 2015 – TL 4.378.077). On September 30, 2016 the net market valuation difference income amounting to TL 22.156 due to the gain from loans amounting to TL 203.517 (September 30, 2015 – TL 209.607 loss) and losses from swaps amounting to TL 181.361 (September 30, 2015 – TL 201.012 gain) is accounted for under “gains / (losses) from financial derivatives transactions” line in the accompanying financial statements.

As of balance sheet date project finance loans amounting to TL 156.206 (December 31, 2015 – TL 156.493) have been subject to hedge accounting with swaps with a nominal amount of TL 149.686 (December 31, 2015 – TL 150.774). In 2016 TL 1.519 net fair valuation difference income, net of TL 3.492 (September 30, 2015 – TL 1.053 gain) income from loans and TL 1.973 (September 30, 2015 – TL 437 loss) loss from swaps has been recorded under “Gains / (losses) from financial derivatives transactions” on accompanying financial statements.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TL 8.308 (September 30, 2015 – TL 10.478) related to the loans that are ineffective for hedge accounting under “gains / (losses) from financial derivatives transactions” as loss during the current period.

**b) Investment securities available for sale**

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Bank using swaps as hedging instruments. As of the balance sheet date; Eurobonds with a nominal of USD 378.7 million and EUR 75.8 million (December 31, 2015 – USD 365.7 million and EUR 75.8 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On September 30, 2016, the net market valuation difference loss amounting to TL 1.710, due to gain from Eurobonds amounting to TL 112.532 (September 30, 2015 – TL 57.602 gain) and loss from swaps amounting to TL 114.243 (September 30, 2015 – 57.486 losses) is accounted for under “gains / (losses) from financial derivatives transactions” line in the accompanying financial statements.

The Bank does not apply fair value hedge on TL government bonds in the current period. (As of December 31, 2015 - none)

**c) Bonds issued**

The Bank applies fair value hedge accounting to hedge against the changes in the interest rates related to the foreign currency bonds issued using interest rate swaps as hedging instruments. As of the balance sheet date, bonds with nominal amount of USD 283 million (December 31, 2015 – USD 650 Million) have been subject to hedge accounting with the same nominal amount of swaps. As of September 30, 2016, TL 479 net fair valuation difference losses, net of TL 3.381 (September 30, 2015 – TL 10.158 losses) losses from issued bonds and TL 2.903 (September 30, 2015 – TL 10.110 gain) income from swaps, has been recorded under “Gains / (losses) from financial derivatives transactions” on accompanying financial statements.



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**d) Tangible assets**

The Bank has designated fair value hedge accounting through foreign currency fundings to be hedged from fair value changes resulting from currency changes in real estate property which has been bought in foreign currency and has a market value denominated in foreign currency. Immovable having a carrying value at an amount of USD 380 million is subjected to hedge accounting with securities issued. The Main Partner Bank has recognized a cumulative amount of TL 95.182 mark to market exchange difference income (September 30, 2015 – TL 59.354) whose TL 36.136 portion is a mark-to-market exchange difference income in current period from aforementioned immovable. The aforementioned exchange difference income will be amortized through the economic life of immovable which is the subject of hedging.

**e) Borrowings**

The Bank implements fair value hedge accounting through interest swaps aiming to provide hedging from changes in interest rates related to fixed rate foreign exchange credits used. Credit at an amount of EUR 30 million (December 31, 2015: EUR 30 million) is subjected to hedge accounting with a swap having the same amount. A net mark to market difference expense at an amount of TL 2 sourcing from Credit at an amount of TL 3.194 losses and TL 3.192 gain from swaps is recognized under “Gain/loss from Derivative Financial Transactions.” (September 30, 2015: None)

**5.2 Cash flow hedge accounting**

**a) Deposit**

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity until 3 month, the Bank implements cash flow hedge accounting with interest rate swaps. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to TL 4.650.130 are subject to hedge accounting as hedging instruments (December 31, 2015 – TL 4.035.130). As a result of the mentioned hedge accounting, fair value losses before taxes amounting to TL 183.822 are accounted for under equity during the current period (September 30, 2015 – TL 92.952 gain). The loss amounting to TL 15 (September 30, 2015 – TL 5 gain) relating to the ineffective portion is accounted for at the income statement.

As of the balance sheet date, swaps with a nominal amount of USD 1.636 million (December 31, 2015 – USD 1.877 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 139 million (December 31, 2015 – EUR 139 million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value losses before taxes amounting to TL 114.454 are accounted for under equity during the current period (September 30, 2015 – TL 76.200 gain). The loss amounting to TL 1.448 (September 30, 2015 – TL 51 losses) relating to the ineffective portion is accounted for at the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. Effective parts classified under equity due to hedge accounting are amortized through income statement until the maturity of swaps in case of ineffectiveness. In the current period there is profit of TL 19.522 transferred amount from equity to income statement due to ineffectiveness or matured swaps. (September 30, 2015 – TL 3.795 losses).

The measurements as of September 30, 2016, hedge of cash flow transactions stated above are determined as effective.

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

As of September 30, 2016, the Bank has no commitments “credit linked notes” (As of December 31, 2015- none)

As of September 30, 2016, “Other Derivative Financial Instruments” with nominal amount of USD 255.000.000 (December 31, 2015: USD 225.000.000) are included in Bank’s “Swap Interest Sell Transactions.” In aforementioned transaction, the Bank is the seller of the protection for USD 245.000.000.

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

The Bank has recorded a provision of TL 32.104 (December 31, 2015 - TL 37.644) for litigation and has accounted for it in the accompanying financial statements under the “Other Provisions” account (Section Five, part II.9.5). Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

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

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

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

<b>MOODY’S September 2016</b>		<b>FITCH August 2016</b>		<b>CI August 2016</b>	
Long-Term Deposit Rating (FC)	Ba2	Long -Term Foreign Curr.	BBB	Long-Term Foreign Curr.	BB+
Long-Term Deposit Rating (TL)	Ba1	Short-Term Foreign Curr.	F2	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (FC)	NP	Long-Term TL	BBB	FC Appearance	Stable
Short-Term Deposit Rating (TL)	NP	Short-Term TL	F2	Financial Strength Rating	BBB
Main Credit Evaluation	ba3	Long-Term National	AAA(tur)	Financial Strength Appearance	Stable
Appearance	Stable	Appearance	Negative	Support	2
		Support	2		
		Financial Capacity Rating	bbb-		

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SECTION FIVE

IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT

1. a) Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term Loans	2.575.419	30.128	2.263.041	38.815
Medium and Long-Term Loans	2.692.075	355.249	2.226.732	288.073
Non-Performing Loans	55.096	-	58.906	-
Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>5.322.590</b>	<b>385.377</b>	<b>4.548.679</b>	<b>326.888</b>

b) Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank (*)	-	631	-	-
Domestic Banks	1.924	9	749	7
Foreign Banks	910	3.701	26	1.143
Foreign Headquarters and Branches	-	-	-	-
<b>Total</b>	<b>2.834</b>	<b>4.341</b>	<b>775</b>	<b>1.150</b>

(\*) The interest income on Required Reserve amounting TL 38.663 is not included into interest income on Banks. (September 30, 2015: TL 14.274).

c) Information on interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	2.553	141	1.111	194
Financial Assets at FVTPL	3.438	187	6.957	460
Investment Securities Available for Sale	271.669	82.939	232.731	81.787
Investment Securities Held to Maturity	217.511	44.609	203.341	32.563
<b>Total</b>	<b>495.171</b>	<b>127.876</b>	<b>444.140</b>	<b>115.004</b>

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its available for sale and held-to-maturity portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before. The Bank determines the estimated inflation rates used for valuation of securities in line with this. In this context, the estimated inflation rate used is updated during the year when necessary. In this context, as of September 30, 2016, valuation of such assets is made according to estimated annual inflation rate of 7,7%. If valuation of these securities indexed to the CPI had been done by the reference index valid through September 30, 2016, the Bank's Marketable securities valuation differences would be decreased by TL 0,4 million (in full TL amount) and net profit would be increased by TL 0,9 million (in full TL amount) to TL 852 million (in full TL amount).

d) Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	6.405	4.072

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Banks</b>	<b>5.210</b>	<b>226.200</b>	<b>13.720</b>	<b>169.118</b>
T.R. Central Bank	-	-	-	-
Domestic Banks	5.187	1.482	5.401	1.630
Foreign Banks	23	224.718	8.319	167.488
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	-	-	-	-
<b>Total</b>	<b>5.210</b>	<b>226.200</b>	<b>13.720</b>	<b>169.118</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Interest Paid to Associates and Subsidiaries	9.089	18.788

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

As of September 30, 2016 interest paid to securities issued is TL 201.408 (September 30, 2015 – TL 286.138).

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

<b>Account</b>	<b>Time Deposits</b>						<b>Accumulated Deposit Account</b>	<b>Total</b>
	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>Over 1 Year</b>		
<b>Turkish Lira</b>								
Bank Deposits	-	11.962	4.076	153	276	-	-	16.467
Saving Deposits	-	177.109	1.204.210	47.879	24.895	70.331	-	1.524.424
Public Sector Deposits	-	147	5.629	81	67	8	-	5.932
Commercial Deposits	1	141.377	361.900	63.448	14.313	15.531	-	596.570
Other Deposits	-	2.577	57.783	5.516	33.185	1.189	-	100.250
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>333.172</b>	<b>1.633.598</b>	<b>117.077</b>	<b>72.736</b>	<b>87.059</b>	<b>-</b>	<b>2.243.643</b>
<b>Foreign Currency</b>								
Deposits	-	22.118	200.503	14.354	3.412	6.440	-	246.827
Bank Deposits	61	12.384	3.981	109	-	-	-	16.535
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	496	-	-	-	-	-	496
<b>Total</b>	<b>61</b>	<b>34.998</b>	<b>204.484</b>	<b>14.463</b>	<b>3.412</b>	<b>6.440</b>	<b>-</b>	<b>263.858</b>
<b>Grand Total</b>	<b>62</b>	<b>368.170</b>	<b>1.838.082</b>	<b>131.540</b>	<b>76.148</b>	<b>93.499</b>	<b>-</b>	<b>2.507.501</b>

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

Account	Demand Deposits	Time Deposits					Accumulated Deposit Account	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	3.618	6.739	1.014	-	-	-	11.371
Saving Deposits	-	140.390	961.243	24.758	16.116	85.405	-	1.227.912
Public Sector Deposits	-	922	5.781	85	27	-	-	6.815
Commercial Deposits	-	127.251	297.162	22.105	8.532	10.522	-	465.572
Other Deposits	-	4.757	102.571	2.132	30.859	16.670	-	156.989
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>276.938</b>	<b>1.373.496</b>	<b>50.094</b>	<b>55.534</b>	<b>112.597</b>	<b>-</b>	<b>1.868.659</b>
<b>Foreign Currency</b>								
Deposits	-	19.402	152.316	5.258	2.554	8.616	-	188.146
Bank Deposits	20	10.934	2.895	246	5	-	-	14.100
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	480	-	-	-	-	-	480
<b>Total</b>	<b>20</b>	<b>30.816</b>	<b>155.211</b>	<b>5.504</b>	<b>2.559</b>	<b>8.616</b>	<b>-</b>	<b>202.726</b>
<b>Grand Total</b>	<b>20</b>	<b>307.754</b>	<b>1.528.707</b>	<b>55.598</b>	<b>58.093</b>	<b>121.213</b>	<b>-</b>	<b>2.071.385</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Repurchase Agreements <sup>(*)</sup>	136.503	18.660	147.261	11.115

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

**f) Information on finance lease expenses**

	Current Period	Prior Period
Finance Lease Expenses	125	167

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

None (September 30, 2015 – None).

**3. Information on dividend income**

	Current Period	Prior Period
From Trading Securities	-	-
From Financial assets at fair value through profit and loss	-	-
From Available for Sale Financial Assets	-	-
Other	26	62.872
<b>Total</b>	<b>26</b>	<b>62.872</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Trading Income</b>	<b>10.610.670</b>	<b>15.651.657</b>
Gains on Capital Market Operations	27.163	40.058
Derivative Financial Instruments	3.081.707	3.705.402
Foreign Exchange Gains	7.501.800	11.906.197
<b>Trading Loss (-)</b>	<b>11.128.232</b>	<b>16.154.063</b>
Losses on Capital Market Operations	11.975	20.559
Derivative Financial Instruments	3.641.940	4.211.282
Foreign Exchange Losses	7.474.317	11.922.222
<b>Net Trading Income/Loss</b>	<b>(517.562)</b>	<b>(502.406)</b>

**5. Information on other operating income**

The Bank recorded the current year collections from loans written off in the previous period, portfolio management fees and expense accrual cancelations in “Other Operating Income” account. In addition, amounting to TL151.532 gain reflected in the financial statements of the Bank from the transfer of Visa Inc shares to the Visa Europe Ltd. shares that the Bank owns.

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Specific Provisions For Loans and Other Receivables</b>	<b>838.158</b>	<b>670.521</b>
Loans and Receivables in Group III	184.344	151.693
Loans and Receivables in Group IV	214.961	148.796
Loans and Receivables in Group V	438.853	370.032
<b>Provision for Loans Under Close Monitoring</b>	<b>(11.687)</b>	<b>18.080</b>
<b>General Provisions</b>	<b>93.680</b>	<b>152.587</b>
<b>Provision Expenses for Possible Losses</b>	<b>-</b>	<b>(82.000)</b>
<b>Impairment Losses on Securities</b>	<b>-</b>	<b>419</b>
Financial assets at fair value through profit or loss	-	419
Investment securities available for sale	-	-
<b>Impairment Losses on Associates, Subsidiaries and</b>	<b>-</b>	<b>-</b>
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held-to-maturity	-	-
<b>Other</b>	<b>1.027</b>	<b>9.651</b>
<b>Total</b>	<b>921.178</b>	<b>769.258</b>

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**7. Information on other operating expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel costs	848.341	767.367
Reserve for employee termination benefits	17.810	11.022
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	-	-
Depreciation charge of tangible assets	104.539	102.509
Impairment losses on intangible assets	-	-
Impairment losses on goodwill	-	-
Amortization charge of intangible assets	79.566	63.304
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed of	-	-
Depreciation on assets to be disposed	4.836	2.776
Impairment charge of assets held for sale and discontinued operations	-	-
Other operating expenses	682.906	630.751
<i>Operational lease related expenses</i>	<i>167.834</i>	<i>165.574</i>
<i>Repair and maintenance expenses</i>	<i>89.471</i>	<i>63.843</i>
<i>Advertisement expenses</i>	<i>63.750</i>	<i>56.110</i>
<i>Other expenses</i>	<i>361.851</i>	<i>345.224</i>
Losses on sales of assets	1.348	236
Other (*)	348.214	453.616
<b>Total</b>	<b>2.087.560</b>	<b>2.031.581</b>

(\*) Comprising repayments amounting to TL 67.369 (September 30, 2015: TL 129.627) in respect of Consumer Arbitration Committee and courts' decision, which was fees and commissions recognized in previous year as income.

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

For the period ended September 30, 2016, net interest income in regards to continued operations of TL 3.292.155 (September 30, 2015 – 2.836.900), net fees and commission income of TL 1.001.746 (September 30, 2015 – TL 1.003.902) and other operating income of TL 295.600 (September 30, 2015 – TL 211.399) constitute an important part of the income.

**9. Explanations on tax provision for continued and discontinued operations**

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

As of September 30, 2016, the Bank has recorded tax charge TL 68.800 (September 30, 2015 – TL 147.521 tax charge) and a deferred tax expense of TL 143.028 (September 30, 2015 – TL 9.128 deferred tax income) from its continuing operations.

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

None (September 30, 2015 – None).

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

Net profit of the Bank from continued operations is TL 851.399 (September 30, 2015 – TL 673.435).

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**11. Explanations on net income/loss for the period**

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

None (September 30, 2015 – None).

**11.2. Effect of changes in accounting estimates on income statement for the current and for subsequent periods.**

None

**11.3. There is no profit or loss attributable to minority shares.**

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

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

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

**V. EXPLANATIONS AND DISCLOSURES RELATED TO CASH FLOWS STATEMENTS**

Have not been prepared in accordance with the 25th clause of Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements.



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SECTION FIVE

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

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

Current period transactions of Parent's Bank related to its Direct and Indirect Partners include QNB group since the share transfer of the Bank to QNB has been completed on June 15, 2016.

- 1.1. As of September 30, 2016, the Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to TL 354.514 (December 31, 2015 - TL 524.810) deposit, TL 335.641 (December 31, 2015 - TL 155.953) cash loan and TL 6.804 (December 31, 2015 - TL 33.930) non-cash loans respectively.

Current Period

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group (**)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	155.953	11.315	-	21.651	-	964
Balance at the End of the Period	335.191	5.478	359	-	91	1.326
Interest and Commission Income	6.405	121	-	-	15	13

Prior Period

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group (**)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	157.557	19.742	1.716	34.288	-	702
Balance at the End of the Period	155.953	11.315	-	21.651	-	964
Interest and Commission Income (***)	4.072	119	-	19	-	9

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

(\*\*) Includes the loans given to the Bank's indirect subsidiaries.

(\*\*\*) Prior Period Balance Represents September 30, 2015 balance.

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

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposits</b>						
Balance at the Beginning of the Period	265.905	380.996	-	17.036	258.905	57.639
Balance at the End of the Period	188.505	265.905	-	-	166.009	258.905
Interest on deposits(***)	9.089	18.788	-	-	11.928	7.542

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

(\*\*) Includes the deposits taken to the Bank's indirect subsidiaries.

(\*\*\*) Prior Period Balance Represents September 30, 2015 balance.

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

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group (**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes</b>						
Beginning of the Period	-	140.998	168.641	134.496	74.646	102.824
End of the Period	-	-	-	168.641	-	74.646
Total Income/Loss(***)	4	(1.063)	-	(5.780)	2.304	2.320
<b>Transactions for Hedging Purposes</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss(***)	-	-	-	-	-	-

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

(\*\*) Includes the derivative transactions between the Bank's indirect subsidiaries.

(\*\*\*) Prior Period Balance Represents September 30, 2015 balance.

- 1.4.** As of September 30, 2016, the total amount of remuneration and bonuses paid to top management of the Bank is TL 56.792 (September 30, 2015 - TL 46.947).

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

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

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

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

As of September 30, 2016, cash loans of the risk group represented 0,6% of the Bank's total cash loans (December 31, 2015 – 0,3%), the deposits represented 0,7% of the Bank's total deposits (December 31, 2015- 1,1 %) and derivative transactions represented 0% of the Bank's total derivative transactions (December 31, 2015 – 0,2%).

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

The Bank enters into finance lease agreements with Finans Finansal Kiralama A.Ş. As of September 30, 2016, the Bank has net finance lease payables to Finans Finansal Kiralama A.Ş. amounting to TL 1.144 (December 31, 2015 - TL 1.904) relating with finance lease agreements.

The Bank has signed an agreement with Ibttech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. regarding research, development, advisory and improvement services.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the Bank participated 33,33% shareholding, provides cash transfer services to the Bank.

Information about the Bank's subordinated loans is explained under Section 5, Part II. footnote 12.

The Bank provides agency services to Cigna Finans Emeklilik ve Hayat A.Ş., which is a jointly controlled entity with 49% shares held by the Bank.

**VII. OTHER EXPLANATIONS AND DISCLOSURES**

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

The Bank has made a bond issuance at nominal amount of TL 76.480.000 with 10,60% interest rate and 183 days maturity on October 5, 2016, at nominal amount of USD 15.200.000 with 2,04% interest rate and 92 days maturity on October 10, 2016, at nominal amount of TL 139.470.000 with 10,10% interest rate and 91 days maturity on October 14, 2016, at nominal amount of TL 311.130.000 with 10,10% interest rate and 91 days maturity on October 21, 2016 and at nominal amount of TL 85.000.000 with 9,85 % interest rate and 91 days maturity on October 25, 2016.

Bank has decided to change its logo and trade name as "QNB FİNANSBANK" within the scope of change in the principal shareholder and brand strategy. The Bank started to used the new logo since October 20, 2016, although it keeps the legal name unchanged as "FİNANS BANK A.Ş."

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

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

**3. Other matters**

None.

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**SECTION SIX**

**LIMITED INDEPENDENT AUDIT REPORT**

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

The unconsolidated financial statements for the period ended September 30, 2016 have been limited audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). The auditor's limited report dated October 26, 2016 is presented preceding the unconsolidated financial statements.

**II. Explanations and notes prepared by Independent Auditors**

None (December 31, 2015 – None).

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**SECTION SEVEN**

**UNCONSOLIDATED INTERIM ACTIVITY REPORT**

**I. Interim Unconsolidated Activity Report that Includes the Assessment of the Chairman of the Board of Directors and General Manager of Operations**

**Message by the Chairman**

Distinguished Partners,

Growth has been the main problem impacting the global economy, especially the European countries. In recent days, we have been witnessing many financial institutions to revise their 2016 global growth expectations as downwards. Indeed, the International Money Fund (IMF) has reduced its global growth expectations by 0.1 points for 2016 and 2017, revising them down to 3,1% and 3,4% respectively in the "World Economic Outlook" report published with the title of "Subdued Demand: Symptoms and Remedies" due to the uncertainties looming over global economy, primarily for the European economies.

Despite problems facing global economy and geopolitical risks increasingly spreading in the region, Turkey still ranks among the countries capable of growth -- albeit in a slowed fashion. Turkish economy grew by 3,1% in the second quarter of 2016. Slowdown in economic activity became even more prominent in the aftermath of the failed coup attempt on July 15th. Regardless of the measures taken by the government and the promising atmosphere brought by consequent solidarity, Moody's downgraded Turkish credit rating, following the international credit rating agency S&P. Triggered by persisting negative outlooks in global markets and increasing geopolitical risks, growth expectations for the second half of the year regressed to a certain extent. Indeed, the Government's revision of the growth expectation for 2016, which was originally determined as 4,5%, down to 3,2% in the Medium-Term Program announced in October also indicates this regress.

Highlights of the global economy other than growth in the first nine months of the year reveals the significant role that Brexit has played on the global market fluctuations. Once again, interest rate policy of the FED has been impacting the global markets in the first nine months of the year. We observe an increasing anticipation of a rise in interest rates by FED in December this year, which has not changed the rates during the September meeting. In this respect, interest rate policies of FED will continue to impact the global markets for a long period of time.

The third quarter of 2016 was also a dynamic period for Finans bank. We have entered a new era with our new corporate identity after the completion of sales process of the shares of our Bank, the pioneer of change and innovation in the banking system, and its subsidiaries to Qatar National Bank (QNB) on June 15. We have entered the last quarter of the year as QNB Finansbank, driven by the power our main shareholder has embedded in our name.

Having finalized a significant merger process during a time of global and local fluctuations, our Bank has kept on walking on its path relying on a robust strategy and effective management approach. It achieved successful results thanks to the performance of its people, "Finansçı", who represent the key strength of our bank.

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Our Bank has completed the first nine months of the year with TL 93 billion and 988 million in total assets, and TL 851 million in net profits. In the first nine months, our total loan book has increased by 7% to TL 61 billion and 424 million and customer deposits have increased by 4% to TL 49 billion and 62 million, in comparison to 2015 year-end figures. With a 16% YoY increase, our net interest income has reached TL 3 billion and 292 million.

For the remainder of the year, we are committed to accomplish our profitable and sustainable growth policy, with a full awareness of our responsibility to the regulatory and supervisory authorities, our shareholders and customers. Driven by our experience and people-centric approach, our products will empower us with a critical role in reaching QNB's bigger goals in the region.

Once again, I would like to thank QNB, our main shareholder, for having motivated us in walking towards these bigger goals, to our customers and shareholders for their trust in us as a driving factor of determination to succeed, and to all our “Finansçı” colleagues and stakeholders.

Ömer Aras

Finans Bank A.Ş.

Chairman of the Board

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**Message by the General Manager**

Distinguished Shareholders and Members of the Board,

We are experiencing volatile times in financial markets, caused by global uncertainties and geopolitical problems.

At QNB Finansbank, the innovative and pioneer force of Turkish banking system, we completed the first 9 months of 2016 with successful results during these challenging times. Motivation driven by completion of our Bank's and Subsidiaries' transfer to Qatar National Bank (QNB) played a significant role in this success.

The first nine months' financial statements in 2016 demonstrated once again the efficiency of our strong capital structure, industry-leading innovative applications and people-oriented financier mindset.

Our total assets reached TL 94 billion in the first nine months of 2016.

Our bank's performance regarding loans and customer deposits demonstrated tangible results in our financial statements. Compared to the 2015 year end, total loans extended by QNB Finansbank during the first nine months of 2016 increased by 7% and reached TL 61 billion and 424 million; while customer deposits increased by 4% during the same period and reached TL 49 billion and 62 million.

With a 16% YoY increase, our net interest income during the first nine months reached TL 3 billion and 292 million. Our net fees and commissions income is maintained at approximately TL 1 billion during the same period. Shareholder equity of our bank reached TL 9 billion and 704 million.

Our bank's net profit for the period has reached TL 851 million.

As of September 2016, we continue our operations through 630 branches and 12.398 employees.

I sincerely believe that we will achieve even more in the days to come as we keep walking on our path under the name of QNB Finansbank.

I would like to thank my colleagues, customers, all strategic partners, correspondent banks and everyone who has added on the value of QNB Finansbank.

Temel Güzelöğlu  
Finans Bank A.Ş.  
General Manager and Member of the Board

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**Summary Financial Belonging to the Period of 30.09.2016**

<b>Principal Financial Indicators (Million TL)</b>	<b>30 September 2016</b>	<b>31 December 2015</b>
Total Loans	61.424	57.273
Securities	11.357	9.197
Total Assets	93.988	85.727
Customer Deposits	49.062	47.009
Equity	9.704	9.024

<b>Profitability</b>	<b>30 September 2016</b>	<b>30 September 2015</b>
Net interest income	3.292	2.837
Net fees and commission income	1.002	1.004
Provision loans and other Receivables(-)	(921)	(769)
<b>Operating profit before tax</b>	<b>1.063</b>	<b>812</b>
Tax Provision	(212)	(138)
<b>Net profit for the period</b>	<b>851</b>	<b>673</b>

As of September 30, 2016 total assets of Bank realized as 93 billion and 988 million TL. When compared with the end of year 2015, total loans increased by 7% and reached 61 billion and 424 million TL while Customer Deposits increased by 4% and reached up to 49 billion and 62 million TL.

Unconsolidated profit of the Bank before tax reached 1 billion 63 million TL and the unconsolidated net profit for the third quarter realized as 851 million TL. Net interest income grew %16 and reached 3 billion and 292 million TL in the nine-month period of the year 2016 compared to same period of previous year. Net fees and commission income arrived at 1 billion TL nearly.

When compared with the end of year 2015, total consolidated shareholders' equity increased by %8 and reached up to 9 billion 704 million TL. As of September 30, 2016 capital adequacy ratio of the Bank was %14,46.

As of September 30, 2016 Finans Bank has 12.398 personnel and 630 branch.

**Information Regarding the Financial Status, Profitability and Solvency of the Bank**

**Assets:**

Finans Bank maintained its customer-oriented activities during year 2016 and continued to grow mainly in Corporate and commercial loans. As of September 30, 2016, total unconsolidated loans increased by 7% and reached 61 billion and 424 million TL while total unconsolidated assets increased by 10% and reached 93 billion and 988 million TL as well. The Bank has maintained developing of corporate based loans (Corporate, Commercial and SMEs) which the Bank has focused strategically during 2016 and corporate based loans has increased by 13% compared 2015 year end.

**Liabilities:**

Total customer deposits of the Bank increased by 4% and reached 49 billion and 62 million TL and shareholders' equity increased by 8% and reached 9 billion and 704 million TL.



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**Profitability:**

Net interest income increased by 16% and reached 3 billion and 292 million TL and net fees and commission income amounts to 1 billion TL nearly. Profit before tax of the Bank amounts to 1 billion 63 million TL and the net profit for the period is 851 million TL.

**Solvency**

Due to its strong capital structure and high shareholders' equity profitability, Finans Bank has a sound financial structure. Bank has utilized its capital efficiently for its banking activities and has maintained its profitability of shareholders' equity. When taking into consideration of its funding structure; beside large deposit base that Finans Bank has, The Bank has also fund to its loans by using long-term external sources. Bank has a quite great cost advantage due to benefiting from such various funding resources and at the same time it is minimizing the risks arising from differences in the maturity dates.

As having a significant place in the Turkish financial markets; Finans Bank with its strong financial structure also proves its credibility by the high ratings that received from the independent rating firms.

**Amendments made to the Articles of Association**

The Bank's trade name in 3<sup>rd</sup> article of the Articles of Association has been changed to "QNB Finansbank".

**Other Issues**

As of December 21, 2015, a share sales agreement has been signed between NBG, principal shareholder of the Bank, and Qatar National Bank ("QNB") regarding direct sale of 99,81% of the Bank's shares NBG owns at the Bank and indirect sale of the Bank's shares in subsidiaries and existing partners to QNB at a price of EUR 2 billion 750 million. On April 7, 2016, Banking Regulation and Supervision Agency (BRSA) has allowed the transfer of 82,23% of the Bank's shares owned by NBG, 9,68% of the Bank's shares owned by NBG Finance (Dollar) PLC., 7,90% of the Bank's shares owned by NBGI Holdings B.V. to Qatar National Bank S.A.Q. within the framework of the 18/1st Clause of the Banking Law, and for the direct share of NBG to decrease to 0%. Share transfer will occur after necessary local regulatory permissions have been completed, until then the main shareholder of the Bank is NBG. Necessary permissions related to share transfer have been completed on May 4, 2016 before the Competition Authority while permission transactions regarding direct/indirect share ownership which shall realize in related affiliates of the Bank (Finans Yatırım Menkul Değerler A.Ş., Finans Portföy Yönetimi A.Ş., Finans Finansal Kiralama A.Ş. and Cigna Finans Emeklilik ve Hayat A.Ş.) before the related official bodies on May 12, 2016 and share transfer of the Bank has been completed on June 15, 2016.

Amounting to TL151.532 gain reflected in the financial statements of the Bank from the transfer of Visa Inc shares to the Visa Europe Ltd. shares that the Bank owns.

**General Grants realized during the Period**

General grants realized as of September 30, 2016 was TL 582.