

FİNANS BANK ANONİM ŞİRKETİ

**INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT,
UNCONSOLIDATED FINANCIAL STATEMENTS, NOTES
AND INTERIM ACTIVITY REPORT FOR THE PERIOD
ENDED SEPTEMBER 30, 2017**

**(Convenience translation of unconsolidated financial statements and independent
auditor’s audit 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, 2017 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 of December 31, 2016 the accompanying unconsolidated prior period financial statements include the reversal of general reserve amounting to thousand TL 100.000 which were provided in prior periods for possible results of the circumstances which may arise from any changes in the economy and market conditions.

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the “Basis of Qualified Conclusion” paragraph the comparatively presented unconsolidated financial statements as of December 31, 2016, 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, 2017 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 25, 2017
İstanbul, Türkiye

**THE UNCONSOLIDATED FINANCIAL REPORT OF FINANS BANK A.Ş.
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

The Bank's;
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Facsimile number : (0 212) 318 56 48
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E-mail address : investor.relations@qnbfinansbank.com

The unconsolidated financial report for the nine-months period ended September 30, 2017, 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 REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated interim financial statements and related disclosures and footnotes for the nine-months period ended September 30, 2017, are prepared and independently limited reviewed in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances, and in compliance with the financial records of our Bank. Unless otherwise stated, 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 Güzelöğlu
General Manager
and Member of the
Board of Directors

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

Ercan Sakarya
Director 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 / Director 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, 2017**

(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.

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 has been started to be used as a new logo since October 20, 2016, although it keeps the legal name unchanged as "FİNANS BANK A.Ş".

99,88% of shares of Finans Bank A.Ş. are controlled by Qatar National Bank as of September 30, 2017 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.

**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, 2017**

(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	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	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	Board Member	June 16, 2016	Graduate
Noor Mohd J. A. Al-Naimi	Board Member	June 22, 2017	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
Emel Yılmaz Özbay	Executive Vice President	Feb 12, 2016	Graduate
Engin Turhan	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

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”)	3.345.892	99,88%	3.345.892	-
Other	4.108	0,12%	4.108	-

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, 2017, the Bank operates through 578 domestic (December 31, 2016 – 628), 1 abroad (December 31, 2016 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2016 – 1) branches. As of September 30, 2017, the Bank has 11.815 employees (December 31, 2016 - 12.451 employees).

**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, 2017**

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

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, 2017 (STATEMENT OF FINANCIAL POSITION)

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

I. BALANCE SHEET – ASSETS

		Reviewed 30.09.2017			Audited 31.12.2016		
	Section 5 Part I	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	3.559.236	12.203.104	15.762.340	1.929.860	11.174.023	13.103.883
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	2.253.212	265.095	2.518.307	2.603.817	211.858	2.815.675
2.1 Financial assets held for trading		2.240.697	265.095	2.505.792	2.580.846	211.858	2.792.704
2.1.1 Public sector debt securities		78.643	7.621	86.264	5.950	11.486	17.436
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Assets on trading derivatives		2.162.054	256.700	2.418.754	2.574.896	200.372	2.775.268
2.1.4 Other securities		-	774	774	-	-	-
2.2 Financial assets at fair value through profit and loss		12.515	-	12.515	22.971	-	22.971
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		12.515	-	12.515	22.971	-	22.971
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	(3)	6.675	981.997	988.672	13.503	260.283	273.786
IV. MONEY MARKET PLACEMENTS		3.989	-	3.989	1.547.549	-	1.547.549
4.1 Interbank money market placements		3.989	-	3.989	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	246.944	-	246.944
4.3 Receivables from reverse repurchase agreements		-	-	-	1.300.605	-	1.300.605
V. INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)	(4)	4.445.942	3.015.069	7.461.011	4.151.905	2.880.043	7.031.948
5.1 Equity securities		4.912	61.338	66.250	4.225	44.961	49.186
5.2 Public sector debt securities		4.441.030	2.938.950	7.379.980	4.147.680	2.796.651	6.944.331
5.3 Other securities		-	14.781	14.781	-	38.431	38.431
VI. LOANS AND RECEIVABLES	(6)	61.473.143	17.518.380	78.991.523	50.044.814	12.855.446	62.900.260
6.1 Loans and receivables		60.856.923	17.518.380	78.375.303	49.431.744	12.855.446	62.287.190
6.1.1 Loans to risk group of the Bank		58.380	108.439	166.819	167.228	98.076	265.304
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		60.798.543	17.409.941	78.208.484	49.264.516	12.757.370	62.021.886
6.2 Non-performing loans		4.510.327	-	4.510.327	3.840.927	-	3.840.927
6.3 Specific provisions (-)		3.894.107	-	3.894.107	3.227.857	-	3.227.857
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	(7)	3.586.348	3.205.086	6.791.434	3.383.952	2.516.555	5.900.507
8.1 Public sector debt securities		3.586.348	2.636.973	6.223.321	3.383.952	1.915.594	5.299.546
8.2 Other securities		-	568.113	568.113	-	600.961	600.961
IX. INVESTMENT IN ASSOCIATES (Net)	(8)	3.766	-	3.766	3.766	-	3.766
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
X. INVESTMENT IN SUBSIDIARIES (Net)	(9)	772.857	-	772.857	665.618	-	665.618
10.1 Unconsolidated financial investments		754.811	-	754.811	647.572	-	647.572
10.2 Unconsolidated non-financial investments		18.046	-	18.046	18.046	-	18.046
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (Net)	(10)	129.443	-	129.443	129.443	-	129.443
11.1 Equity method entities under common control		-	-	-	-	-	-
11.2 Unconsolidated		129.443	-	129.443	129.443	-	129.443
11.2.1 Financial investments		126.643	-	126.643	126.643	-	126.643
11.2.2 Non-financial Investments		2.800	-	2.800	2.800	-	2.800
XII. LEASE RECEIVABLES (Net)	(11)	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES	(12)	2.621.412	23.009	2.644.421	3.409.777	33.561	3.443.338
13.1 Fair value hedge		1.961.260	13.532	1.974.792	2.346.595	18.509	2.365.104
13.2 Cash flow hedge		660.152	9.477	669.629	1.063.182	15.052	1.078.234
13.3 Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		1.813.140	54	1.813.194	1.833.271	48	1.833.319
XV. INTANGIBLE ASSETS (Net)		299.556	-	299.556	280.166	-	280.166
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		299.556	-	299.556	280.166	-	280.166
XVI. INVESTMENT PROPERTIES (Net)	(13)	-	-	-	-	-	-
XVII. TAX ASSETS	(14)	-	-	-	33.517	-	33.517
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets		-	-	-	33.517	-	33.517
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(15)	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(16)	1.339.498	466.966	1.806.464	1.135.700	404.579	1.540.279
TOTAL ASSETS		82.308.217	37.678.760	119.986.977	71.166.658	30.336.396	101.503.054

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, 2017 (STATEMENT OF FINANCIAL POSITION)

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

I. BALANCE SHEET – LIABILITIES AND EQUITY

		Reviewed 30.09.2017			Audited 31.12.2016			
		Section 5						
		Part II	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	38.557.706	29.364.441	67.922.147	31.546.849	22.391.851	53.938.700
1.1	Deposits from risk group of the Bank		621.774	109.615	731.389	208.763	60.106	268.869
1.2	Other		37.935.932	29.254.826	67.190.758	31.338.086	22.331.745	53.669.831
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	1.777.271	208.154	1.985.425	2.387.017	214.921	2.601.938
III.	FUNDS BORROWED	(3)	104.411	12.239.448	12.343.859	101.236	10.656.671	10.757.907
IV.	MONEY MARKET BORROWINGS		1.330.846	4.098.265	5.429.111	2.995.752	3.519.709	6.515.461
4.1	Interbank money markets takings		-	-	-	1.500.708	-	1.500.708
4.2	Istanbul Stock Exchange money markets takings		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements	(4)	1.330.846	4.098.265	5.429.111	1.495.044	3.519.709	5.014.753
V.	SECURITIES ISSUED (Net)	(5)	1.205.896	5.865.511	7.071.407	1.124.543	3.187.028	4.311.571
5.1	Bills		1.205.896	53.580	1.259.476	1.124.543	53.683	1.178.226
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	5.811.931	5.811.931	-	3.133.345	3.133.345
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		2.542.949	3.840.516	6.383.465	2.212.951	4.389.726	6.602.677
VIII.	OTHER LIABILITIES	(6)	676.347	260.506	936.853	858.329	170.008	1.028.337
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(7)	72	6.829	6.901	273	667	940
10.1	Financial lease payables		98	7.559	7.657	322	728	1.050
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial lease expenses (-)		26	730	756	49	61	110
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(8)	525.414	235.524	760.938	196.239	230.489	426.728
11.1	Fair value hedge		43.192	189.237	232.429	-	190.559	190.559
11.2	Cash flow hedge		482.222	46.287	528.509	196.239	39.930	236.169
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
XII.	PROVISIONS	(9)	1.850.624	-	1.850.624	1.768.642	-	1.768.642
12.1	General provisions		1.362.736	-	1.362.736	1.288.394	-	1.288.394
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		267.343	-	267.343	276.595	-	276.595
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		220.545	-	220.545	203.653	-	203.653
XIII.	TAX LIABILITY	(10)	305.482	-	305.482	188.032	-	188.032
13.1	Current tax liability		49.376	-	49.376	188.032	-	188.032
13.2	Deferred tax liability		256.106	-	256.106	-	-	-
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)	-	3.323.304	3.323.304	-	3.235.793	3.235.793
XVI.	SHAREHOLDERS' EQUITY		11.850.992	(183.531)	11.667.461	10.499.697	(373.369)	10.126.328
16.1	Paid-in capital	(13)	3.350.000	-	3.350.000	3.150.000	-	3.150.000
16.2	Capital reserves		394.642	(183.531)	211.111	276.220	(373.369)	(97.149)
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	(15)	358.280	(173.816)	184.464	275.394	(379.478)	(104.084)
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)		74.978	(9.715)	65.263	39.442	6.109	45.551
16.2.9	Accumulated valuation differences from assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		(42.019)	-	(42.019)	(42.019)	-	(42.019)
16.3	Profit reserves		6.873.477	-	6.873.477	5.870.067	-	5.870.067
16.3.1	Legal reserves		504.698	-	504.698	444.527	-	444.527
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		6.368.779	-	6.368.779	5.425.540	-	5.425.540
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		1.232.873	-	1.232.873	1.203.410	-	1.203.410
16.4.1	Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2	Current period income/ (loss)		1.232.873	-	1.232.873	1.203.410	-	1.203.410
TOTAL LIABILITIES AND EQUITY			60.728.010	59.258.967	119.986.977	53.879.560	47.623.494	101.503.054

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 OFF-BALANCE SHEET AS OF SEPTEMBER 30, 2017

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

II. STATEMENT OF OFF-BALANCE COMMITMENTS AND CONTINGENCIES

				Reviewed 30.09.2017	Audited 31.12.2016		
Section 5.							
Part III.				TL	FC	Total	
				TL	FC	Total	
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)			132.780.987	126.099.030	258.880.017	107.724.136
I.	GUARANTEES	(1), (2), (3),(4)		8.729.192	9.249.478	17.978.670	7.171.006
1.1.	Letters of guarantee			8.704.316	5.200.910	13.905.226	7.158.585
1.1.1.	Guarantees subject to State Tender Law			423.405	30.605	454.010	310.573
1.1.2.	Guarantees given for foreign trade operations			4.539.939	5.170.305	9.710.244	3.527.000
1.1.3.	Other letters of guarantee			3.740.972	-	3.740.972	3.321.012
1.2.	Bank loans			23.930	2.425.896	2.449.826	7.421
1.2.1.	Import letter of acceptance			23.930	2.425.896	2.449.826	7.421
1.2.2.	Other bank acceptances			-	-	-	-
1.3.	Letters of credit			946	1.622.672	1.623.618	5.000
1.3.1.	Documentary letters of credit			946	1.554.567	1.555.513	5.000
1.3.2.	Other letters of credit			-	68.105	68.105	-
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)		47.013.832	3.069.641	50.083.473	39.611.999
2.1.	Irrevocable commitments			30.010.325	3.069.641	33.079.966	39.371.199
2.1.1.	Forward asset purchase commitments			962.552	2.838.528	3.801.080	355.574
2.1.2.	Forward deposit purchase and sales commitments			-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries			-	-	-	30.000
2.1.4.	Loan granting commitments			9.301.167	357	9.301.524	19.364.771
2.1.5.	Securities underwriting commitments			-	-	-	353
2.1.6.	Commitments for reserve deposit requirements			-	-	-	-
2.1.7.	Payment commitment for checks			2.755.987	-	2.755.987	-
2.1.8.	Tax and fund liabilities from export commitments			13.034	-	13.034	-
2.1.9.	Commitments for credit card expenditure limits			16.509.503	-	16.509.503	-
2.1.10.	Commitments for promotions related with credit cards and banking activities			27.916	-	27.916	-
2.1.11.	Receivables from short sale commitments			-	-	-	-
2.1.12.	Payables for short sale commitments			-	-	-	-
2.1.13.	Other irrevocable commitments			440.166	230.756	670.922	487.289
2.2.	Revocable commitments			17.003.507	-	17.003.507	1.093.099
2.2.1.	Revocable loan granting commitments			17.003.507	-	17.003.507	240.800
2.2.2.	Other revocable commitments			-	-	-	240.800
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)		77.037.963	113.779.911	190.817.874	60.941.131
3.1.	Derivative financial instruments for hedging purposes			22.171.377	27.710.714	49.882.091	92.324.467
3.1.1.	Fair value hedge			4.403.509	12.325.472	16.728.981	15.094.984
3.1.2.	Cash flow hedge			17.767.868	15.385.242	33.153.110	11.638.573
3.1.3.	Hedge of net investment in foreign operations			-	-	-	9.429.953
3.2.	Held for trading transactions			54.866.586	86.069.197	140.935.783	22.704.240
3.2.1.	Forward foreign currency buy/sell transactions			3.755.570	4.200.468	7.956.038	71.255.941
3.2.1.1.	Forward foreign currency transactions-buy			2.507.133	1.509.684	4.016.817	21.068.526
3.2.1.2.	Forward foreign currency transactions-sell			1.248.437	2.690.784	3.939.221	37.799.224
3.2.2.	Swap transactions related to foreign currency and interest rates			46.028.965	75.584.011	121.612.976	2.466.591
3.2.2.1.	Foreign currency swap-buy			20.550.094	32.803.298	53.353.392	3.794.343
3.2.2.2.	Foreign currency swap-sell			25.478.871	27.610.913	53.089.784	58.950.398
3.2.2.3.	Interest rate swaps-buy			-	7.584.900	7.584.900	23.909.128
3.2.2.4.	Interest rate swaps-sell			-	7.584.900	7.584.900	39.276.236
3.2.3.	Foreign currency, interest rate and securities options			5.074.460	5.542.773	10.617.233	20.320.208
3.2.3.1.	Foreign currency options-buy			2.393.957	2.918.118	5.312.075	7.360.531
3.2.3.2.	Foreign currency options-sell			2.680.503	2.624.655	5.305.158	7.360.531
3.2.3.3.	Interest rate options-buy			-	-	-	8.130.531
3.2.3.4.	Interest rate options-sell			-	-	-	9.589.800
3.2.3.5.	Securities options-buy			-	-	-	2.402.267
3.2.3.6.	Securities options-sell			-	-	-	2.684.932
3.2.4.	Foreign currency futures			7.591	152.565	160.156	-
3.2.4.1.	Foreign currency futures-buy			7.239	72.893	80.132	74.460
3.2.4.2.	Foreign currency futures-sell			352	79.672	80.024	37.230
3.2.5.	Interest rate futures			-	-	-	37.230
3.2.5.1.	Interest rate futures-buy			-	-	-	-
3.2.5.2.	Interest rate futures-sell			-	-	-	-
3.2.6.	Other			-	589.380	589.380	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)			596.654.745	98.537.211	695.191.956	882.950
IV.	ITEMS HELD IN CUSTODY			8.804.128	888.334	9.692.462	88.699.243
4.1.	Assets under management			2.742.419	-	2.742.419	607.208.339
4.2.	Investment securities held in custody			561.322	-	561.322	2.223.883
4.3.	Checks received for collection			4.433.897	431.887	4.865.784	10.965.028
4.4.	Commercial notes received for collection			1.066.490	175.643	1.242.133	1.612.261
4.5.	Other assets received for collection			-	-	-	3.463.855
4.6.	Assets received for public offering			-	-	-	1.113.555
4.7.	Other items under custody			-	-	-	-
4.8.	Custodians			-	280.804	280.804	-
V.	PLEDGED ITEMS			358.607.651	57.029.312	415.636.963	266.262
5.1.	Marketable securities			1.321.772	6.111.529	7.433.301	-
5.2.	Guarantee notes			338.257	95.554	433.811	-
5.3.	Commodity			62.635	-	62.635	-
5.4.	Warranty			-	-	-	-
5.5.	Properties			82.429.180	31.657.962	114.087.142	-
5.6.	Other pledged items			274.455.807	19.164.267	293.620.074	-
5.7.	Pledged items-depository			-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES			229.242.966	40.619.565	269.862.531	25.750.041
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)				729.435.732	224.636.241	954.071.973	188.991.132
							815.224.364

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, 2017
(STATEMENT OF INCOME/LOSS)
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

III. INCOME STATEMENT

		Reviewed 01.01 - 30.09.2017	Reviewed 01.01 - 30.09.2016	Reviewed 01.07 - 30.09.2017	Reviewed 01.07 - 30.09.2016	
Section Part IV.						
I.	INTEREST INCOME	(1)	7.855.459	6.426.613	2.872.636	2.230.644
1.1	Interest on loans		6.737.008	5.707.967	2.455.222	1.968.670
1.2	Interest received from reserve deposits		77.118	38.663	31.359	13.310
1.3	Interest received from banks		175.688	7.175	99.218	2.370
1.4	Interest received from money market placements		52.742	45.630	6.205	21.310
1.5	Interest received from marketable securities portfolio		807.997	623.047	279.658	223.635
1.5.1	Held-for-trading financial assets		3.372	2.694	1.408	586
1.5.2	Financial assets at fair value through profit and loss		1.646	3.625	440	998
1.5.3	Available-for-sale financial assets		409.400	354.608	142.691	126.661
1.5.4	Investments held-to-maturity		393.579	262.120	135.119	95.390
1.6	Finance lease income		-	-	-	-
1.7	Other interest income		4.906	4.131	974	1.349
II.	INTEREST EXPENSE	(2)	3.697.808	3.134.458	1.471.942	1.042.679
2.1	Interest on deposits		2.868.994	2.507.501	1.172.966	807.323
2.2	Interest on funds borrowed		430.968	231.410	150.324	87.225
2.3	Interest on money market borrowings		106.872	183.984	35.429	83.436
2.4	Interest on securities issued		277.805	201.408	112.579	64.594
2.5	Other interest expense		13.169	10.155	644	101
III.	NET INTEREST INCOME (I - II)		4.157.651	3.292.155	1.400.694	1.187.965
IV.	NET FEES AND COMMISSIONS INCOME		1.247.244	1.001.746	429.668	343.060
4.1	Fees and commissions received		1.497.161	1.243.377	532.012	419.596
4.1.1	Non-cash loans		60.625	51.524	21.374	17.890
4.1.2	Other		1.436.536	1.191.853	510.638	401.706
4.2	Fees and commissions paid		249.917	241.631	102.344	76.536
4.2.1	Non-cash loans		1.049	909	95	238
4.2.2	Other		248.868	240.722	102.249	76.298
V.	DIVIDEND INCOME	(3)	14.212	26	764	22
VI.	NET TRADING INCOME	(4)	(991.130)	(517.562)	(361.792)	(149.709)
6.1	Securities trading gains/ (losses)		1.026	15.188	(1.708)	2.723
6.2	Gains / (losses) from financial derivatives transactions		(961.185)	(560.233)	(337.810)	(168.429)
6.3	Foreign exchange gains/ (losses)		(30.971)	27.483	(22.274)	15.997
VII.	OTHER OPERATING INCOME	(5)	47.628	295.600	16.767	13.894
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)		4.475.605	4.071.965	1.486.101	1.395.232
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	728.732	921.178	213.844	334.139
X.	OTHER OPERATING EXPENSES (-)	(7)	2.188.682	2.087.560	743.015	676.192
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		1.558.191	1.063.227	529.242	384.901
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII.	GAIN / (LOSS) ON EQUITY METHOD		-	-	-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	1.558.191	1.063.227	529.242	384.901
XVI.	TAX CHARGE FOR CONTINUED OPERATIONS (±)	(9)	(325.318)	(211.828)	(106.336)	(86.030)
16.1	Current income tax charge		(90.474)	(68.800)	111.454	(51.509)
16.2	Deferred tax charge / benefit		(234.844)	(143.028)	(217.790)	(34.521)
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	1.232.873	851.399	422.906	298.871
XVIII.	INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
18.1	Income on assets held for sale		-	-	-	-
18.2	Income on sale of associates, subsidiaries and entities under common control		-	-	-	-
18.3	Income on other discontinued operations		-	-	-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1	Loss from assets held for sale		-	-	-	-
19.2	Loss on sale of associates, subsidiaries and entities under common control		-	-	-	-
19.3	Loss from other discontinued operations		-	-	-	-
XX.	PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(8)	-	-	-	-
XXI.	TAX CHARGE FOR DISCONTINUED OPERATIONS (±)	(9)	-	-	-	-
21.1	Current income tax charge		-	-	-	-
21.2	Deferred tax charge / benefit		-	-	-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	-	-	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(11)	1.232.873	851.399	422.906	298.871
	Earnings per share		0,03680	0,02541	0,01262	0,00892

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 PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

FOR THE PERIOD ENDED SEPTEMBER 30, 2017

(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 - 30.09.2017	Reviewed 01.01 – 30.09.2016
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	338.399	64.758
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (Effective Portion of Fair Value Differences)	24.640	(298.275)
VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (Effective Portion of Fair Value Differences)	-	-
VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED FOR UNDER EQUITY AS PER TURKISH ACCOUNTING STANDARDS	-	-
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(54.779)	62.120
X. TOTAL NET PROFIT/LOSS ACCOUNTED FOR UNDER EQUITY (I+II+...+IX)	308.260	(171.397)
XI. PROFIT/LOSS	1.232.873	851.399
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	3.786	147.494
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	(1.279)	19.522
11.3 Transfer of hedge of net investments in foreign operations recycled to Income Statement	-	-
11.4 Other	1.230.366	684.383
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)	1.541.133	680.002

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, 2017

(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
Prior period – 01.01 – 30.09.2016																	
I. Beginning balance		3.000.000	-	714	-	409.238	-	4.905.057	(43.930)	-	705.772	(36.939)	-	2.689	81.175	-	9.023.776
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)		3.000.000	-	714	-	409.238	-	4.905.057	(43.930)	-	705.772	(36.939)	-	2.689	81.175	-	9.023.776
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)
6.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(238.620)	-	(238.620)
6.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares obtained from associates, subsidiaries and entities under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. The effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Period net income/(loss)		-	-	-	-	-	-	-	-	851.399	-	-	-	-	-	-	851.399
XX. Profit distribution		-	-	-	-	-	-	-	-	-	(705.772)	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	35.289	-	670.483	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	35.289	-	670.483	-	-	(705.772)	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (III+IV+V+...+XVII+XIX+XX)		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 CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

(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. Current period – 01.01 – 30.09.2017		3.150.000	-	714	-	444.527	-	5.425.540	(42.019)	-	1.203.410	(104.084)	-	2.689	45.551	-	10.126.328
II. Beginning balance																	
III. Changes in period																	
IV. Increase/decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	288.548	-	-	-	-	288.548
VI. Hedging funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	19.712	-	19.712
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	19.712	-	19.712
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		200.000	-	-	-	-	-	(200.000)	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		200.000	-	-	-	-	-	(200.000)	-	-	-	-	-	-	-	-	-
XIII. Share issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period net income/(loss)		-	-	-	-	-	-	-	-	1.232.873	-	-	-	-	-	-	1.232.873
XVIII. Profit distribution		-	-	-	-	60.171	-	1.143.239	-	-	(1.203.410)	-	-	-	-	-	-
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	60.171	-	1.143.239	-	-	(1.203.410)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		3.350.000	-	714	-	504.698	-	6.368.779	(42.019)	1.232.873	-	184.464	-	2.689	65.263	-	11.667.461

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)**

FINANS BANK ANONİM ŞİRKETİ

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED SEPTEMBER 30, 2017

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

VI. STATEMENT OF CASH FLOWS

	Part 5 Section V	Reviewed 01.01 – 30.09.2017	Reviewed 01.01 – 30.09.2016
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		3.592.496	780.659
1.1.1 Interest received (+)		7.190.836	6.227.332
1.1.2 Interest paid (-)		(3.241.536)	(2.997.291)
1.1.3 Dividend received (+)		14.212	26
1.1.4 Fees and commissions received (+)		1.473.022	1.235.951
1.1.5 Other income (+)		36.894	266.252
1.1.6 Collections from previously written off loans (+)		686.685	578.975
1.1.7 Payments to personnel and service suppliers (-)		(1.716.055)	(1.493.601)
1.1.8 Taxes paid (-)		(201.975)	(40.931)
1.1.9 Others (+/-)		(649.587)	(2.996.054)
1.2 Changes in operating assets and liabilities		(4.277.976)	2.411.697
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(69.590)	(11.553)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		37.352	232.202
1.2.3 Net (increase) decrease in due from banks (+/-)		(741.873)	(2.346.381)
1.2.4 Net (increase) decrease in loans (+/-)		(15.686.224)	(3.999.409)
1.2.5 Net (increase) decrease in other assets (+/-)		(495.342)	(256.009)
1.2.6 Net increase (decrease) in bank deposits (+/-)		2.886.472	863.608
1.2.7 Net increase (decrease) in other deposits (+/-)		10.067.494	2.751.879
1.2.8 Net increase (decrease) in funds borrowed (+/-)		1.134.872	3.504.706
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		(1.411.137)	1.672.654
I. Net cash provided from / (used in) banking operations (+/-)		(685.480)	3.192.356
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / (used in) investing activities (+/-)		(944.619)	(1.995.734)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		(30.000)	(128.157)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		-	-
2.3 Fixed assets purchases (-)		(65.322)	(83.016)
2.4 Fixed assets sales (+)		211	255
2.5 Cash paid for purchase of financial assets available for sale (-)		(1.663.061)	(2.081.084)
2.6 Cash obtained from sale of financial assets available for sale (+)		1.606.704	1.060.789
2.7 Cash paid for purchase of investment securities (-)		(829.914)	(670.207)
2.8 Cash obtained from sale of investment securities (+)		140.075	-
2.9 Others (+/-)		(103.312)	(94.314)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used in) financing activities (+/-)		2.661.095	(753.631)
3.1 Cash obtained from funds borrowed and securities issued (+)		3.812.064	1.118.305
3.2 Cash used for repayment of funds borrowed and securities issued (-)		(1.149.648)	(1.871.112)
3.3 Capital increase (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for finance leases (-)		(1.321)	(824)
3.6 Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)		76.795	41.912
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		1.107.791	484.903
VI. Cash and cash equivalents at beginning of the period (+)		5.750.384	3.641.584
VII. Cash and cash equivalents at end of the period (V+VI)		6.858.175	4.126.487

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 UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2017

(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 Bank maintains its books of account in accordance with the Banking Law No. 5411, which was published in the Official Gazette No. 25983 dated 1 November 2005. The Bank prepared the accompanying unconsolidated financial statements regarding to the Banking Law No.5411 "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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these 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.

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, 2016. The amendments of TAS and TFRS, effective as of January 1, 2017, 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.

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.

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

FİNANS BANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2017

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

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.

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 customer deposit accounts and 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.

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

FİNANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

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

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, 2017 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:

	<u>September 30,2017</u>	<u>December 31,2016</u>
US Dollar	TL 3,5720	TL 3,5318
Euro	TL 4,2023	TL 3,6939

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

As of September 30, 2017, the net loss on exchange included in net profit is TL 30.971 (September 30, 2016 – TL 27.483 net gain 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 TAS 39 “Financial Instruments: Turkish Accounting Standards related to Recognition and Measurement” in accordance with TAS 27 “Individual Financial Statements” and TAS 28 “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, 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 customer deposit accounts and 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.

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.

Fair values of option contracts are calculated with option pricing models.

Futures transactions are accounted for at settlement as of the balance sheet date.

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FINANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

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

Fair value of credit default swaps is calculated using internal pricing models based on market data.

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 short term cyclical basis and subordinated loans which have floating interest payment. 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 interest rate swap transactions to hedge long term, fixed rate, foreign currency Eurobonds in available for sale financial assets portfolio against interest rate fluctuations.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon payment in available for sale financial assets portfolio using swap transactions as hedging instruments.

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 applies fair value hedge accounting through interest rate swaps to hedge itself against the changes in the interest rates related to the foreign currency borrowings.

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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FINANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

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

V. Explanations on Interest Income and Expenses

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest rate method. In accordance with the related regulation, the interest receivables 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).

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).

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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. 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.

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.

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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 uncollectability 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 “Impairment 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 provision of loans and receivables is given in Note VII-4 of Section Three.

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 6.428.029 (December 31, 2016– TL 5.830.871).

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As of September 30, 2017 the Bank has no securities that are subject to lending transactions (December 31, 2016 – 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 which are acquired due to non-performing receivables as other assets.

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.

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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. There are no purchase commitments related to the fixed assets.

XIV. Explanations on Leasing Transactions

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

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

The 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.

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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.

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 exemption 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, 15th and 30th Articles, profit distribution for the period is subject to withholding tax by 15%, for full-fledged real person taxpayers, for those who are not responsible for corporate tax and income tax, for those exempt from corporate and income tax (except for those taxed through their businesses or permanent representatives in Turkey) and for foreign based real person taxpayers.

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2. Deferred Taxes

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

Deferred tax liabilities are recognized for all temporary differences whereas deferred tax assets calculated from deductible temporary differences are only recognized if it's highly probable that these will in the future create taxable profit. 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 December 8, 2004.

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

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

The Bank's paid in capital has been increased by TL 200.000 provided from first dividend share in the current period (January 1- December 31, 2016 the Bank's paid in capital has been increased by TL 150.000 provided from first dividend share as 150.000).

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 30 September 2017, the Bank does not have any government incentives or grants (As of December 31, 2016 – None).

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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.

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.

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Current Period (January 1 – September 30, 2017)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Net Interest Income	1.340.582	1.328.536	1.488.533	4.157.651
Net Fees and Commissions Income	829.437	447.498	(29.691)	1.247.244
Other Operating Income and Net Trading Income	22.246	16.409	(982.157)	(943.502)
Dividend Income	-	-	14.212	14.212
Operating Income	2.192.265	1.792.443	490.897	4.475.605
Other Operating Expenses	1.200.187	800.909	187.586	2.188.682
Provision for Loan Losses and Other Receivables	377.605	366.039	(14.912)	728.732
Profit Before Taxes	614.473	625.495	318.223	1.558.191
Provision for Tax	-	-	-	(325.318)
Net Profit/Loss	-	-	-	1.232.873
Total Assets	26.601.509	52.402.530	35.053.981	119.986.977
Segment Assets	26.601.509	52.402.530	35.053.981	114.058.020
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	906.066
Undistributed Assets	-	-	-	5.022.891
Total Liabilities	40.258.529	22.831.096	35.746.566	119.986.977
Segment Liabilities	40.258.529	22.831.096	35.746.566	98.836.191
Undistributed Liabilities	-	-	-	9.483.325
Equity	-	-	-	11.667.461
Other Segment Accounts	170.793	113.975	29.358	314.126
Capital Expenditures	67.199	44.844	13.146	125.189
Depreciation and Amortization	103.594	69.131	16.212	188.937
Value Decrease/ (Increase)	-	-	-	-
Prior Period (January 1 – September 30, 2016)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
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
Operating Income	1.997.842	1.432.848	641.275	4.071.965
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
Profit Before Taxes	263.749	338.768	460.710	1.063.227
Provision for Tax	-	-	-	(211.828)
Net Profit/Loss	-	-	-	851.399
Other Segment Accounts	253.619	151.598	43.481	448.698
Capital Expenditures	145.562	87.008	27.187	259.757
Depreciation and Amortization	108.057	64.590	16.294	188.941
Value Decrease/ (Increase)	-	-	-	-
Prior Period (December 31, 2016)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Total Assets	23.733.749	39.189.482	33.029.665	101.503.054
Segment Assets	23.733.749	39.189.482	33.029.665	95.952.896
Associates and Subsidiaries and Entities	-	-	-	798.827
Undistributed Assets	-	-	-	4.751.331
Total Liabilities	35.177.287	16.787.719	29.823.092	101.503.054
Segment Liabilities	35.177.287	16.787.719	29.823.092	81.788.098
Undistributed Liabilities	-	-	-	9.588.628
Equity	-	-	-	10.126.328

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XXIII. Explanations on Profit Reserves and Profit Distribution

The Ordinary General Assembly Meeting of the Bank was held on 30 March 2017. In the Ordinary General Assembly, it was decided to net income from 2016 operations to the Bank's shareholders.

Statement of Profit Distribution, 2016

Profit for the Period	1.203.410
A – First Legal Reserves (Turkish Commercial Code 519/A) 5%	(60.171)
B – First Profit share to be distributed (*)	(157.500)
C – Real Estate sale income fund (KVK 5-1/e)	(79.366)
D – Extraordinary Reserves	(906.373)

(*) It has been decided for TL 157.500 reserved as the First Profit shares to be distributed to be added to Shareholder's Equity.

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.

	Current Period	Prior Period
Net Profit for the Period	1.232.873	851.399
Weighted Average Amount of Shares Issued (Thousands)	33.500.000	33.500.000
Earnings Per Share	0,0368	0,02541

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.

Amount of issued bonus shared in 2017 is 2.000.000.000 (Amount of issued bonus shared in 2016 is 1.500.000.000).

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, 2017 Bank’s total capital has been calculated as TL 13.714.969 (December 31, 2016 – TL 11.241.168), capital adequacy ratio is 15,56%. (December 31, 2016 – 14, 53%). This ratio is well above the minimum ratio required by the legislation.

Components of unconsolidated shareholders’ equity items:	Current Period September 30, 2017	1/1/2014 Amounts related to previous application(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.350.000	
Share issue premiums	714	
Reserves	6.873.477	
Gains recognized in equity as per TAS	408.756	
Profit	1.232.873	
Current Period Profit	1.232.873	
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	
Common Equity Tier 1 Capital Before Deductions	11.868.509	
Deductions from Common Equity Tier 1 Capital		
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	266.311	
Improvement costs for operating leasing	66.123	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	216.141	270.176
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	-	
Total Deductions From Common Equity Tier 1 Capital	548.575	
Total Common Equity Tier 1 Capital	11.319.934	

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	Current Period September 30, 2017	1/1/2014 Amounts related to previous application(*)
ADDITIONAL TIER I CAPITAL		
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)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
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	-	
Transition from the Core Capital to Continue to deduce Components		
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 (-)	54.035	
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 (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity Additional Tier I Capital)	11.265.899	
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	1.506.440	
Provisions (Article 8 of the Regulation on the Equity of Banks)	971.549	
Tier II Capital Before Deductions	2.477.989	
Deductions From Tier II Capital		
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 (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	2.477.989	
Total Capital (The sum of Tier I Capital and Tier II Capital)	13.743.888	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	10.947	
Net Book Values of Movables and Immovable 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	-	
Other items to be defined by the BRSA (-)	17.972	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
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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	Current Period September 30, 2017	1/1/2014 Amounts related to previous application (*)
TOTAL CAPITAL		
Total Capital	13.714.969	
Total risk weighted amounts	88.120.858	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	12,85%	
Tier I Capital Adequacy Ratio (%)	12,78%	
Capital Adequacy Ratio (%)	15,56%	
BUFFERS		
Bank specific total common equity tier I capital ratio	1,25%	
a) Capital conservation buffer requirement	1,25%	
b) Bank specific counter-cyclical buffer requirement	-	
The ratio of Additional Common Equity Tier I 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	6,85%	
Amounts below the Excess Limits as per the Deduction Principles		
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	126.643	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.362.736	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	971.549	
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	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
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	1.506.440	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	1.744.080	

(*) 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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	Prior Period December 31, 2016	1/1/2014 Amounts related to previous application(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.150.000	
Share issue premiums	714	
Reserves	5.870.067	
Gains recognized in equity as per TAS	316.441	
Profit	1.203.410	
Current Period Profit	1.203.410	
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	
Common Equity Tier 1 Capital Before Deductions	10.543.321	
Deductions from Common Equity Tier 1 Capital		
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	462.544	
Improvement costs for operating leasing	77.242	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	150.233	250.388
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	-	
Total Deductions From Common Equity Tier 1 Capital	690.019	
Total Common Equity Tier 1 Capital	9.853.302	

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	Prior Period December 31, 2016	1/1/2014 Amounts related to previous application(*)
ADDITIONAL TIER I CAPITAL		
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)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
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	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for	100.155	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	9.753.147	
TIER II CAPITAL		
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)	858.439	
Tier II Capital Before Deductions	1.551.703	
Deductions From Tier II Capital		
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 (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	1.551.703	
Total Capital (The sum of Tier I Capital and Tier II Capital)	11.304.850	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	12.669	
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	19.013	
Other items to be defined by the BRSA (-)	32.000	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, 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 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 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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	Prior Period	1/1/2014
	December 31, 2016	Amounts related to previous application (*)
TOTAL CAPITAL		
Total Capital	11.241.168	
Total risk weighted amounts	77.381.442	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	12,73%	
Tier 1 Capital Adequacy Ratio	12,60%	
Capital Adequacy Ratio	14,53%	
BUFFERS		
Bank specific total common equity tier 1 capital ratio	5,38%	
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	6,73%	
Amounts below the Excess Limits as per the Deduction Principles		
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	126.643	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	33.517	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.288.394	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	858.439	
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	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
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	2.520.674	

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

	1	2	3	4
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	None
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)	289	178	111	928
Par value of instrument (Currency in million)	1.161	714	447	928
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	May 22, 2017
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 + 3,88%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-

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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	Yes
If convertible, conversion trigger (s)	-	-	-	Article number 7-2-1 of "Own fund regulation"
If convertible, fully or partially	-	-	-	All the remaining capital
If convertible, conversion rate	-	-	-	(*)
If convertible, mandatory or optional conversion	-	-	-	Optional
If convertible, specify instrument type convertible into	-	-	-	Equities
If convertible, specify issuer of instrument it converts into	-	-	-	Finans Bank A.Ş.
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	Article number 7 and 8 of "Own fund regulation"
Details of incompliances with article number 7 and 8 of "Own fund regulation"	8-2-ğ	8-2-ğ	8-2-ğ	Article number 7 and 8 of "Own fund regulation"

(*) The conversion rate / value will be calculated based on the market data available when the right is exercised.

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Explanations on the reconciliation of shareholders' equity items and balance sheet amounts:

There are differences between amounts in the explanation on equity items and amounts on the balance sheet. In this context, part of the general loan loss provision up to 1,25% of amount subject to credit risk have been taken into consideration as contribution capital, losses from cash flow hedges have not been taken into consideration in the information on the equity items and valuation adjustments calculated according to item (i) of the first paragraph of the ninth article of the "Regulation on Equity of Banks" have been taken into consideration in the explanations on equity items.

II. Explanations On Risk Management :

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about RWA flow statements of credit risk exposures under IRB

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 March 31, 2016. According to Communiqué have to be presented on three-month basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of September 30, 2017:

- 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

1. General Information Related To Risk Management and Risk Weighted Assets

GB1- Overview of Risk Weighted Assets

	Risk Weighted Amount		Minimum Capital Requirement	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
1. Credit Risk (excluding counterparty Credit Risk)	76.080.616	67.160.705	6.086.449	5.372.856
2. Standardized approach	76.080.616	67.160.705	6.086.449	5.372.856
3. Internal rating-based approach	-	-	-	-
4. Counterparty credit risk	1.643.336	1.514.420	131.467	121.154
5. Standardized approach for counterparty credit Risk	1.643.336	1.514.420	131.467	121.154
6. Internal model method	-	-	-	-
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	-	-	-	-
14. IRB Supervisory Formula Approach	-	-	-	-
15. SA/simplified supervisory formula approach	-	-	-	-
16. Market risk	1.586.637	1.053.700	126.930	84.296
17. Standardized approach	1.586.637	1.053.700	126.930	84.296
18. Internal model approaches	-	-	-	-
19. Operational Risk	8.810.269	7.652.617	704.822	612.209
20. Basic Indicator Approach	8.810.269	7.652.617	704.822	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	-	-	-	-
25 TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	88.120.858	77.381.442	7.049.668	6.190.515

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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 ("cross currency risk").

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	TL 3,5720
Euro purchase rate at the date of the balance sheet	TL 4,2023

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
September 29, 2017	3,5720	4,2023
September 28, 2017	3,5657	4,1891
September 27, 2017	3,5344	4,1747
September 26, 2017	3,5162	4,1818
September 25, 2017	3,4862	4,1763

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 2017 are TL 3,4680 and TL 4,1377, respectively.

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

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽¹⁾	2.036.130	8.413.581	1.753.393	12.203.104
Due From Banks	151.030	798.592	32.375	981.997
Financial Assets at Fair Value through Profit/Loss ⁽²⁾	74.406	139.702	134	214.242
Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	369.098	2.645.971	-	3.015.069
Loans and Receivables ⁽³⁾	11.799.250	8.953.218	101.797	20.854.265
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Investment Securities Held-to-Maturity	18.120	3.186.966	-	3.205.086
Derivative Financial Assets Hedging Purposes	1.412	21.597	-	23.009
Tangible Assets	-	-	54	54
Intangible Assets	-	-	-	-
Other Assets ⁽⁴⁾	113.753	343.370	430	457.553
Total Assets	14.563.199	24.502.997	1.888.183	40.954.379
Liabilities				
Bank Deposits	339.380	3.618.847	335.722	4.293.949
Foreign Currency Deposits ⁽⁵⁾	5.232.529	18.441.462	1.396.501	25.070.492
Money Market Borrowings	203.352	3.894.913	-	4.098.265
Funds Provided from Other Financial Institutions	2.890.519	10.522.599	2.149.634	15.562.752
Securities Issues ⁽⁶⁾	-	5.865.511	-	5.865.511
Sundry Creditors	2.206.973	1.625.432	8.111	3.840.516
Derivative Fin. Liabilities for Hedging Purposes	52.039	183.485	-	235.524
Other Liabilities ⁽⁷⁾	108.885	348.528	1.444	458.857
Total Liabilities	11.033.677	44.500.777	3.891.412	59.425.866
Net Balance Sheet Position	3.529.522	(19.997.780)	(2.003.229)	(18.471.487)
Net Off-Balance Sheet Position	(3.551.194)	18.403.881	2.003.592	16.856.279
Financial Derivative Assets	5.240.380	57.134.020	2.340.667	64.715.067
Financial Derivative Liabilities	8.791.574	38.730.139	337.075	47.858.788
Non-Cash Loans ⁽⁸⁾	4.134.575	4.999.087	115.816	9.249.478
Prior Period				
Total Assets	11.250.646	21.301.785	1.601.613	34.154.044
Total Liabilities	11.818.182	33.412.034	2.724.689	47.954.905
Net Balance Sheet Position	(567.536)	(12.110.249)	(1.123.076)	(13.800.861)
Net Off-Balance Sheet Position	517.755	10.393.147	1.120.232	12.031.134
Financial Derivative Assets	5.949.677	43.105.601	1.221.052	50.276.330
Financial Derivative Liabilities	5.431.922	32.712.454	100.820	38.245.196
Non-Cash Loans	2.203.845	3.737.029	72.130	6.013.004

⁽¹⁾ Cash and Balances with TR Central Bank; Other FC include TL 1.738.476 (December 31, 2016 – TL 1.554.973) precious metal deposit account.

⁽²⁾ Does not include TL 50.853 (December 31, 2016 – TL 38.111) of currency income accruals arising from derivative transactions.

⁽³⁾ Includes 3.335.885 (December 31, 2016 – TL 3.859.134) FC indexed loans.

⁽⁴⁾ Does not include FC prepaid expenses amounting to TL 9.413 (December 31, 2016 – TL 3.375) as per BRSA's Communique published in Official Gazette no 26085 on 19 February 2006.

⁽⁵⁾ Other foreign currency includes TL 940.305 (December 31, 2016 – TL 778.428) 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 16.632 (December 31, 2016 – TL 41.958)

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

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As of September 30, 2017, the net foreign currency exposure of the Bank is TL 1.615.208 short position (December 31, 2016 – TL 1.769.727 short) resulting from on balance sheet short position amounting to TL 18.471.487 (December 31, 2016 – TL 13.800.861 short) and off balance sheet long position amounting to TL 16.856.279 (December 31, 2016 – TL 12.031.134 long). As it is stated in note numbered III.5.1.d in Section Five, net foreign currency short position of the Bank is TL 257.848 following the fair value hedge accounting since the debt instrument at amount of USD 380 million (TL 1.357.360) 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 customer deposit accounts and 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 ^(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	9.499.272	-	-	-	-	6.263.068	15.762.340
Due from Banks	567.127	2.179	-	-	-	419.366	988.672
Financial Assets at Fair Value Through Profit/Loss ^(**)	55	406	11.304	10.157	77.986	5.062.820	5.162.728
Money Market Placements	3.989	-	-	-	-	-	3.989
Inv. Securities Available for Sale	776.485	1.399.879	1.933.510	959.531	2.278.626	112.980	7.461.011
Loans and Receivables	16.530.441	9.676.161	23.783.908	23.897.871	3.158.111	1.945.031	78.991.523
Inv. Securities Held to Maturity	642.248	989.691	1.738.553	1.113.451	2.170.875	136.616	6.791.434
Other Assets	-	-	-	-	-	4.825.280	4.825.280
Total Assets	28.019.617	12.068.316	27.467.275	25.981.010	7.685.598	18.765.161	119.986.977
Liabilities							
Bank Deposits	3.636.091	881.458	129.653	-	-	184.521	4.831.723
Other Deposits	36.163.393	11.882.995	3.463.316	24.547	-	11.556.173	63.090.424
Money Market Borrowings	2.644.461	1.546.526	1.159.552	-	65.694	12.878	5.429.111
Sundry Creditors	3.840.516	-	-	-	-	2.542.949	6.383.465
Securities Issued	159.805	1.312.897	1.026.447	4.446.575	-	125.683	7.071.407
Funds Borrowed	3.115.171	8.603.663	3.634.285	165.300	-	148.744	15.667.163
Other Liabilities ^(***)	263	513	2.232	4.648	-	17.506.028	17.513.684
Total Liabilities	49.559.700	24.228.052	9.415.485	4.641.070	65.694	32.076.976	119.986.977
On Balance Sheet Long Position	-	-	18.051.790	21.339.940	7.619.904	-	47.011.634
On Balance Sheet Short Position	(21.540.083)	(12.159.736)	-	-	-	(13.311.815)	(47.011.634)
Off-Balance Sheet Long Position	5.581.710	14.935.830	6.695	-	-	-	20.524.235
Off-Balance Sheet Short Position	-	-	-	(14.758.181)	(2.830.227)	-	(17.588.408)
Total Position	(15.958.373)	2.776.094	18.058.485	6.581.759	4.789.677	(13.311.815)	2.935.827

^(*) 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 2.644.421 derivative financial assets used for hedging purposes.

^(***) Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 760.938

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ^(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	7.541.319	-	-	-	-	5.562.564	13.103.883
Due from Banks	52.975	-	12.182	-	-	208.629	273.786
Financial Assets at Fair Value Through Profit/Loss ^(**)	738	771	2.492	5.692	31.081	6.218.239	6.259.013
Money Market Placements	1.547.549	-	-	-	-	-	1.547.549
Inv. Securities Available for Sale	1.540.318	403.471	1.609.451	847.566	2.787.198	(156.056)	7.031.948
Loans and Receivables	13.603.309	7.649.617	21.808.103	15.627.319	2.672.607	1.539.305	62.900.260
Inv. Securities Held to Maturity	178.373	1.181.254	1.626.021	1.301.498	1.516.723	96.638	5.900.507
Other Assets	-	-	-	-	-	4.486.108	4.486.108
Total Assets	24.464.581	9.235.113	25.058.249	17.782.075	7.007.609	17.955.427	101.503.054
Liabilities							
Bank Deposits	1.193.196	572.973	67.578	-	-	139.238	1.972.985
Other Deposits	30.671.017	9.903.374	1.874.874	47.913	-	9.468.537	51.965.715
Money Market Borrowings	4.738.154	914.488	824.886	-	27.944	9.989	6.515.461
Sundry Creditors	4.389.726	-	-	-	-	2.212.951	6.602.677
Securities Issued	600.656	628.659	1.297.009	1.750.319	-	34.928	4.311.571
Funds Borrowed	1.988.174	3.580.705	8.335.115	16.645	351	72.710	13.993.700
Other Liabilities ^(***)	99	175	512	263	-	16.139.896	16.140.945
Total Liabilities	43.581.022	15.600.374	12.399.974	1.815.140	28.295	28.078.249	101.503.054
On Balance Sheet Long Position	-	-	12.658.275	15.966.935	6.979.314	-	35.604.524
On Balance Sheet Short Position	(19.116.441)	(6.365.261)	-	-	-	(10.122.822)	(35.604.524)
Off-Balance Sheet Long Position	5.138.216	11.756.849	-	-	-	-	16.895.065
Off-Balance Sheet Short Position	-	-	(1.342.029)	(9.351.397)	(2.379.841)	-	(13.073.267)
Total Position	(13.978.225)	5.391.588	11.316.246	6.615.538	4.599.473	(10.122.822)	3.821.798

(*) 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 3.443.338 Derivative financial assets used for hedging purposes.

(***) Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 426.728.

Average interest rates applied to monetary financial instruments

Current Period	EURO %	USD %	JPY %	TL %
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	1,25	-	4,00
Due from Banks	0,01	1,48	-	12,25
Financial Assets at Fair Value Through Profit/Loss	2,40	5,02	-	10,92
Money Market Placements	-	-	-	13,86
Investment Securities Available for Sale	3,47	4,83	-	11,34
Loans and Receivables	4,20	5,67	2,60	15,33
Investment Securities Held to Maturity	2,96	5,22	-	11,35
Liabilities				
Bank Deposits	0,97	1,74	-	12,39
Other Deposits	1,53	3,29	1,76	13,00
Money Market Borrowings	0,17	1,70	-	12,19
Sundry Creditors	0,36	1,15	-	-
Securities Issued	-	5,54	-	14,44
Funds Borrowed	1,25	3,75	-	7,67

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Prior Period	EURO %	USD %	JPY %	TL %
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	0,75	-	3,31
Due from Banks	0,03	0,74	-	8,52
Financial Assets at Fair Value Through Profit/Loss	2,41	5,17	-	10,42
Money Market Placements	-	-	-	8,49
Investment Securities Available for Sale	3,51	4,83	-	9,45
Loans and Receivables	4,16	5,22	2,88	14,18
Investment Securities Held to Maturity	2,96	5,06	-	9,70
Liabilities				
Bank Deposits	0,29	0,94	-	9,17
Other Deposits	1,41	2,91	0,94	10,39
Money Market Borrowings	0,24	1,51	-	7,96
Sundry Creditors	0,35	0,45	-	-
Securities Issued	-	5,84	-	10,57
Funds Borrowed	1,29	3,48	-	7,65

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

Equity Securities (shares)	Carrying Value	Comparison	
		Fair Value	Market Value
1. Investment in Shares- grade A	-	-	-
Quoted Securities	-	-	-
2. Investment in Shares- grade B	489.247	-	489.247
Quoted Securities	489.247	-	489.247
3. Investment in Shares- grade C	-	-	-
Quoted Securities	-	-	-
4. Investment in Shares- grade Other (*)	416.819(*)	392.206	-

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

Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
		Total	Amount under Supplementary Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	393.308	393.308	-	-	-
2. Quoted Shares	-	-	-	-	-	-
3. Other Shares	-	-	-	-	-	-
4. Total	-	393.308	393.308	-	-	-

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VI. Explanations on Remarks regarding Liquidity Risk Management and Liquidity Coverage Ratio

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.

The 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 ^(*)		Weighted Amounts ^(*)	
	TL+FC	FC	TL+FC	FC
Current Period - September 30, 2017				
HIGH QUALITY LIQUID ASSETS			22.860.667	12.393.056
1. High Quality Liquid Assets	27.524.603	17.056.992	22.860.667	12.393.056
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	44.211.326	17.896.703	3.895.475	1.789.670
3. Stable deposits	10.513.159	-	525.658	-
4. Less stable deposits	33.698.167	17.896.703	3.369.817	1.789.670
5. Unsecured Funding other than Retail and Small Business Customers Deposits	22.122.015	12.434.571	14.977.342	9.224.542
6. Operational deposits	436.868	26.703	109.217	6.676
7. Non-Operational Deposits	17.163.740	10.126.973	10.943.163	6.936.971
8. Other Unsecured Funding	4.521.407	2.280.895	3.924.962	2.280.895
9. Secured funding	-	-	738.355	738.355
10. Other Cash Outflows	20.519.701	12.471.648	20.519.701	12.471.648
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	20.519.701	12.471.648	20.519.701	12.471.648
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	1.323.606	-	66.180	-
15. Other irrevocable or conditionally revocable commitments	62.456.276	9.707.406	4.202.274	810.366
16. TOTAL CASH OUTFLOWS			44.399.327	25.034.581
CASH INFLOWS				
17. Secured Lending Transactions	-	-	-	-
18. Unsecured Lending Transactions	5.998.136	1.130.446	3.521.968	913.386
19. Other contractual cash inflows	19.166.031	14.656.163	19.166.031	14.656.163
20. TOTAL CASH INFLOWS	25.164.167	15.786.609	22.687.999	15.569.549
			Capped Amounts	
21. TOTAL HIGH QUALITY LIQUID ASSETS			22.860.667	12.393.056
22. TOTAL NET CASH OUTFLOWS			21.711.328	9.465.032
23. LIQUIDITY COVERAGE RATIO (%)			105,29%	130,94%

^(*) 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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Previous Period - December 31, 2016	Unweighted Amounts^(*)		Weighted Amounts^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS			14.656.598	7.922.199
1. High Quality Liquid Assets	16.737.357	5.972.334	14.656.598	7.922.199
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	36.995.672	13.570.866	3.309.804	1.357.087
3. Stable deposits	7.795.265	-	389.763	-
4. Less stable deposits	29.200.407	13.570.866	2.920.041	1.357.087
5. Unsecured Funding other than Retail and Small Business Customers Deposits	19.088.522	9.616.887	12.923.535	6.738.909
6. Operational deposits	527.508	19.515	131.877	4.879
7. Non-Operational Deposits	13.430.282	6.509.745	8.198.167	3.646.403
8. Other Unsecured Funding	5.130.732	3.087.627	4.593.491	3.087.627
9. Secured funding	-	-	714.170	714.170
10. Other Cash Outflows	16.257.020	10.812.724	16.257.020	10.812.724
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	16.257.020	10.812.724	16.257.020	10.812.724
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	291.702	-	14.585	-
15. Other irrevocable or conditionally revocable commitments	52.155.766	6.929.494	3.535.477	598.412
16. TOTAL CASH OUTFLOWS			36.754.591	20.221.302
CASH INFLOWS				
17. Secured Lending Transactions	1.360.148	-	-	-
18. Unsecured Lending Transactions	7.449.795	2.382.721	4.949.734	2.181.452
19. Other contractual cash inflows	14.799.706	10.217.550	14.799.706	10.217.550
20. TOTAL CASH INFLOWS	23.609.649	12.600.271	19.749.440	12.399.002
			Capped Amounts	
21. TOTAL HIGH QUALITY LIQUID ASSETS			14.656.598	7.922.199
22. TOTAL NET CASH OUTFLOWS			17.005.151	7.822.300
23. LIQUIDITY COVERAGE RATIO (%)			86,19%	101,28%

^(*) 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 of 2017 are explained in the table below. According to “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated March 21, 2014.

	Maximum	Week	Minimum	Week	Average
TL+FC	110,95	18.08.2017	100,53	07.07.2017	105,4
FC	179,65	28.07.2017	107,78	22.09.2017	135,1

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 57% of total liabilities of the bank (December 31, 2016 – 53%) 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 ⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank	6.035.910	9.726.430	-	-	-	-	-	15.762.340
Due from Banks	419.366	567.127	2.179	-	-	-	-	988.672
Financial Assets at Fair Value Through Profit/Loss ⁽²⁾	-	480.095	498.483	1.476.210	2.482.760	225.180	-	5.162.728
Money Markets Placements	-	3.989	-	-	-	-	-	3.989
Investment Securities Available for Sale	66.250	-	-	667.607	3.190.876	3.536.278	-	7.461.011
Loans and Receivables	-	14.906.164	5.989.605	22.267.889	27.548.647	7.662.998	616.220	78.991.523
Investment Securities Held to Maturity	-	-	-	362.914	2.337.956	4.090.564	-	6.791.434
Other Assets	-	1.320.277	-	-	486.188	-	3.018.815	4.825.280
Total Assets	6.521.526	27.004.082	6.490.267	24.774.620	36.046.427	15.515.020	3.635.035	119.986.977
Liabilities								
Bank Deposits	181.059	3.638.328	882.346	129.990	-	-	-	4.831.723
Other Deposits	11.169.627	36.368.297	11.966.072	3.561.263	25.165	-	-	63.090.424
Funds Borrowed	-	1.465.593	4.054.905	4.015.909	4.972.608	1.158.148	-	15.667.163
Money Market Borrowings	-	2.158.013	1.079.075	1.196.261	337.600	658.162	-	5.429.111
Securities Issued	-	159.805	1.341.134	1.027.528	4.542.940	-	-	7.071.407
Sundry Creditors	-	4.559.881	142.194	614.260	1.067.130	-	-	6.383.465
Other Liabilities ⁽³⁾	-	1.166.237	276.292	503.219	1.451.417	342.328	13.774.191	17.513.684
Total Liabilities	11.350.686	49.516.154	19.742.018	11.048.430	12.396.860	2.158.638	13.774.191	119.986.977
Liquidity Excess / Gap	(4.829.160)	(22.512.072)	(13.251.751)	13.726.190	23.649.567	13.356.382	(10.139.156)	-
Net Off Balance Sheet Exposure ⁽⁴⁾								
Receivables from Derivatives	-	288.464	284.302	671.367	1.179.030	18.255	-	2.441.418
Liabilities from Derivatives	-	21.399.890	18.039.170	20.899.766	29.986.057	6.304.763	-	96.629.646
Non-cash Loans ⁽⁵⁾	-	682.548	1.447.281	7.627.025	2.271.196	390.575	5.560.045	17.978.670
Prior Period								
Total Assets	4.263.719	25.313.960	6.830.422	20.803.723	26.807.070	13.925.260	3.558.900	101.503.054
Total Liabilities	9.370.908	42.986.145	13.206.651	12.084.446	10.572.238	1.387.696	11.894.970	101.503.054
Liquidity Excess / Gap	(5.107.189)	(17.672.185)	(6.376.229)	8.719.277	16.234.832	12.537.564	(8.336.070)	-
Net Off Balance Sheet Exposure ⁽⁴⁾								
Receivables from Derivatives	-	253.881	211.482	542.068	1.780.421	17.668	-	2.805.520
Liabilities from Derivatives	-	18.107.138	15.611.275	16.160.452	22.547.162	5.609.532	-	78.035.559
Non-cash Loans ⁽⁵⁾	-	682.951	1.432.264	4.438.990	2.025.020	325.772	4.279.013	13.184.010

⁽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 11.667.461 and unallocated provisions amounting to TL 1.850.624

⁽²⁾ Financial Assets at Fair Value Through Profit/Loss include derivative financial assets held for hedging purposes amounting to TL 2.644.421

⁽³⁾ Other Liabilities also include derivative financial liabilities held for hedging purposes amounting to TL 760.938.

⁽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 6,16% (December 31, 2016: 6,24%). 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 (*)	Prior Period (*)
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	113.411.184	93.634.277
(Assets deducted from capital stock)	336.958	328.574
Total risk amount related to Assets on Balance sheet	113.074.226	93.305.703
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	5.039.566	5.373.284
Potential credit risk amount of derivative financial instruments and credit derivatives	1.002.465	771.119
Total risk amount related to derivative financial instruments and credit derivatives	6.042.031	6.144.403
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	-	-
Risk amount sourcing from transactions mediated	-	-
Total risk amount related to financial transactions having security or commodity collateral	-	-
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	67.166.172	55.287.497
(Adjustment amount sourcing from multiplying to credit conversion rates)	5.744.619	211.383
Total risk amount related to off-balance sheet transactions	61.421.553	55.076.114
Capital and Total Risk		
Core Capital	11.126.769	9.646.280
Amount of total risk	180.537.810	154.526.220
Financial leverage ratio		
Financial leverage ratio	6,16%	6,24%

(*) 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	647.999	401.813	685.251	376.428
T.R. Central Bank	2.887.995	11.770.666	1.244.513	10.795.316
Other	23.242	30.625	96	2.279
Total	3.559.236	12.203.104	1.929.860	11.174.023

b) Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	635.105	2.044.236	1.244.513	1.697.337
Restricted Time Deposits	2.252.890	9.726.430	-	9.097.979
Total	2.887.995	11.770.666	1.244.513	10.795.316

As of September 30, 2017, 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, 2016 – 4% to 10,5%) and the compulsory rates for the foreign currency liabilities are within an interval from 4% to 24% depending on the maturity of deposits and other liabilities (December 31, 2016 – 4,5% to 24,5%). In accordance with the “Communiqué Regarding the Reserve Requirements”, the reserve requirements can be maintained as TL, USD, EUR and standard gold.

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

a) Trading securities given as collateral or blocked

As of September 30, 2017 amount of financial assets at fair value through profit/loss which has given as collateral or blocked is TL 3.095 (December 31, 2016 – TL 2.831).

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

None (December 31, 2016 – None).

c) Assets on trading derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	57.068	-	106.629	-
Swap Transactions	2.101.315	189.010	2.464.874	145.519
Futures Transactions	-	765	-	388
Options	3.671	66.925	3.393	54.465
Other	-	-	-	-
Total	2.162.054	256.700	2.574.896	200.372

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3. a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	4.842	235.820	13.186	47
Foreign	1.833	746.177	317	260.236
Foreign Head Offices and Branches	-	-	-	-
Total	6.675	981.997	13.503	260.283

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount ^(**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	422.526	140.196	12.691	11.284
USA and Canada	166.422	69.269	120.685	36.234
OECD Countries ^(*)	3.009	1.586	-	-
Off-shore Banking Regions	-	-	-	-
Other	22.677	1.984	-	-
Total	614.634	213.035	133.376	47.518

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

^(**) Includes blocked placements amounting to TL 133.376 at foreign banks (December 31, 2016 - TL 47.518) for the funds borrowed from foreign banks.

4. Information on receivables from reverse repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	-	-	1.300.605	-
T.R Central Bank	-	-	-	-
Banks	-	-	1.300.605	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organization	-	-	-	-
Real Persons	-	-	-	-
Foreign Transactions	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	-	-	-	-
Total	-	-	1.300.605	-

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5. 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

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral/ Blocked	383.850	756.925	252.663	807.931
Subject to repurchase agreements	1.032.387	2.184.182	1.017.007	2.003.627
Total	1.416.237	2.941.107	1.269.670	2.811.558

b) Investment securities available for sale

	Current Period	Prior Period
Debt securities	7.496.346	7.250.707
Quoted on a stock exchange (*)	7.496.346	7.250.707
Unquoted on a stock exchange	-	-
Share certificates	66.356	49.293
Quoted on a stock exchange	-	-
Unquoted on a stock exchange (**)	66.356	49.293
Impairment provision(-)	(101.691)	(268.052)
Total	7.461.011	7.031.948

(*) The Eurobond Portfolio amounting to TL 1.898.571 (December 31, 2016 – TL 1.773.444) 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.

(**) 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.

6. 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
Direct Loans Granted to Shareholders	-	-	1.179	-
Corporate Shareholders	-	-	1.179	-
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees(*)	79.797	-	80.379	-
Total	79.797	-	81.558	-

(*) Includes the advances given to the bank personnel.

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

Cash Loans ^(*)	Performing Loans and Other Receivables			Loans Under Close Monitoring and Other Receivables		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Non-specialized Loans	74.191.431	1.851.261	-	4.196.387	1.700.331	-
Discount Notes	385.873	-	-	20.155	-	-
Export Loans	1.767.460	-	-	256.737	-	-
Import Loans	4.695	-	-	-	-	-
Loans Given to Financial Sector	703.181	-	-	-	-	-
Retail Loans	15.465.392	443.794	-	785.677	219.757	-
Credit Cards	9.808.307	355.497	-	435.323	143.249	-
Other	46.056.523	1.051.970	-	2.698.495	1.337.325	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	74.191.431	1.851.261	-	4.196.387	1.700.331	-

^(*) The loans amounting to TL 12.515 (December 31, 2016 – TL 22.971) are classified under “Loans at Fair Value Through Profit/Loss” in the financial statements.

Times Payment Plan has been restructured	Performing Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
1 or 2 times	1.789.202	1.635.502
3, 4 or 5 times	56.607	57.600
Over 5 times	5.452	7.229
Total	1.851.261	1.700.331

Payment Plan Amendment with the Extended Time	Performing Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
0 - 6 months	471.129	384.368
6 - 12 months	113.566	77.121
1 - 2 years	230.045	142.168
2 - 5 years	576.291	633.117
5 years and over	460.230	463.557
Total	1.851.261	1.700.331

c) Loans according to their maturity structure

Cash Loans (*)	Performing Loans and Other Receivables		Loans Under Close Monitoring and Other Receivables	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-term Loans	26.953.276	355.497	435.323	143.249
Non-specialized Loans	26.953.276	355.497	435.323	143.249
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	47.238.155	1.495.764	3.761.064	1.557.082
Non-specialized Loans	47.238.155	1.495.764	3.761.064	1.557.082
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	74.191.431	1.851.261	4.196.387	1.700.331

^(*) The loans amounting to TL 12.515 (December 31, 2016 – TL 22.971) are classified under “Loans at Fair Value Through Profit/Loss” in the financial statements.

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

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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
Consumer Loans-TL	478.736	14.216.402	14.695.138	176.929
Housing Loans	1.903	5.281.737	5.283.640	77.079
Automobile Loans	180	19.529	19.709	174
Personal Need Loans	476.653	8.915.136	9.391.789	99.676
Other	-	-	-	-
Consumer Loans-FC Indexed	-	5.490	5.490	8.870
Housing Loans	-	5.269	5.269	8.448
Automobile Loans	-	-	-	-
Personal Need Loans	-	221	221	422
Other	-	-	-	-
Consumer Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-TL	7.822.894	361.501	8.184.395	81.577
Installment	2.888.010	361.501	3.249.511	32.410
Non- Installment	4.934.884	-	4.934.884	49.167
Individual Credit Cards-FC	4.242	-	4.242	20
Installment	-	-	-	-
Non- Installment	4.242	-	4.242	20
Personnel Loans-TL	5.475	41.761	47.236	298
Housing Loans	-	293	293	-
Automobile Loans	-	-	-	-
Personal Need Loans	5.475	41.468	46.943	298
Other	-	-	-	-
Personnel Loans-FC Indexed	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-TL	28.747	-	28.747	42
Installment	11.879	-	11.879	-
Non-Installment	16.868	-	16.868	42
Personnel Credit Cards-FC	100	-	100	-
Installment	-	-	-	-
Non-Installment	100	-	100	-
Overdraft Accounts-TL (Real Persons)	1.243.648	-	1.243.648	73.460
Overdraft Accounts-FC (Real Persons)	-	-	-	-
Total	9.583.842	14.625.154	24.208.996	341.196

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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
Commercial Loans with Installment Facility – TL	644.353	17.356.036	18.000.389	451.595
Real Estate Loans	-	423.742	423.742	37.415
Automobile Loans	2.370	150.117	152.487	3.141
Personal Need Loans	641.983	16.782.177	17.424.160	411.039
Other	-	-	-	-
Commercial Loans with Installment Facility - FC Indexed	12.819	1.186.146	1.198.965	338.706
Real Estate Loans	-	24.883	24.883	10.380
Automobile Loans	-	67.290	67.290	16.330
Personal Need Loans	12.819	1.093.973	1.106.792	311.996
Other	-	-	-	-
Commercial Loans with Installment Facility – FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards –TL	1.913.227	11.257	1.924.484	19.125
Installment	661.051	11.257	672.308	6.681
Non-Installment	1.252.176	-	1.252.176	12.444
Corporate Credit Cards –FC	894	-	894	4
Installment	-	-	-	-
Non-Installment	894	-	894	4
Overdraft Accounts-TL (Legal Entities)	856.677	-	856.677	8.389
Overdraft Accounts-FC (Legal Entities)	-	-	-	-
Total	3.427.970	18.553.439	21.981.409	817.819

f) Loans according to borrowers (*)

	Current Period	Prior Period
Public	176.837	248.823
Private	78.210.981	62.061.338
Total	78.387.818	62.310.161

(*) The loans amounting to TL 12.515 (December 31, 2016 – TL 22.971) 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	78.056.461	62.029.683
Foreign Loans	331.357	280.478
Total	78.387.818	62.310.161

(*) The loans amounting to TL 12.515 (December 31, 2016– TL 22.971) 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	166.819	265.304
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	166.819	265.304

i) Specific provisions for loans

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectability	76.284	71.532
Doubtful Loans and Other Receivables	311.087	326.935
Uncollectible Loans and Receivables	3.506.736	2.829.390
Total	3.894.107	3.227.857

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
(Gross Amounts Before the Specific Provisions)	169	2.980	61.574
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	169	2.980	61.574
Prior Period			
(Gross Amounts Before the Specific Provisions)	735	2.756	70.212
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	735	2.756	70.212

j.2) Movement of non-performing loans

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period End Balance	357.669	653.868	2.829.390
Additions (+)	1.250.917	43.492	62.407
Transfers from Other Categories of Non-Performing Loans (+)	-	1.019.326	977.562
Transfers to Other Categories of Non-Performing Loans (-)	1.019.326	977.562	-
Collections (-)	207.732	116.207	359.965
Write-offs (-)	111	743	2.658
Corporate and Commercial Loans	-	-	15
Consumer Loans	47	323	1.119
Credit Cards	64	420	1.524
Others	-	-	-
Current Period End Balance	381.417	622.174	3.506.736
Specific Provision (-)	76.284	311.087	3.506.736
Net Balances on Balance Sheet	305.133	311.087	-

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

None (December 31, 2016 - None).

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

	III. Group	IV. Group	V.Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	305.133	311.087	-
Loans to Real Persons and Legal Entities (Gross)	381.417	622.174	3.477.091
Specific provision (-)	76.284	311.087	3.477.091
Loans to Real Persons and Legal Entities (Net)	305.133	311.087	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	29.645
Specific provision (-)	-	-	29.645
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	286.137	326.933	-
Loans to Real Persons and Legal Entities (Gross)	357.669	653.868	2.802.573
Specific provision (-)	71.532	326.935	2.802.573
Loans to Real Persons and Legal Entities (Net)	286.137	326.933	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	26.817
Specific provision (-)	-	-	26.817
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:

The Bank's general policy for write-offs of loans and receivables under follow-up is to write of such loans and receivables that are proven to be uncollectible in legal follow-up process.

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7. 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	871.173	261.079	566.844	125.217
Subject to repurchase agreements	304.499	2.906.961	490.816	2.319.421
Total	1.175.672	3.168.040	1.057.660	2.444.638

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	3.586.348	2.234.384	3.383.952	1.471.352
Treasury Bill	-	-	-	-
Other Debt Securities	-	402.589	-	444.242
Total	3.586.348	2.636.973	3.383.952	1.915.594

c) Information on investment securities held-to-maturity

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	3.586.348	3.205.086	3.383.952	2.516.555
Publicly-traded	3.586.348	3.205.086	3.383.952	2.516.555
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	3.586.348	3.205.086	3.383.952	2.516.555

d) Movement of held-to-maturity investments

	Current Period	Prior Period
Value at the beginning of the period	5.900.507	3.873.914
Exchange differences on monetary assets	13.670	369.033
Acquisitions during the year	829.914	1.478.607
Disposals through sales and redemptions	(140.075)	-
Provision for losses (-)	-	-
Valuation effect	187.418	178.953
The sum of end of the period	6.791.434	5.900.507

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8. Investments in associates (Net):

8.1. Investments in associates:

a) Information on the unconsolidated subsidiaries

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

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
80.785	43.157	49.254	584	-	3.260	9.586	-

(*) Current amounts stated in table are from June 30, 2017 and prior period profit&loss amounts are taken from the financials of June 30 2016.

b) Information on the consolidated subsidiaries:

None (31 December 2016- None).

8.2. Movements of investments in associates

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

8.3. Sectoral distribution of associates

	Current Period	Prior Period
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	3.766	3.766
Total	3.766	3.766

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8.4. Quoted Associates

None (December 31, 2016 - None).

8.5. 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	-	-
Total	3.766	3.766

9. 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. İbtech 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.	46.322	23.189	16.815	-	-	(882)	(995)	-
2.	10.815	3.087	5.658	256	-	(446)	(771)	-

(*) Current period information is obtained from financial statements as of September 30, 2017, prior period profit and loss information is obtained from financial statements as of September 30, 2016.

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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.	Istanbul/Turkey	99,80	100,00
2. Finans Finansal Kiralama A.Ş.	Istanbul/Turkey	99,40	99,40
3. Hemenal Finansman A.Ş.	Istanbul/Turkey	100,00	100,00
4. Finans Portföy Yönetimi A.Ş.	Istanbul/Turkey	0,03	100,00
5. Finans Faktoring Hizmetleri A.Ş.	Istanbul/Turkey	99,99	100,00

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 ^(*)
1.	391.028	141.467	3.132	16.877	2.084	17.251	7.460	126.558
2.	4.024.297	745.499	4.779	222.020	-	77.748	44.276	489.247
3.	67.858	51.400	3.848	4.248	-	(4.200)	(2.590)	-
4.	12.977	11.727	134	1.154	-	(592)	104	-
5.	1.061.842	80.560	1.451	97.331	-	14.868	6.085	80.566

^(*) 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
Balance at the Beginning of the Period	647.572	324.954
Movements during the period	107.239	322.618
Purchases ^(*)	30.000	248.078
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Disposals	-	-
Changes Due to Reclassification	-	-
Revaluation Increase	77.239	74.540
Impairment Provision	-	-
Balance at the End of the Period	754.811	647.572
Capital Commitments	-	30.000
Share Percentage at the end of the Period (%)	-	100%

^(*) The Bank has purchased 3.434.632 shares having a total nominal value of TL 34.346 and owned by NBG and equivalent to 29,87% of paid capital of Finans Finansal Kiralama A.Ş. which is one of its subsidiaries with a consideration amounting to TL 128.112 from NBG and 2.068.528 shares having a nominal value of TL 20.685 and owned by Finans Yatırım Menkul Değerler A.Ş. and equivalent to 17,99% of its paid capital with a consideration amounting to TL 77.570 from Finans Yatırım A.Ş. in the current period. Shares, which are equivalent to 0,20% and 0,02% of paid capital of Finans Yatırım Menkul Değerler A.Ş. and Finans Portföy Yönetimi A.Ş. respectively, have been purchased in order of TL 44 and TL 1. Finans Faktoring A.Ş. and Hemenal Finansman A.Ş. has increased its capital at an amount of TL 20.000 through paid capital increase. In the prior period, the Bank has made a capital commitment amounting to TL 30.000 to its subsidiary, Hemenal Finansman A.Ş. and the related capital commitment was paid by the Bank in the current period.

b.3) Sectoral distribution of subsidiaries

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	80.566	64.358
Leasing Companies	489.247	478.959
Finance Companies	58.395	28.395
Other Subsidiaries	126.603	75.860
Total	754.811	647.572

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b.4) Quoted subsidiaries within the context of consolidation

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	489.247	478.959
Quoted on International Stock Exchanges	-	-
Total	489.247	478.959

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

The Bank does not have any significant subsidiaries.

10. 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. (*)	1.189.560	108.137	15.919	-	-	36.908	25.774	126.643
2.	56.478	36.172	29.084	-	-	9.050	7.695	-

(*) Cigna Finans Emeklilik ve Hayat A.Ş., is accounted with fair value method as Communique on Bank's unconsolidated Financial Statement and Turkish Accounting Standards.

11. Information on leasing receivables (Net)

None (December 31, 2016 - None).

12. Information on hedging purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (*)	1.961.260	13.532	2.346.595	18.509
Cash Flow Hedge (**)	660.152	9.477	1.063.182	15.052
Foreign Net Investment Hedges	-	-	-	-
Total	2.621.412	23.009	3.409.777	33.561

(*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of September 30, 2017, TL 8.278 from securities (December 31, 2016 – TL 14.060), TL 4.141 (December 31, 2016 - TL 3.151) from securities issued, TL 1.113 (December 31, 2016 – TL 1.298) from funds borrowed, and TL 1.961.260 (December 31, 2016 - TL 2.346.595) represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans.

(**) Represents the fair value of derivative financial instruments for cash flow hedge of deposits and floating interest borrowings.

13. Explanations regarding the investment properties

None (December 31, 2016- None).

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14. Information on Tax Asset

As of September 30, 2017 the Bank has no deferred tax asset. (December 31, 2016 – TL 33.517 deferred tax asset).

15. Information on assets held for sale and discontinued operations

As of September 30, 2017 there is no tangible asset held for sale (December 31, 2016: none).

16. Information on other assets

16.1. Information on prepaid expense, tax and similar items

	Current Period	Prior Period
Other Prepaid Expenses	511.947	422.788
Assets Held for Resale (net)	486.188	367.420
Collateral Given for Derivative Transactions	421.306	372.799
Miscellaneous Receivables	210.068	100.777
Cheques Receivables from Other Banks	77.492	212.792
Prepaid rent expenses	40.443	34.132
Advances Given	12.837	3.083
Prepaid Agency Commissions	8.080	2.724
Other	38.103	23.764
Total	1.806.464	1.540.279

16.2. 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 16.1 section of explanations and disclosures related to assets.

17. Accrued interest and income

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Instruments Held for Hedging Purposes	2.621.412	23.009	3.409.777	33.561
Assets on Trading Derivatives	2.162.054	256.700	2.574.896	200.372
Loans and Receivables	1.003.891	324.920	708.977	217.258
Investments Securities Available for Sale	43.867	19.018	(23.660)	(181.297)
Investments Held-to-Maturity	99.777	36.840	68.347	28.291
Central Bank of Turkey	31.442	-	14.264	13
Banks	4.347	37	1.664	4
Trading Securities	(306)	(49)	20	(387)
Other Accruals	573	1.036	13.948	615
Total	5.967.057	661.511	6.768.233	298.430

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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
Saving Deposits	2.687.922	-	2.568.997	15.884.016	1.466.093	478.236	1.079.434	2.373	24.167.071
Foreign Currency	4.928.819	-	1.691.087	15.103.557	1.079.851	740.622	586.048	206	24.130.190
Residents in Turkey	4.782.313	-	1.670.165	14.788.734	1.028.634	722.494	467.204	195	23.459.739
Residents Abroad	146.506	-	20.922	314.823	51.217	18.128	118.844	11	670.451
Public Sector Deposits	148.375	-	11.406	38.775	249	-	126	-	198.931
Commercial Deposits	2.478.877	-	2.793.358	5.731.547	472.704	708.675	532.780	-	12.717.941
Other Ins. Deposits	54.888	-	119.480	528.617	135.099	97.637	268	-	935.989
Precious Metal Deposits	870.746	-	-	3.163	1.106	-	65.287	-	940.302
Bank Deposits	181.059	-	2.750.474	1.643.142	116.655	65.996	74.397	-	4.831.723
T.R Central Bank	-	-	2.710.638	-	-	-	-	-	2.710.638
Domestic Banks	153.148	-	-	13.410	-	-	-	-	166.558
Foreign Banks	27.911	-	39.836	1.629.732	116.655	65.996	74.397	-	1.954.527
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	11.350.686	-	9.934.802	38.932.817	3.271.757	2.091.166	2.338.340	2.579	67.922.147

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	2.518.720	-	2.909.327	14.654.307	459.007	277.111	783.479	2.809	21.604.760
Foreign Currency	3.753.110	-	1.656.252	12.809.320	833.244	398.458	493.925	318	19.944.627
Residents in Turkey	3.663.793	-	1.637.375	12.519.859	801.770	377.844	443.721	290	19.444.652
Residents Abroad	89.317	-	18.877	289.461	31.474	20.614	50.204	28	499.975
Public Sector Deposits	76.394	-	6.906	42.448	551	6.229	167	-	132.695
Commercial Deposits	2.134.434	-	1.978.239	3.806.325	67.461	295.276	120.558	-	8.402.293
Other Ins. Deposits	34.809	-	153.418	496.379	15.849	385.758	16.699	-	1.102.912
Precious Metal Deposits	717.286	-	-	1.324	1.669	1.444	56.705	-	778.428
Bank Deposits	136.155	-	200.082	1.517.852	66.711	50.041	2.144	-	1.972.985
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	9.005	-	15.734	242.252	-	2.146	2.144	-	271.281
Foreign Banks	17.936	-	184.348	1.275.600	66.711	47.895	-	-	1.592.490
Participation Banks	109.214	-	-	-	-	-	-	-	109.214
Other	-	-	-	-	-	-	-	-	-
Total	9.370.908	-	6.904.224	33.327.955	1.444.492	1.414.317	1.473.677	3.127	53.938.700

**(CONVENIENCE TRANSLATION OF UNCONSOLIDATED FINANCIAL STATEMENTS AND
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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	12.015.925	11.407.962	12.150.830	10.196.172
Foreign Currency Savings Deposits	3.895.251	2.822.431	13.400.026	11.965.439
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	15.911.176	14.230.393	25.550.856	22.161.611

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	6.190	51.038
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close	40.041	41.646
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237	-	-
Saving deposits in banks established in Turkey exclusively for off-shore	-	-
Total	46.231	92.684

2. Information on trading purpose derivatives

a) Negative value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	37.257	-	199.244	-
Swaps	1.739.998	179.141	2.187.605	164.211
Futures	-	766	-	334
Options	16	28.247	168	50.376
Other	-	-	-	-
Total	1.777.271	208.154	2.387.017	214.921

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	104.411	203.277	101.236	145.034
Foreign Bank, Institutions and Funds	-	12.036.171	-	10.511.637
Total	104.411	12.239.448	101.236	10.656.671

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b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	104.411	4.405.708	101.236	3.520.047
Medium and Long-Term	-	7.833.740	-	7.136.624
Total	104.411	12.239.448	101.236	10.656.671

The Bank's fund sources include deposits, funds borrowed, securities issued and money market borrowings. Deposit is the most significant fund source of the Bank and does not present any risk concentration with its consistent structure extended to a wide base. Funds borrowed mainly consist of funds provided by foreign financial institutions which have different characteristics and maturity-interest structure such as syndication, securitization, and post-financing. There isn't risk concentration on the fund sources of the Bank.

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

As of September 30, 2017, the Bank's liabilities comprise; 57% deposits (December 31, 2016 – 53%), 10% funds borrowed (December 31, 2016 – 11%), 6% issued bonds (December 31, 2016 – 4%) and 5% Money Market Debts (December 31, 2016 – 6%).

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	1.324.957	-	1.486.631	-
Financial institutions and organizations	1.301.507	-	1.458.885	-
Other institutions and organizations	12.062	-	10.315	-
Real persons	11.388	-	17.431	-
From foreign transactions	5.889	4.098.265	8.413	3.519.709
Financial institutions and organizations	-	4.098.265	-	3.519.709
Other institutions and organizations	5.889	-	8.413	-
Real persons	-	-	-	-
Total	1.330.846	4.098.265	1.495.044	3.519.709

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5. Information on securities issued (Net)

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1.205.896	53.580	1.124.543	53.683
Bills	-	5.811.931	-	3.133.345
Total	1.205.896	5.865.511	1.124.543	3.187.028

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, 2016 - 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, 2016- None).

7.2. Financial Lease Payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	3.008	2.711	786	704
Between 1 - 4 years	4.649	4.190	264	236
More than 4 years	-	-	-	-
Total	7.657	6.901	1.050	940

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, 2016 - 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 (*)	43.192	189.237	-	190.559
Cash Flow Hedge (**)	482.222	46.287	196.239	39.930
Net Investment Hedge	-	-	-	-
Total	525.414	235.524	196.239	230.489

(*) Derivative financial instruments for hedging purposes include swaps. As of September 30, 2017, TL 68.124 (December 31, 2016 – TL 27.211) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio, TL 164.305 (December 31, 2016 – TL 163.348) represents security portfolio.

(**) Represents the fair value of derivative financial instruments for cash flow hedge of deposits and floating interest borrowings.

9. Information on provisions

9.1. Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	1.072.848	967.651
-Additional Provision for Loans and Receivables with Extended Maturities	22.807	50.911
Provisions for Loans and Receivables in Group II	141.336	181.934
-Additional Provision for Loans and Receivables with Extended Maturities	9.571	49.750
Provisions for Non - Cash Loans	89.209	99.685
Other	59.343	39.124
Total	1.362.736	1.288.394

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 (*)	8.491	438

(*) 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 43.336 (December 31, 2016 – TL 41.241).

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, 2017, TL 144.612 (December 31, 2016 - TL 138.930) reserve for employee termination benefits was provided in the accompanying financial statements.

As of September 30, 2017, the Bank accrued TL 40.792 (December 31, 2016 – TL 38.488) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of September 30, 2017 TL 81.939 (December 31, 2016 - TL 99.177) 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 01.01-30.09.2017	Prior Period 01.01-30.09.2016
As of January 1	138.930	125.433
Service Cost	13.964	13.607
Interest Cost	11.526	10.063
Settlement / curtailment / termination loss	16.708	13.109
Actuarial Difference	-	-
Paid during the period	(36.516)	(18.969)
Total	144.612	143.243

9.5. Information on other provisions

9.5.1. Information on 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	-	-
Other provisions made for close monitoring loans portfolio	23.655	39.901
Provision for Promotion Expenses of Credit Cards	6.034	7.707
Other Provisions	147.520	114.804
Total	177.209	162.412

As of September 30, 2017, The Bank has made no provision for the possible risks (December 31, 2016- None).

10. Taxation

10.1. Current taxes

10.1.1. Current tax liability

As of September 30, 2017, the Bank has TL 90.474 current tax liability (December 31, 2016 - TL 207.969) and has TL 41.098 prepaid tax (December 31, 2016 - TL 19.937).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	49.376	188.032
Banking and Insurance Transaction Tax (BITT)	58.476	42.253
Taxation on Securities Income	2.666	2.013
Taxation on Real Estates Income	57.015	51.701
Other	17.486	23.658
Total	185.019	307.657

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	27.712	15.895
Social Security Premiums - Employer Share	19.256	16.988
Unemployment Insurance - Employee Share	1.280	1.118
Unemployment Insurance - Employer Share	2.560	2.235
Total	50.808	36.236

10.1.4. Information on deferred tax liability

As of September 30, 2017 the Bank has TL 256.106 deferred tax liability. (December 31, 2016 - TL 33.517 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, 2017 the Bank has presented the net amount of deferred tax asset of TL 252.241 (December 31, 2016 – TL 275.791) and deferred tax liability of TL 508.347 (December 31, 2016 – TL 242.274) 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 49.450 (December 31, 2016 – TL 104.229 deferred tax asset) is netted in the equity.

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Provision for Employee Rights	267.343	276.595	53.469	55.319
Difference Between the Book Value of Financial Assets and Tax Base	284.655	449.221	56.931	89.844
Other	709.207	653.138	141.841	130.628
Deferred Tax Assets			252.241	275.791
Difference Between the Book Value Financial Fixed Assets and Tax Base	(210.456)	(204.448)	(42.091)	(40.890)
Difference Between the Book Value of Financial Assets and Tax Base	(1.486.531)	(795.870)	(297.306)	(159.174)
Other	(844.748)	(211.048)	(168.950)	(42.210)
Deferred Tax Liabilities			(508.347)	(242.274)
Deferred Tax Assets/(Liabilities), Net			(256.106)	33.517

	Current Period	Prior Period
Deferred Tax as of January 1 Active/ (Passive) - Net	33.517	78.968
Deferred Tax (Loss) / Gain	(234.844)	(143.028)
Deferred Tax that is Realized Under Shareholder's Equity	(54.779)	62.120
Deferred Tax Active/ (Passive) - Net	(256.106)	(1.940)

11. Information on payables related to assets held for sale

None (December 31, 2016 – 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	-	3.323.304	-	3.235.793
From Other Foreign Institutions	-	-	-	-
Total	-	3.323.304	-	3.235.793

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. 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. USD 325 million of existing subordinated loans will mature in 2021, USD 325 million will mature in 2020. The subordinated loan amounting to USD 260 million was renewed as the current maturity 2027, in line with Basel III on May 22, 2017.

13. Information on shareholder's equity

13.1. Paid-in capital

	Current Period	Prior Period
Common Stock	3.350.000	3.150.000
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	3.350.000	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

Increased Date	Increased Amount	Cash	Profit Reserves	Capital reserve
			Subject to increase	
August 21, 2017	200.000	-	200.000	-

13.4. Information on share capital increases from revaluation funds

None (December 31, 2016 – 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.

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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, 2016 – None).

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

None (December 31, 2016 – None).

14. Common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Stocks (Thousands)	33.500.000	31.500.000
Preferred Capital Stock	-	-
Common Stock Issue Premiums (*)	714	714
Common Stock Withdrawal Profits	-	-
Other Capital Instruments	-	-

(*) 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	393.308	-	316.069	-
Valuation Difference	393.308	-	316.069	-
Foreign Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(35.028)	(173.816)	(40.675)	(379.478)
Valuation Difference	(35.028)	(173.816)	(40.675)	(379.478)
Foreign Exchange Rate Difference	-	-	-	-
Total	358.280	(173.816)	275.394	(379.478)

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	346.875	43.144	207.571	29.299
Derivative Financial Liabilities Held for Trading	1.777.271	208.154	2.387.017	214.921
Funds Borrowed	1.624	147.120	1.385	71.325
Money Market Borrowings	899	11.979	1.293	8.699
Derivative Financial Liabilities Held for Hedging Purposes	525.414	235.524	196.239	230.489
Securities Issued	-	126.343	-	34.927
Other Accruals	214.228	3	94.880	125
Total	2.866.311	772.267	2.888.385	589.785

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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	16.509.503	16.396.189
Commitment For Use Guaranteed Credit Allocation	9.301.524	19.365.124
Forward Asset Purchase Commitments	3.801.080	1.216.540
Payment Commitments for Cheques	2.755.987	2.707.388
Other Irrevocable Commitments	670.922	1.580.388
Commitments for promotions related with credit cards and banking activities	27.916	19.721
Tax and Fund Liabilities due to Export Commitments	13.034	10.267
Capital commitments of associates and subsidiaries	-	30.000
Total	33.079.966	41.325.617

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 43.336 (December 31, 2016 - TL 41.241) 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	2.449.826	1.255.477
Letters of Credit	1.623.618	1.121.818
Other Guarantees	-	-
Total	4.073.444	2.377.295

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

	Current Period	Prior Period
Provisional Letters of Guarantee	988.478	719.081
Final Letters of Guarantee	6.104.200	5.179.891
Advance Letters of Guarantee	779.033	500.730
Letters of Guarantee Given to Customs Offices	454.010	347.024
Other Letters of Guarantee	5.579.505	4.059.989
Total	13.905.226	10.806.715

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	2.148.620	1.116.069
Less Than or Equal to One Year with Original Maturity	932.432	256.881
More Than One Year with Original Maturity	1.216.188	859.188
Other Non-Cash Loans	15.830.050	12.067.941
Total	17.978.670	13.184.010

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

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	44.952	0,51	2.855	0,03	34.061	0,47	6.774	0,11
Farming and Raising Livestock	40.054	0,46	-	-	32.713	0,46	265	-
Forestry	2.375	0,02	-	-	251	-	-	-
Fishing	2.523	0,03	2.855	0,03	1.097	0,01	6.509	0,11
Manufacturing	1.261.085	14,45	4.430.301	47,90	1.047.136	14,60	2.993.067	49,78
Mining and Quarrying	48.598	0,56	36.769	0,40	49.329	0,69	32.428	0,54
Production	990.927	11,35	3.888.686	42,04	836.199	11,66	2.381.804	39,61
Electricity, gas and water	221.560	2,54	504.846	5,46	161.608	2,25	578.835	9,63
Construction	2.769.132	31,72	782.143	8,45	2.243.853	31,29	807.527	13,43
Services	4.095.605	46,92	2.555.221	27,63	3.748.165	52,28	2.155.411	35,85
Wholesale and Retail Trade	2.475.606	28,36	954.016	10,31	2.186.915	30,50	876.553	14,58
Hotel, Food and Beverage Services	75.523	0,87	85.148	0,92	101.628	1,42	84.316	1,40
Transportation&Communication	193.455	2,22	280.351	3,03	182.535	2,55	212.038	3,53
Financial Institutions	773.612	8,86	838.847	9,07	753.766	10,51	726.130	12,07
Real Estate and Renting Services	8.232	0,09	611	0,01	3.484	0,05	2.114	0,04
Self Employment Services	274.603	3,15	36.769	0,40	257.428	3,59	46.888	0,78
Educational Services	6.262	0,07	-	-	5.747	0,08	-	-
Health and Social Services	288.312	3,30	359.479	3,89	256.662	3,58	207.372	3,45
Other	558.418	6,40	1.478.958	15,99	97.791	1,36	50.225	0,83
Total	8.729.192	100,00	9.249.478	100,00	7.171.006	100,00	6.013.004	100,00

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

	I. Group		II. Group	
Current Period(*)	TL	FC	TL	FC
Letters of Guarantee	8.478.759	5.142.894	190.674	49.563
Bills of Exchange and Acceptances	23.930	2.425.598	-	298
Letters of Credit	946	1.617.632	-	5.040
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	8.503.635	9.186.124	190.674	54.901

(*) Does not include non-cash loans amounting to TL 43.336, for which provision is provided, but which are not indemnified and not liquidated yet.

	I. Group		II. Group	
Prior Period (*)	TL	FC	TL	FC
Letters of Guarantee	6.939.103	3.529.492	187.530	109.349
Bills of Exchange and Acceptances	7.421	1.248.034	-	22
Letters of Credit	5.000	1.115.882	-	936
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	6.951.524	5.893.408	187.530	110.307

(*) Does not include non-cash loans amounting to TL 41.241, for which provision is provided, but which are not indemnified and not liquidated yet.

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5. Information on derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	128.977.683	99.538.902
Forward transactions ^(*)	11.757.118	11.595.556
Swap transactions	106.443.176	78.279.086
Futures transactions	160.156	74.460
Option transactions	10.617.233	9.589.800
Interest Related Derivative Transactions (II)	15.169.800	16.261.062
Forward rate transactions	-	-
Interest rate swap transactions	15.169.800	16.261.062
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	589.380	882.950
A.Total Trading Derivative Transactions (I+II+III)	144.736.863	116.682.914
Types of hedging transactions		
Fair value hedges	16.728.981	15.094.984
Cash flow hedges	33.153.110	22.704.240
Net investment hedges	-	-
B.Total Hedging Related Derivatives	49.882.091	37.799.224
Total Derivative Transactions (A+B)	194.618.954	154.482.138

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

As of September 30, 2017, 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:

	Forward Buy ^(**)	Forward Sell ^(**)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Future Buy	Futures Sell	Other
Current Period									
TL	3.035.791	1.682.331	26.470.094	41.730.248	2.393.957	2.680.503	7.239	352	-
USD	1.726.772	3.171.209	54.589.395	34.439.161	2.273.164	2.285.522	72.893	79.672	589.380
EURO	761.107	682.246	4.218.742	8.073.488	591.715	265.261	-	-	-
Other	394.086	303.576	1.942.391	31.548	53.239	73.872	-	-	-
Total	5.917.756	5.839.362	87.220.622	84.274.445	5.312.075	5.305.158	80.132	80.024	589.380

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

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

	Forward Buy ^(**)	Forward Sell ^(**)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Future Buy	Futures Sell	Other
Prior Period									
TL	2.830.861	1.642.795	21.407.238	30.913.210	2.355.495	2.147.106	-	-	-
USD	2.198.997	3.183.658	40.432.094	28.905.387	1.975.445	2.432.743	37.230	37.230	882.950
EURO	701.431	952.940	5.045.532	4.404.674	372.903	202.619	-	-	-
Other	27.872	57.002	1.187.504	43.733	53.919	49.570	-	-	-
Total	5.759.161	5.836.395	68.072.368	64.267.004	4.757.762	4.832.038	37.230	37.230	882.950

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

^(**) 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 3.740.137 (December 31, 2016 – TL 3.532.426) were subject to hedge accounting by swaps with a nominal of TL 4.403.509 (December 31, 2016 – TL 3.456.411). On September 30, 2017 the net market valuation difference income amounting to TL 37.674 due to the gain from loans amounting to TL 39.584 (September 30, 2016 – TL 203.517 gain) and loss from swaps amounting to TL 1.911 (September 30, 2016 – TL 181.361 loss) 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 178.693 (December 31, 2016 – TL 168.103) have been subject to hedge accounting with swaps with a nominal amount of TL 169.918 (December 31, 2016 – TL 160.939). In 2017 TL 1.466 net fair valuation difference loss, net of TL 2.130 (September 30, 2016 – TL 3.492 gain) loss from loans and TL 664 (September 30, 2016 – TL 1.973 loss) gain 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 10.084 (September 30, 2016 – TL 8.308) 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 371.7 million and EUR 75.4 million (December 31, 2016 – USD 378.7 million and EUR 75.8 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On September 30, 2017, the net market valuation difference loss amounting to TL 291, due to gain from Eurobonds amounting to TL 13.398 (September 30, 2016 – TL 112.532 gain) and loss from swaps amounting to TL 13.690 (September 30, 2016 – TL 114.243 loss) 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, 2016 - 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, 2016 – USD 283 Million) have been subject to hedge accounting with the same nominal amount of swaps. As of September 30, 2017, TL 92 net fair valuation difference income, net of TL 2.626 (September 30, 2016 – TL 3.381 loss) gain from issued bonds and TL 2.533 (September 30, 2016 – TL 2.903 gain) loss 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 310.912 fair value exchange difference income (September 30, 2016 – TL 95.182 exchange difference income) whose TL 12.488 portion is a fair value 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, 2016: EUR 30 million) is subjected to hedge accounting with a swap having the same amount. A net mark to market difference profit at an amount of TL 1 (September 30, 2016: TL 2 loss) sourcing from Credit at an amount of TL 372 (September 30, 2016: TL 3.194 loss) gain and TL 371 (September 30, 2016: TL 3.192 gain) loss from swaps is recognized under “Gains/losses from Derivative Financial Transactions”.

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 5.920.000 are subject to hedge accounting as hedging instruments (December 31, 2016 – TL 5.270.130). As a result of the mentioned hedge accounting, fair value gains before taxes amounting to TL 38.844 are accounted for under equity during the current period (September 30, 2016 – TL 183.822 loss). The gain amounting to TL 211 (September 30, 2016 – TL 15 loss) 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 2.653 million (December 31, 2016 – USD 1.737 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 139 million (December 31, 2016 – 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 14.017 are accounted for under equity during the current period (September 30, 2016 – TL 114.454 loss). The income amounting to TL 217 (September 30, 2016 – TL 1.448 loss) 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 loss TL 1.279 transferred amount from equity to income statement due to ineffectiveness or matured swaps. (September 30, 2016 – TL 19.522 profit).

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b) Subordinated Loans

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge its subordinated loans which have floating interest payment. 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 USD 260 million are subject to hedge accounting as hedging instruments (December 31, 2016 – None). As a result of the mentioned hedge accounting, fair value loss before taxes amounting to TL 187 are accounted for under equity during the current period (December 31, 2016 – None). Regarding the ineffective portions it does not reflect any profit or loss.

The measurements as of September 30, 2017, hedge of cash flow transactions stated above are determined as effective.

6. Credit derivatives and risk exposures on credit derivatives

As of September 30, 2017, the Bank has no commitments "credit linked notes" (As of December 31, 2016 - None).

As of September 30, 2017, "Other Derivative Financial Instruments" with nominal amount of USD 165.000.000 (December 31, 2016 - USD 250.000.000) are included in Bank's "Swap Interest Sell Transactions." In aforementioned transaction, the Bank is the seller of the protection for USD 165.000.000.

7. Information on contingent liabilities and assets

The Bank has recorded a provision of TL 38.514 (December 31, 2016 - TL 24.635) 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

MOODY'S March 2017		FITCH March 2017		CI August 2017	
Long-Term Deposit Rating (FC)	Ba2	Long -Term Foreign Curr.	BBB-	Long-Term Foreign Curr.	BB+
Long-Term Deposit Rating (TL)	Ba1	Short-Term Foreign Curr.	F3	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (FC)	NP	Long-Term TL	BBB-	FC Appearance	Negative
Short-Term Deposit Rating (TL)	NP	Short-Term TL	F3	Financial Strength Rating	BBB
Main Credit Evaluation	ba3	Long-Term National	AAA(tur)	Financial Strength Appearance	Negative
Appearance	Negative	Appearance	Stable	Support	2
Long-Term Foreign Currency	Ba1	Long-Term Foreign Currency	BBB-		
Denominated Debt (FC)		Denominated Debt			
		Support			
		Financial Capacity Rating	bb+		

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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	2.508.098	42.039	2.575.419	30.128
Medium and Long-Term Loans	3.595.901	529.107	2.692.075	355.249
Non-Performing Loans	61.863	-	55.096	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total	6.165.862	571.146	5.322.590	385.377

b) Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank (*)	-	1	-	631
Domestic Banks	163.829	199	1.924	9
Foreign Banks	1.678	9.981	910	3.701
Foreign Headquarters and Branches	-	-	-	-
Total	165.507	10.181	2.834	4.341

(*) The interest income on Required Reserve amounting TL 77.118 is not included into interest income on Banks. (September 30, 2016: TL 38.663).

c) Information on interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	3.044	328	2.553	141
Financial Assets at FVTPL	1.605	41	3.438	187
Investment Securities Available for Sale	300.863	108.537	271.669	82.939
Investment Securities Held to Maturity	277.053	116.526	217.511	44.609
Total	582.565	225.432	495.171	127.876

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. The estimated inflation rate used is updated during the year when necessary. In this context, as of September 30, 2017, valuation of such assets is made according to estimated annual inflation rate of 9%. If valuation of these securities indexed to the CPI had been done by the reference index valid through September 30, 2017, the Bank's Marketable securities valuation differences would be decreased by TL 14,3 million (in full TL amount) and net profit would be increased by TL 53,1 million to TL 1.286 million.

d) Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	8.842	6.405

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	5.336	425.632	5.210	226.200
T.R. Central Bank	-	-	-	-
Domestic Banks	5.314	2.059	5.187	1.482
Foreign Banks	22	423.573	23	224.718
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	5.336	425.632	5.210	226.200

b) Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	48.382	9.089

c) Information on interest expense paid to securities issued

As of September 30, 2017 interest paid to securities issued is TL 277.805 (September 30, 2016 – TL 201.408).

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

Account	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
Turkish Lira								
Bank Deposits	-	43.006	269	-	-	-	-	43.275
Saving Deposits	3	155.958	1.271.083	78.889	37.367	80.360	-	1.623.660
Public Sector Deposits	-	358	2.211	206	14	11	-	2.800
Commercial Deposits	1	236.687	363.382	30.927	63.775	40.501	-	735.273
Other Deposits	-	4.033	31.711	3.357	25.155	461	-	64.717
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	4	440.042	1.668.656	113.379	126.311	121.333	-	2.469.725
Foreign Currency								
Deposits	-	21.785	281.984	26.712	13.138	8.939	-	352.558
Bank Deposits	172	34.869	9.640	322	1.100	-	-	46.103
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	608	-	-	-	-	-	608
Total	172	57.262	291.624	27.034	14.238	8.939	-	399.269
Grand Total	176	497.304	1.960.280	140.413	140.549	130.272	-	2.868.994

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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		
Turkish Lira								
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	-	-	-	-	-	-	-	-
Total	1	333.172	1.633.598	117.077	72.736	87.059	-	2.243.643
Foreign Currency								
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
Total	61	34.998	204.484	14.463	3.412	6.440	-	263.858
Grand Total	62	368.170	1.838.082	131.540	76.148	93.499	-	2.507.501

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Repurchase Agreements (*)	46.320	51.236	136.503	18.660

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

f) **Information on finance lease expenses**

	Current Period	Prior Period
Finance Lease Expenses	176	125

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

None (September 30, 2016 – 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	686	-
Other	13.526	26
Total	14.212	26

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4. Information on trading income/loss

	Current Period	Prior Period
Trading Income	7.145.065	10.610.670
Gains on Capital Market Operations	16.896	27.163
Derivative Financial Instruments	3.977.814	3.081.707
Foreign Exchange Gains	3.150.355	7.501.800
Trading Loss (-)	8.136.195	11.128.232
Losses on Capital Market Operations	15.870	11.975
Derivative Financial Instruments	4.938.999	3.641.940
Foreign Exchange Losses	3.181.326	7.474.317
Net Trading Income/Loss	(991.130)	(517.562)

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.

6. Provision for losses on loans and other receivables

	Current Period	Prior Period
Specific Provisions For Loans and Other Receivables	669.603	838.158
Loans and Receivables in Group III	210.523	184.344
Loans and Receivables in Group IV	125.439	214.961
Loans and Receivables in Group V	333.641	438.853
Provision for Loans Under Close Monitoring	(16.246)	(11.687)
General Provisions	74.342	93.680
Provision Expenses for Possible Losses	-	-
Impairment Losses on Securities	-	-
Financial assets at fair value through profit or loss	-	-
Investment securities available for sale	-	-
Impairment Losses on Associates, Subsidiaries and	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held-to-maturity	-	-
Other	1.033	1.027
Total	728.732	921.178

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7. Information on other operating expenses

	Current Period	Prior Period
Personnel costs	920.813	848.341
Depreciation charge of tangible assets	105.015	104.539
Amortization charge of intangible assets	83.922	79.566
Reserve for employee termination benefits	5.682	17.810
Depreciation on assets to be disposed	-	4.836
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	-	-
Impairment losses on intangible assets	-	-
Impairment losses on goodwill	-	-
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed of	-	-
Impairment charge of assets held for sale and discontinued operations	-	-
Other operating expenses	780.308	682.906
Operational lease related expenses	166.188	167.834
Repair and maintenance expenses	107.861	89.471
Advertisement expenses	89.025	63.750
Other expenses	417.234	361.851
Losses on sales of assets	348	1.348
Other ^(*)	292.594	348.214
Total	2.188.682	2.087.560

^(*) Comprising repayments amounting to TL 17.591 (September 30, 2016: TL 67.369) 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, 2017, net interest income in regards to continued operations of TL 4.157.651 (September 30, 2016 – TL 3.292.155), net fees and commission income of TL 1.247.244 (September 30, 2016 – TL 1.001.746) and other operating income of TL 47.628 (September 30, 2016 – TL 295.600) 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, 2017, the Bank has recorded tax charge TL 90.474 (September 30, 2016 – TL 68.800) and a deferred tax expense of TL 234.844 (September 30, 2016 – TL 143.028 deferred tax expense) from its continuing operations.

9.2. Explanations on operating profit/loss after taxes

None (September 30, 2016 – None).

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

Net profit of the Bank from continued operations is TL 1.232.873 (September 30, 2016 – TL 851.399).

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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, 2016 – 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

- 1.1. As of September 30, 2017, the Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to TL 731.389 (December 31, 2016 – TL 268.869) deposit and TL 166.819 (December 31, 2016- TL 265.304) cash loans and TL 10.582 (December 31, 2016 – TL 7.482) 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
Loans and Other Receivables						
Balance at the Beginning of the Period	264.052	5.896	-	-	1.252	1.586
Balance at the End of the Period	166.558	8.784	-	-	261	1.798
Interest and Commission Income	8.842	83	-	22	66	20

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
Loans and Other Receivables						
Balance at the Beginning of the Period	155.953	11.315	-	21.651	-	964
Balance at the End of the Period	264.052	5.896	-	-	1.252	1.586
Interest and Commission Income(***)	6.405	121	-	-	15	13

(*) 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, 2016 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
Deposits						
Balance at the Beginning of the Period	89.151	265.905	-	-	179.718	258.905
Balance at the End of the Period	574.459	89.151	-	-	156.930	179.718
Interest on deposits(***)	48.382	9.089	-	-	10.194	11.928

(*) 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, 2016 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
Transactions for Trading Purposes						
Beginning of the Period	104.180	-	-	168.641	-	74.646
End of the Period	432.060	104.180	-	-	-	-
Total Income/Loss(***)	(248)	4	-	-	-	2.304
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss(***)	-	-	-	-	-	-

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

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

(***) Prior Period Balance Represents September 30, 2016 balance.

1.4. Information on benefits provided to top management

As of September 30, 2017, the total amount of remuneration and bonuses paid to top management of the Bank is TL 73.537 (September 30, 2016 - TL 56.792).

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, 2017, cash loans of the risk group represented 0,2% of the Bank's total cash loans (December 31, 2016 - 0,4%), the deposits represented 1,1% of the Bank's total deposits (December 31, 2016 - 0,5%) and derivative transactions represented 0,2% of the Bank's total derivative transactions (December 31, 2016 - 0%).

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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, 2017, the Bank has net finance lease payables to Finans Finansal Kiralama A.Ş. amounting to TL 6.901 (December 31, 2016 - TL 940) 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 related to the Bank's operations

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

The Bank, made a discounted bond issuance; on October 6, 2017 at a nominal amount of TL 206.400 along with an interest rate of 13,85% maturing in 119 days, a discounted bond issuance on October 13, 2017 at a nominal amount of TL 94.100 with an interest rate of 13,85% maturing in 95 days, a bond issuance with coupon payments on October 13, 2017 at a nominal amount of TL 75.500 with an interest rate 14,25% maturing in 371 days. A discounted bond issuance on October 20, 2017 at a nominal amount TL 113.460 with an interest rate of 13,90% maturing in 112 days, a discounted bond issuance on October 20, 2017 at a nominal amount of TL 220.700 with an interest rate of 13,85% maturing 88 days and a discounted bond on October 23, 2017 at a nominal amount of TL 96.000 with an interest rate 13,85% maturing in 85 days and a discounted bond issuance on October 25, 2017 at a nominal amount of TL 83.400 with an interest rate of 13,85% maturing 90 days.

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

INDEPENDENT AUDITOR’S LIMITED REPORT

I. Explanations on the Independent Limited Review Report

The unconsolidated financial statements for the period ended September 30, 2017 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). The auditor’s limited report dated October 25, 2017 is presented preceding the unconsolidated financial statements.

II. Explanations and notes prepared by Independent Auditors

None (December 31, 2016 – 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

Dear Partners,

Currently, the global economy is recovering moderately. According IMF's (International Money Fund) October 2017 World Economic Outlook, GWP (Gross World Product) is anticipated to grow by 3.6 percent in 2017, picking up pace and reaching 3.7 percent in 2018, with an increase from 3.2 percent in 2016 at the aftermath of recession.

2017 growth projection for Turkey is increased to 5.1 percent from 2.5 percent, which was the figure announced in the previous World Economic Outlook report. IMF made this revision as production in 2017 is stronger than the expectations as a result of the recovery in export and adoption of a more expansionary monetary stance. IMF increased its estimate for Turkey's 2018 growth, from 3.3 percent to 3.5 percent.

Our growth performance has been cemented by financial incentives and the supports from Credit Guarantee Fund. Our bank was firmly involved in the credit expansion offered by Credit Guarantee Fund.

The outcomes of the past nine months already suggest that we will conclude 2017 with successful results.

As of September 30, 2017 total assets of our bank reached TRY 119 billion 987 million with an 18-percent increase from previous year's year-end figures. Similarly, compared to the end of 2016, our total loans increased by 26 percent to TRY 79 billion 4 million and our customer deposits by 21 percent to TRY 63 billion 90 million.

In the first nine months of the year, our net interest income increased by 26 percent compared to same period of previous year and reached TRY 4 billion 158 million, our net fee and commission income increased by 25 percent and reached TRY 1 billion 247 million. The pre-tax profit of QNB Finansbank was TRY 1,558 million in the first three quarters, while the net period profit reached TRY 1,233 million.

Compared to the end of the previous year, our total equity increased by 15 percent to TRY 11 billion 667 million, and as of September 30, 2017, our capital adequacy ratio reached 15.56 percent.

In the first nine month-period, we extended support to thousands of businesses and those in need with our unique banking products, while continuing with our Corporate Social Responsibility projects that supported creativity and leadership skills of the youth and children. We considered our bank's 30th anniversary as an opportunity to share our efforts with public and celebrated our 30th Anniversary with concerts by Young Talents that we have supported in association with Modern Education Foundation. Enjoying our support to study in the top music schools of the world, these Young Talents represent our country by delivering performances in the best concert halls of the world.

Our bank's efforts are driven by our aim to contribute to promotion of innovative, creative, analytically-thinking generations that adopt unique and positive mindsets. Therefore, we are successfully maintaining our efforts in the Small Hands Big Dreams platform with over a thousand voluntary financiers in our branches as well as our collaborations with various organizations. Over 11 thousand children have received coding training with 8-hour training sessions offered by 203 volunteers in 27 cities from Siirt to Istanbul since June 2015 when the trainings were launched as part of our Little Fingers Programming the Future project. Our goal is to reach 20 thousands.

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Another project we support is the Anadolu Orff Project with Güher & Süher Pekinel, based on application of a unique pedagogical approach to music in order to support natural talents. QNB Finansbank has undergone a wide range of stages in a 30-year journey. Our stability-oriented management approach since the day we laid our bank's foundation, as well as the efforts of our financiers who have served QNB Finansbank with commitment empowered us to cover long miles and stand where we are today. Celebrating its 30th anniversary today, our bank has continued its journey by remaining true to its own cultural values without losing its essence despite a wide range of changes in the world, in Turkey and even within the bank's own structure.

We have achieved many firsts in 30 years. In 1999, we introduced to retail banking customers the first installment credit card and in 2009, "the world's first debit card that can offer installments". We launched such campaigns as "skip the installment" and "mile earning with points", which enabled us to bring significant know-how to the sector. In 2004, we ranked the 5th with the size of our assets among private banks, in quite a short time for a sector like banking. The same year, we became the first Turkish bank to enjoy a subordinated loan amounting USD 200M, which served as an indicator of foreign markets' trust in our bank.

In 2008, we inaugurated an Operation and Call Center in Erzurum, which became a banking academy, laying the foundations for new employment opportunities in the region. It is the 'first and only' banking center serving in the East for the West, outside Marmara Region.

In October 2012, we founded Enpara.com, Turkey's first digital branchless bank offering all its services solely through digital channels. Thanks to Enpara.com, hundreds of thousands of happy customers in Turkey were introduced to free-of-charge digital banking.

Our bank's achievements were presented to students for four times as successful business cases within 30 years at Harvard University, which is among the top universities of the world. The first of such achievements was in 1994 when Finansbank was established, and the other include NBG acquisition in 2008, QNB acquisition in 2016, and finally, Enpara.com, which enabled us to fully introduce digital banking to Turkey this year.

I would like to express my gratitude once again to all my financier colleagues as well as our stakeholders for their contributions to QNB Finansbank, where we have been passionately working since the days it was founded, in its 30th anniversary.

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Message by the General Manager

Dear Stakeholders and Board Members,

The innovative and leading bank of the Turkish banking system, QNB Finansbank has concluded the third quarter of the year successfully, as with the previous quarter.

As of September 30, 2017 the total assets of our bank have reached TRY 119 billion 987 million with a 18-percent increase from previous year's year-end figures. In the same period, our total loans increased by 26 percent to TRY 79 billion 4 million; and our customer deposits by 21 percent to TRY 63 billion 90 million.

In the first nine months of the year, our net interest income increased by 26 percent, reaching TRY 4 billion 158 million, our net fee and commission income increased by 25 percent, reaching TRY 1 billion 247 million. The pre-tax profit of our bank was TRY 1,558 million, and the net period profit was TRY 1,233 million.

Compared to the end of the previous year, our total equity increased by 15 percent to TRY 11 billion 667 million, and as of September 30, 2017, the capital adequacy ratio of QNB Finansbank was 15.56 percent.

The government's supportive steps to recover economic activities had a visible impact on growth, with Credit Guarantee Fund, in particular, having the biggest impact. Credit Guarantee Fund (KGF) alone is projected to contribute to 2017 growth by 1-1.5 points. The credit expansion, where banking sector acts as a mediator, has also a major role in the recovery of economic activity. The loan extension policy with the guarantee of Credit Guarantee Fund paved the way for a valuable expansion not only for our sector but also for those in need of financing. By acting as a mediator in the credit expansion process, QNB Finansbank has continued to gain new prospects.

The leading indicators regarding the third quarter of 2017 prove the continuation of a firm economic growth which gains momentum. Domestic demand, credit expansion, tax reductions, as well as improvement expectations in economy will keep on supporting economic growth.

At QNB Finansbank, we are continuing to support all sectors of the economy and all the segments of the business world. As part of Women in Business, EBRD's (European Bank for Reconstruction and Development) initiative to empower women entrepreneurs, we extended USD 55 million for utilization in enterprises owned or run by women.

We have been the first Turkish bank with the fastest extension of the first tranche of credits received under EBRD's EUR 300 million worth Women Entrepreneurship Program and the first ever Turkish bank with entitlement for the second credit tranche. Our total resources for women entrepreneurs have reached 100 million € with this new credit tranche.

We keep on supporting farmers, our economy's key engines, to help them better calculate their finances and increase their earnings. As with previous year, we are again meeting up with our farmers through the Agricultural Business Training sessions with the support of Frankfurt School, the best in its field, in collaboration with EFSE. The second period has kicked off in the Agricultural Literacy Project, a social responsibility project that we have been implementing in collaboration with EFSE (European Fund for Southeast Europe) and Frankfurt School. In the meetings to be held between August and December in nearly 10 cities, Frankfurt School trainers will be teaching on finance, while we will be providing agriculture courses on irrigation technologies, drought risk and stock-breeding.

This year, we are celebrating the 30th Anniversary of our bank. Our stability-oriented management approach since the day the bank's foundation were laid, and the efforts of our financiers who have been serving our bank with commitment empowered us to cover long miles and stand where we are today. We are continuing our journey with firmer and stronger steps under the principal shareholding Qatar National Bank S.A.Q (QNB Group), the leading financial organization of Middle East and Africa and the largest bank of Qatar.

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We would like to develop our children particularly in education, science and art. We believe that bonding with a child means bonding with the innovation leaders of Turkey. Driven by this mindset, we focused on out-of-school education and arts when we researched our projects. We took due care to ensure that our bank, as a 'great corporate citizen', covers projects that reflect our visionary perspective. Most recently, we have sponsored "Young Talents", a project for a group of gifted young artists who got admission for top music schools of the world with the support of Modern Education Foundation. These ever-talented young musicians access the opportunity of developing their talents in the best music schools of the world by enjoying the support provided. They will continue to represent and introduce Turkey all over the world and set examples for other talented young people in our country as well.

I would like to thank everyone who added value to QNB Finansbank in this process--our colleagues, our customers, all our strategic partners and our correspondent banks.

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Capital and Partnership Structure:

Name Surname/Trade Name	Amount of Shares	Percentage of Shares	Paid-up Shares	Unpaid Shares
Qatar National Bank (“QNB”)	3.345.892	99,88%	3.345.892	-
Other	4.108	0,12%	4.108	-

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	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	Board Member and Audit Committee Member	August 25, 2016	Phd
Temel Güzeloglu	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	Board Member	June 16, 2016	Graduate
Noor Mohd J. A. Al-Naimi	Board Member	June 22, 2017	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
Emel Yılmaz Özbay	Executive Vice President	Feb 12, 2016	Graduate
Engin Turhan	Executive Vice President	June 14, 2016	Masters
Ahmet Erzengin	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

Amendments made to the Articles of Association:

The Bank’s trade name in 3rd article of the Articles of Association has been changed to “QNB Finansbank”.

Currently, there has been TL 200.000 increase capital payout. The bank’s capital payout has increased from TL 3.150.000 to TL 3.350.000, the change has been executed in accordance to 7rd article (section d) of the Articles of Association.

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Summary Financial Belonging to the Period of September 30, 2017

Principal Financial Indicators (Million TL)	September 30, 2017	December 31, 2016
Total Loans	79.004	62.923
Securities	14.339	12.950
Total Assets	119.987	101.503
Customer Deposits	63.090	51.966
Equity	11.667	10.126
Principal Financial Ratios	September 30, 2017	December 31, 2016
Loans/Total Assets	65,8%	61,9%
Securities/Total Assets	12,0%	12,8%
NPL Ratio	5,4%	5,8%
Capital Adequacy Ratio	15,6%	14,5%
Principal Financial Indicators (Million TL)	September 30, 2017	September 30, 2016
Net interest income	4.158	3.292
Net fees and commission income	1.247	1.002
Provision loans and other Receivables(-)	(729)	(921)
Profit before tax	1.558	1.063
Net profit for the period	1.233	851
Principal Financial Ratios	September 30, 2017	September 30, 2016
Total Cost/Total Revenue	48,9%	51,3%
Return on equity	15,0%	12,2%
Return on assets	1,5%	1,3%
Cost of risk	1,4%	2,1%

As of September 30, 2017 total assets of Bank increased by 18% compared with the end of the year 2016 and realized as TL 119 billion and 987 million. When compared with the end of year 2016, total loans increased by 26% and reached TL 79 billion and 4 million while Customer Deposits increased by 21% and reached up to TL 63 billion and 90 million.

Unconsolidated profit of the Bank before tax reached TL 1.558 million and the unconsolidated net profit for the second quarter of 2017 realized as TL 1.233 million. Net interest income increased by 26% and reached 4 billion and 158 million TL and net fees and commissions income increased by 25% and reached TL 1 billion and 247 million in the nine-month period of the year 2017 compared to same period of previous year.

When compared with the end of year 2016, total unconsolidated shareholders' equity increased by 15% and reached up to TL 11 billion 667 million. As of September 30, 2017 capital adequacy ratio of the Bank was 15,56%.

As of September 30, 2017 Finans Bank has 11.815 personnel and 580 branch.

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

Assets:

Finans Bank maintained its customer-oriented activities during year 2017 and continued to grow mainly in Corporate and commercial loans. As of September 30, 2017, total unconsolidated loans increased by 26% and reached TL 79 billion and 4 million while total unconsolidated assets increased by 18% and reached TL 119 billion and 987 million as well. The Bank has maintained developing of corporate based loans (Corporate, Commercial and SMEs) which the Bank has focused strategically during 2017 and corporate based loans has increased by 35% compared 2016 year end.

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

FINANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

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

Liabilities:

Total customer deposits of the Bank increased by 21% and reached TL 63 billion and 90 million and shareholders' equity increased by 15% and reached TL 11 billion and 667 million.

Profitability:

Net interest income increased by 26% and reached TL 4 billion and 158 million and net fees and commission income amounts has increased by 25% as TL 1 billion 247 million. Profit before tax of the Bank amounts to TL 1.558 million and the net profit for the period is TL 1.233 million.

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.

General Grants realized during the Period:

General grants realized as of September 30, 2017 was TL 372.