

FİNANS BANK ANONİM ŞİRKETİ

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT,
UNCONSOLIDATED FINANCIAL STATEMENTS, NOTES
AND INTERIM ACTIVITY REPORT FOR THE PERIOD
ENDED JUNE 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 June 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 six-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 June 30, 2017 and of the results of its operations and its cash flows for the six-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

July 31, 2017
İstanbul, Türkiye

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

The Bank's;
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Phone number : (0 212) 318 50 00
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The unconsolidated financial report for the six-months period ended June 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 six-months period ended June 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 Güzeloğlu
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 JUNE 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 June 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.

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AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 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 Güzeloğlu	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 Kurtoğlu	Executive Vice President	May 14, 2015	Masters
Murat Koraş	Executive Vice President	May 14, 2015	Masters
Onur Özkan	Executive Vice President	May 14, 2015	Masters
Elsa Pekmez Atan	Executive Vice President	May 14, 2015	Masters
Emel Yılmaz Özbay	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

(*) As of 22.06.2017, Noor Mohd J.A. Al-Naimi has been assigned instead of Grant Eric Lowen, assignment process still continues.

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”)	3.146.138	%99,88	3.146.138	-
Other	3.862	%0,12	3.862	-

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017**

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

V. Explanations on the Bank's services and activities

The Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets and securities operations and credit card operations. In addition, the Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of June 30, 2017, the Bank operates through 586 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 June 30, 2017, the Bank has 11.926 employees (December 31, 2016 - 12.451 employees).

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

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

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

All other subsidiaries are fully consolidated.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

FİNANS BANK ANONİM ŞİRKETİ
BALANCE SHEET AS OF JUNE 30, 2017 (STATEMENT OF FINANCIAL POSITION)
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – ASSETS

		Reviewed 30.06.2017			Audited 31.12.2016			
	Section 5 Part I	TL	FC	Total	TL	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	3.582.987	13.003.860	16.586.847	1.929.860	11.174.023	13.103.883
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	2.215.925	303.482	2.519.407	2.603.817	211.858	2.815.675
2.1	Financial assets held for trading		2.200.740	303.482	2.504.222	2.580.846	211.858	2.792.704
2.1.1	Public sector debt securities		16.598	6.559	23.157	5.950	11.486	17.436
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Assets on trading derivatives		2.184.142	296.923	2.481.065	2.574.896	200.372	2.775.268
2.1.4	Other securities		-	-	-	-	-	-
2.2	Financial assets at fair value through profit and loss		15.185	-	15.185	22.971	-	22.971
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		15.185	-	15.185	22.971	-	22.971
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	(3)	12.159	1.759.269	1.771.428	13.503	260.283	273.786
IV.	MONEY MARKET PLACEMENTS		162.081	-	162.081	1.547.549	-	1.547.549
4.1	Interbank money market placements		1.494	-	1.494	-	-	-
4.2	Istanbul Stock Exchange money market placements		160.587	-	160.587	246.944	-	246.944
4.3	Receivables from reverse repurchase agreements		-	-	-	1.300.605	-	1.300.605
V.	INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)	(5)	3.975.481	2.986.987	6.962.468	4.151.905	2.880.043	7.031.948
5.1	Equity securities		4.225	53.665	57.890	4.225	44.961	49.186
5.2	Public sector debt securities		3.971.256	2.894.258	6.865.514	4.147.680	2.796.651	6.944.331
5.3	Other securities		-	39.064	39.064	-	38.431	38.431
VI.	LOANS AND RECEIVABLES	(6)	58.619.582	15.293.388	73.912.970	50.044.814	12.855.446	62.900.260
6.1	Loans and receivables		58.015.304	15.293.388	73.308.692	49.431.744	12.855.446	62.287.190
6.1.1	Loans to risk group of the Bank		123.273	61.651	184.924	167.228	98.076	265.304
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		57.892.031	15.231.737	73.123.768	49.264.516	12.757.370	62.021.886
6.2	Non-performing loans		4.295.720	-	4.295.720	3.840.927	-	3.840.927
6.3	Specific provisions (-)		3.691.442	-	3.691.442	3.227.857	-	3.227.857
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(7)	3.526.098	3.163.221	6.689.319	3.383.952	2.516.555	5.900.507
8.1	Public sector debt securities		3.526.098	2.609.768	6.135.866	3.383.952	1.915.594	5.299.546
8.2	Other securities		-	553.453	553.453	-	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)	783.196	-	783.196	665.618	-	665.618
10.1	Unconsolidated financial investments		765.150	-	765.150	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)	2.617.921	18.048	2.635.969	3.409.777	33.561	3.443.338
13.1	Fair value hedge		1.993.445	9.286	2.002.731	2.346.595	18.509	2.365.104
13.2	Cash flow hedge		624.476	8.762	633.238	1.063.182	15.052	1.078.234
13.3	Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)		1.788.569	53	1.788.622	1.833.271	48	1.833.319
XV.	INTANGIBLE ASSETS (Net)		296.573	-	296.573	280.166	-	280.166
15.1	Goodwill		-	-	-	-	-	-
15.2	Others		296.573	-	296.573	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)	1.673.268	522.142	2.195.410	1.135.700	404.579	1.540.279
TOTAL ASSETS			79.387.049	37.050.450	116.437.499	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 JUNE 30, 2017 (STATEMENT OF FINANCIAL POSITION)
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)**

I. BALANCE SHEET – LIABILITIES AND EQUITY

		Reviewed 30.06.2017			Audited 31.12.2016			
		Section 5 Part II						
		TL	FC	Total	TL	FC	Total	
I.	DEPOSITS	(1)	34.372.064	30.238.327	64.610.391	31.546.849	22.391.851	53.938.700
1.1	Deposits from risk group of the Bank		652.299	153.476	805.775	208.763	60.106	268.869
1.2	Other		33.719.765	30.084.851	63.804.616	31.338.086	22.331.745	53.669.831
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	1.950.031	212.844	2.162.875	2.387.017	214.921	2.601.938
III.	FUNDS BORROWED	(3)	99.348	13.060.525	13.159.873	101.236	10.656.671	10.757.907
IV.	MONEY MARKET BORROWINGS		435.735	3.890.533	4.326.268	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)	435.735	3.890.533	4.326.268	1.495.044	3.519.709	5.014.753
V.	SECURITIES ISSUED (Net)	(5)	869.104	5.694.096	6.563.200	1.124.543	3.187.028	4.311.571
5.1	Bills		869.104	63.128	932.232	1.124.543	53.683	1.178.226
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	5.630.968	5.630.968	-	3.133.345	3.133.345
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		2.208.990	4.259.659	6.468.649	2.212.951	4.389.726	6.602.677
VIII.	OTHER LIABILITIES	(6)	1.702.235	199.383	1.901.618	858.329	170.008	1.028.337
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(7)	109	358	467	273	667	940
10.1	Financial lease payables		141	401	542	322	728	1.050
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial lease expenses (-)		32	43	75	49	61	110
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(8)	499.695	249.830	749.525	196.239	230.489	426.728
11.1	Fair value hedge		38.085	193.012	231.097	-	190.559	190.559
11.2	Cash flow hedge		461.610	56.818	518.428	196.239	39.930	236.169
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
XII.	PROVISIONS	(9)	1.801.488	-	1.801.488	1.768.642	-	1.768.642
12.1	General provisions		1.360.846	-	1.360.846	1.288.394	-	1.288.394
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		242.930	-	242.930	276.595	-	276.595
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		197.712	-	197.712	203.653	-	203.653
XIII.	TAX LIABILITY	(10)	264.207	-	264.207	188.032	-	188.032
13.1	Current tax liability		235.436	-	235.436	188.032	-	188.032
13.2	Deferred tax liability		28.771	-	28.771	-	-	-
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)	-	3.217.369	3.217.369	-	3.235.793	3.235.793
XVI.	SHAREHOLDERS' EQUITY		11.423.599	(212.030)	11.211.569	10.499.697	(373.369)	10.126.328
16.1	Paid-in capital	(13)	3.150.000	-	3.150.000	3.150.000	-	3.150.000
16.2	Capital reserves		390.155	(212.030)	178.125	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)	388.056	(199.036)	189.020	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)		40.715	(12.994)	27.721	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		7.073.477	-	7.073.477	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		6.568.779	-	6.568.779	5.425.540	-	5.425.540
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		809.967	-	809.967	1.203.410	-	1.203.410
16.4.1	Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2	Current period income/ (loss)		809.967	-	809.967	1.203.410	-	1.203.410
TOTAL LIABILITIES AND EQUITY			55.626.605	60.810.894	116.437.499	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 JUNE 30, 2017

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

II. STATEMENT OF OFF-BALANCE COMMITMENTS AND CONTINGENCIES

		Reviewed 30.06.2017			Audited 31.12.2016		
Section 5. Part III.		TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	128.541.288	117.680.197	246.221.485	107.724.136	100.291.889	208.016.025
I.	GUARANTEES	(1), (2), (3),(4)	8.282.764	7.827.987	16.110.751	7.171.006	6.013.004
1.1.	Letters of guarantee	8.282.726	4.264.438	12.527.164	7.158.585	3.648.130	10.806.715
1.1.1.	Guarantees subject to State Tender Law	312.600	29.854	342.454	310.573	36.451	347.024
1.1.2.	Guarantees given for foreign trade operations	4.012.649	4.234.584	8.247.233	3.527.000	3.611.679	7.138.679
1.1.3.	Other letters of guarantee	3.937.477	-	3.937.477	3.321.012	-	3.321.012
1.2.	Bank loans	19.763	2.125.245	2.145.008	7.421	1.248.056	1.255.477
1.2.1.	Import letter of acceptance	19.763	2.125.245	2.145.008	7.421	1.248.056	1.255.477
1.2.2.	Other bank acceptances	-	-	-	-	-	-
1.3.	Letters of credit	275	1.438.304	1.438.579	5.000	1.116.818	1.121.818
1.3.1.	Documentary letters of credit	275	1.269.717	1.269.992	5.000	1.084.124	1.089.124
1.3.2.	Other letters of credit	-	168.587	168.587	-	32.694	32.694
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)	46.402.836	4.749.477	51.152.313	39.611.999	1.954.418
2.1.	Irrevocable commitments	45.429.513	4.749.477	50.178.990	39.371.199	1.954.418	41.325.617
2.1.1.	Forward asset purchase commitments	2.000.705	2.701.556	4.702.261	355.574	860.966	1.216.540
2.1.2.	Forward deposit purchase and sales commitments	-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries	-	-	-	30.000	-	30.000
2.1.4.	Loan granting commitments	23.240.431	351	23.240.782	19.364.771	353	19.365.124
2.1.5.	Securities underwriting commitments	-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7.	Payment commitment for checks	2.726.919	-	2.726.919	2.707.388	-	2.707.388
2.1.8.	Tax and fund liabilities from export commitments	11.414	-	11.414	10.267	-	10.267
2.1.9.	Commitments for credit card expenditure limits	16.951.894	-	16.951.894	16.396.189	-	16.396.189
2.1.10.	Commitments for promotions related with credit cards and banking activities	25.268	-	25.268	19.721	-	19.721
2.1.11.	Receivables from short sale commitments	-	-	-	-	-	-
2.1.12.	Payables for short sale commitments	-	-	-	-	-	-
2.1.13.	Other irrevocable commitments	472.882	2.047.570	2.520.452	487.289	1.093.099	1.580.388
2.2.	Revocable commitments	973.323	-	973.323	240.800	-	240.800
2.2.1.	Revocable loan granting commitments	973.323	-	973.323	240.800	-	240.800
2.2.2.	Other revocable commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)	73.855.688	105.102.733	178.958.421	60.941.131	92.324.467
3.1.	Derivative financial instruments for hedging purposes	22.736.310	26.869.664	49.605.974	16.730.698	21.068.526	37.799.224
3.1.1.	Fair value hedge	4.015.078	11.845.670	15.860.748	3.456.411	11.638.573	15.094.984
3.1.2.	Cash flow hedge	18.721.232	15.023.994	33.745.226	13.274.287	9.429.953	22.704.240
3.1.3.	Hedge of net investment in foreign operations	-	-	-	-	-	-
3.2.	Held for trading transactions	51.119.378	78.233.069	129.352.447	44.210.433	71.255.941	115.466.374
3.2.1.	Forward foreign currency buy/sell transactions	2.329.477	2.871.718	5.201.195	4.118.082	6.260.934	10.379.016
3.2.1.1.	Forward foreign currency transactions-buy	1.631.706	1.000.739	2.632.445	2.683.949	2.466.591	5.150.540
3.2.1.2.	Forward foreign currency transactions-sell	697.771	1.870.979	2.568.750	1.434.133	3.794.343	5.228.476
3.2.2.	Swap transactions related to foreign currency and interest rates	45.525.280	70.918.267	116.443.547	35.589.750	58.950.398	94.540.148
3.2.2.1.	Foreign currency swap-buy	18.311.357	32.042.363	50.353.720	15.367.108	23.909.128	39.276.236
3.2.2.2.	Foreign currency swap-sell	27.213.923	23.014.608	50.228.531	18.682.642	20.320.208	39.002.850
3.2.2.3.	Interest rate swaps-buy	-	7.930.648	7.930.648	770.000	7.360.531	8.130.531
3.2.2.4.	Interest rate swaps-sell	-	7.930.648	7.930.648	770.000	7.360.531	8.130.531
3.2.3.	Foreign currency, interest rate and securities options	3.263.878	3.719.320	6.983.198	4.502.601	5.087.199	9.589.800
3.2.3.1.	Foreign currency options-buy	1.427.693	2.065.221	3.492.914	2.355.495	2.402.267	4.757.762
3.2.3.2.	Foreign currency options-sell	1.836.185	1.654.099	3.490.284	2.147.106	2.684.932	4.832.038
3.2.3.3.	Interest rate options-buy	-	-	-	-	-	-
3.2.3.4.	Interest rate options-sell	-	-	-	-	-	-
3.2.3.5.	Securities options-buy	-	-	-	-	-	-
3.2.3.6.	Securities options-sell	-	-	-	-	-	-
3.2.4.	Foreign currency futures	743	145.092	145.835	-	74.460	74.460
3.2.4.1.	Foreign currency futures-buy	743	72.195	72.938	-	37.230	37.230
3.2.4.2.	Foreign currency futures-sell	-	72.897	72.897	-	37.230	37.230
3.2.5.	Interest rate futures	-	-	-	-	-	-
3.2.5.1.	Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2.	Interest rate futures-sell	-	-	-	-	-	-
3.2.6.	Other	-	578.672	578.672	-	882.950	882.950
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	578.825.403	95.125.653	673.951.056	518.509.096	88.699.243	607.208.339
IV.	ITEMS HELD IN CUSTODY	7.586.701	1.489.053	9.075.754	8.741.145	2.223.883	10.965.028
4.1.	Assets under management	3.078.536	-	3.078.536	4.509.095	-	4.509.095
4.2.	Investment securities held in custody	171.933	677.046	848.979	263.988	1.348.273	1.612.261
4.3.	Checks received for collection	3.407.174	371.217	3.778.391	3.047.124	416.731	3.463.855
4.4.	Commercial notes received for collection	929.058	168.644	1.097.702	920.938	192.617	1.113.555
4.5.	Other assets received for collection	-	-	-	-	-	-
4.6.	Assets received for public offering	-	-	-	-	-	-
4.7.	Other items under custody	-	272.146	272.146	-	266.262	266.262
4.8.	Custodians	-	-	-	-	-	-
V.	PLEDGED ITEMS	349.188.481	53.726.720	402.915.201	320.129.826	47.175.906	367.305.732
5.1.	Marketable securities	1.276.124	5.888.863	7.164.987	1.059.127	3.186.362	4.245.489
5.2.	Guarantee notes	346.289	112.492	458.781	201.294	76.487	277.781
5.3.	Commodity	62.983	-	62.983	61.743	-	61.743
5.4.	Warranty	-	-	-	-	-	-
5.5.	Properties	80.188.426	29.126.754	109.315.180	78.296.557	25.750.041	104.046.598
5.6.	Other pledged items	267.314.659	18.598.611	285.913.270	240.511.105	18.163.016	258.674.121
5.7.	Pledged items-depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	222.050.221	39.909.880	261.960.101	189.638.125	39.299.454	228.937.579
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		707.366.691	212.805.850	920.172.541	626.233.232	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 JUNE 30, 2017
(STATEMENT OF INCOME/LOSS)

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

III. INCOME STATEMENT

		Reviewed	Reviewed	Reviewed	Reviewed
	Section 5	01.01 –	01.01 –	01.04 –	01.04 –
	Part IV.	30.06.2017	30.06.2016	30.06.2017	30.06.2016
I. INTEREST INCOME	(1)	4.982.823	4.195.969	2.616.335	2.143.029
1.1 Interest on loans		4.281.786	3.739.297	2.264.877	1.915.542
1.2 Interest received from reserve deposits		45.759	25.353	25.475	12.768
1.3 Interest received from banks		76.470	4.805	41.104	3.587
1.4 Interest received from money market placements		46.537	24.320	17.726	11.241
1.5 Interest received from marketable securities portfolio		528.339	399.412	266.026	199.056
1.5.1 Held-for-trading financial assets		1.964	2.108	968	663
1.5.2 Financial assets at fair value through profit and loss		1.206	2.627	541	1.174
1.5.3 Available-for-sale financial assets		266.709	227.947	132.868	115.199
1.5.4 Investments held-to-maturity		258.460	166.730	131.649	82.020
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		3.932	2.782	1.127	835
II. INTEREST EXPENSE	(2)	2.225.866	2.091.779	1.201.364	1.032.952
2.1 Interest on deposits		1.696.028	1.700.178	941.797	834.249
2.2 Interest on funds borrowed		280.644	144.185	144.428	76.317
2.3 Interest on money market borrowings		71.443	100.548	27.931	53.112
2.4 Interest on securities issued		165.226	136.814	86.321	67.951
2.5 Other interest expense		12.525	10.054	887	1.323
III. NET INTEREST INCOME (I - II)		2.756.957	2.104.190	1.414.971	1.110.077
IV. NET FEES AND COMMISSIONS INCOME		817.576	658.686	407.379	339.203
4.1 Fees and commissions received		965.149	823.781	481.585	424.359
4.1.1 Non-cash loans		39.251	33.634	20.043	17.518
4.1.2 Other		925.898	790.147	461.542	406.841
4.2 Fees and commissions paid		147.573	165.095	74.206	85.156
4.2.1 Non-cash loans		954	671	553	326
4.2.2 Other		146.619	164.424	73.653	84.830
V. DIVIDEND INCOME	(3)	13.448	4	9.657	2
VI. NET TRADING INCOME	(4)	(629.338)	(367.853)	(357.809)	(204.045)
6.1 Securities trading gains/ (losses)		2.734	12.465	2.232	2.344
6.2 Gains / (losses) from financial derivatives transactions		(623.375)	(391.804)	(319.682)	(239.417)
6.3 Foreign exchange gains/ (losses)		(8.697)	11.486	(40.359)	33.028
VII. OTHER OPERATING INCOME	(5)	30.861	281.706	16.435	258.234
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		2.989.504	2.676.733	1.490.633	1.503.471
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	514.888	587.039	251.610	320.612
X. OTHER OPERATING EXPENSES (-)	(7)	1.445.667	1.411.368	744.278	708.534
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		1.028.949	678.326	494.745	474.325
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)	1.028.949	678.326	494.745	474.325
XVI. TAX CHARGE FOR CONTINUED OPERATIONS (±)	(9)	(218.982)	(125.798)	(106.617)	(83.767)
16.1 Current income tax charge		(201.928)	(17.291)	(75.778)	(17.291)
16.2 Deferred tax charge / benefit		(17.054)	(108.507)	(30.839)	(66.476)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	809.967	552.528	388.128	390.558
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)	809.967	552.528	388.128	390.558
Earnings per share		0,02571	0,01754	0,01232	0,01240

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 JUNE 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 - 30.06.2017	Reviewed 01.01 - 30.06.2016
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	342.796	128.095
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)	(22.288)	(304.503)
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	(45.234)	44.905
X. TOTAL NET PROFIT/LOSS ACCOUNTED FOR UNDER EQUITY (I+II+...+IX)	275.274	(131.503)
XI. PROFIT/LOSS	809.967	552.528
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	3.359	144.486
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	(1.594)	2.848
11.3 Transfer of hedge of net investments in foreign operations recycled to Income Statement	-	-
11.4 Other	808.202	405.194
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)	1.085.241	421.025

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 JUNE 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 – 30.06.2016																	
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		-	-	-	-	-	-	-	-	-	-	112.099	-	-	-	-	112.099
VI. Hedging funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(243.602)	-	(243.602)
6.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(243.602)	-	(243.602)
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)		-	-	-	-	-	-	-	-	552.528	-	-	-	-	-	-	552.528
XX. Profit distribution		-	-	-	-	-	-	-	-	-	(705.772)	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(705.772)	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	35.289	-	670.483	-	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	35.289	-	670.483	-	-	-	-	-	-	-	-	-
Closing Balance (III+IV+V+...+XVII+XIX+XX)		3.000.000	-	714	-	444.527	-	5.575.540	(43.930)	552.528	-	75.160	-	2.689	(162.427)	-	9.444.801

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 JUNE 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
Current period – 01.01 – 30.06.2017																	
I.		3.150.000	-	714	-	444.527	-	5.425.540	(42.019)	-	1.203.410	(104.084)	-	2.689	45.551	-	10.126.328
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	293.104	-	-	-	-	293.104
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	(17.830)	-	(17.830)
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	(17.830)	-	(17.830)
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	809.967	-	-	-	-	-	-	809.967
XVIII.		-	-	-	-	60.171	-	1.143.239	-	-	(1.203.410)	-	-	-	-	-	-
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2		-	-	-	-	60.171	-	1.143.239	-	-	(1.203.410)	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		3.150.000	-	714	-	504.698	-	6.568.779	(42.019)	809.967	-	189.020	-	2.689	27.721	-	11.211.569

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 CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2017

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

VI. STATEMENT OF CASH FLOWS

	Part 5	Reviewed	Reviewed
	Section V	01.01 –	01.01 –
		30.06.2017	30.06.2016
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		5.910.271	1.429.862
1.1.1 Interest received (+)		4.529.572	3.991.463
1.1.2 Interest paid (-)		(2.025.248)	(2.043.896)
1.1.3 Dividend received (+)		13.448	4
1.1.4 Fees and commissions received (+)		946.562	791.824
1.1.5 Other income (+)		23.976	253.577
1.1.6 Collections from previously written off loans (+)		426.396	423.646
1.1.7 Payments to personnel and service suppliers (-)		(1.162.274)	(1.017.176)
1.1.8 Taxes paid (-)		(312.245)	(22.919)
1.1.9 Others (+/-)		3.470.084	(946.661)
1.2 Changes in operating assets and liabilities		(5.426.032)	1.590.334
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(5.385)	(5.276)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		28.897	114.656
1.2.3 Net (increase) decrease in due from banks (+/-)		(1.334.550)	(2.522.860)
1.2.4 Net (increase) decrease in loans (+/-)		(8.348.095)	(2.729.468)
1.2.5 Net (increase) decrease in other assets (+/-)		(180.060)	(215.880)
1.2.6 Net increase (decrease) in bank deposits (+/-)		4.471.425	677.108
1.2.7 Net increase (decrease) in other deposits (+/-)		1.752.905	3.768.395
1.2.8 Net increase (decrease) in funds borrowed (+/-)		67.486	1.490.943
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		(1.878.655)	1.012.716
I. Net cash provided from / (used in) banking operations (+/-)		484.239	3.020.196
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / (used in) investing activities (+/-)		(438.048)	(1.582.371)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		(30.000)	(128.112)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		-	-
2.3 Fixed assets purchases (-)		(36.660)	(11.449)
2.4 Fixed assets sales (+)		171	2.679
2.5 Cash paid for purchase of financial assets available for sale (-)		(613.195)	(1.508.073)
2.6 Cash obtained from sale of financial assets available for sale (+)		1.003.366	622.676
2.7 Cash paid for purchase of investment securities (-)		(829.914)	(499.802)
2.8 Cash obtained from sale of investment securities (+)		140.075	-
2.9 Others (+/-)		(71.891)	(60.290)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used in) financing activities (+/-)		2.269.353	(1.112.496)
3.1 Cash obtained from funds borrowed and securities issued (+)		3.419.474	98.109
3.2 Cash used for repayment of funds borrowed and securities issued (-)		(1.149.648)	(1.210.042)
3.3 Capital increase (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for finance leases (-)		(473)	(563)
3.6 Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)		(43.065)	2.262
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		2.272.479	327.591
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)		8.022.863	3.969.175

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 JUNE 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 ("KGGK"), 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 JUNE 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. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

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

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

1. Strategy for the use of financial instruments

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

Besides customer deposits, the Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank converts the foreign currency liquidity obtained from 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.

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**FİNANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 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 June 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:

	June 30, 2017	December 31, 2016
US Dollar	TL 3,5071	TL 3,5318
Euro	TL 4,0030	TL 3,6939

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

As of June 30, 2017, the net loss on exchange included in net profit is TL 8.697 (June 30, 2016 – TL 11.486 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. Unrealized gains and losses are reflected in the income statement in the current period.

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

**FİNANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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

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

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

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

In cash flow hedge accounting:

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

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

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

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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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). 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.

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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.

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

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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 “Other Operating Income” and interest collections are recorded under the “Interest on Loans” account.

VIII. Explanations on Impairment of Financial Assets

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

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

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

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

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 5.332.652 (December 31, 2016– TL 5.830.870).

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As of June 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.

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 Communique on Disguised Profit Distribution by way of Transfer Pricing" published on November 18, 2007 explains the application related issues in detail. According to this Communique, 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 Communique's 7.1 Annual Documentation section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XVIII. Explanations on Additional Explanations on Borrowings

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

XIX. Explanations on Share Issues

During current period, there has been no change in the Bank's paid in capital. (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 June 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 – June 30, 2017)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Net Interest Income	872.500	859.080	1.025.377	2.756.957
Net Fees and Commissions Income	522.481	305.502	(10.407)	817.576
Other Operating Income and Net Trading Income	18.153	12.353	(628.983)	(598.477)
Dividend Income	-	-	13.448	13.448
Operating Income	1.413.134	1.176.935	399.435	2.989.504
Other Operating Expenses	788.827	535.142	121.698	1.445.667
Provision for Loan Losses and Other Receivables	248.941	290.148	(24.201)	514.888
Profit Before Taxes	375.366	351.645	301.938	1.028.949
Provision for Tax	-	-	-	(218.982)
Net Profit/Loss	-	-	-	809.967
Total Assets	24.251.392	49.676.762	36.105.291	116.437.499
Segment Assets	24.251.392	49.676.762	36.105.291	110.033.445
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	916.405
Undistributed Assets	-	-	-	5.487.649
Total Liabilities	37.267.523	20.856.973	36.665.005	116.437.499
Segment Liabilities	37.267.523	20.856.973	36.665.005	94.789.501
Undistributed Liabilities	-	-	-	10.436.429
Equity	-	-	-	11.211.569
Other Segment Accounts	113.089	76.719	19.181	208.989
Capital Expenditures	44.673	30.306	8.617	83.596
Depreciation and Amortization	68.416	46.413	10.564	125.393
Value Decrease/ (Increase)	-	-	-	-
Prior Period (January 1 – June 30, 2016)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Net Interest Income	781.723	709.132	613.335	2.104.190
Net Fees and Commissions Income	465.834	204.729	(11.877)	658.686
Other Operating Income and Net Trading Income	83.548	14.096	(183.791)	(86.147)
Dividend Income	-	-	4	4
Operating Income	1.331.105	927.957	417.671	2.676.733
Other Operating Expenses	819.884	472.948	118.536	1.411.368
Provision for Loan Losses and Other Receivables(-)	307.323	297.065	(17.349)	587.039
Profit Before Taxes	203.898	157.944	316.484	678.326
Provision for Tax	-	-	-	(125.798)
Net Profit/Loss	-	-	-	552.528
Other Segment Accounts	153.190	88.367	26.020	267.577
Capital Expenditures	80.608	46.498	15.505	142.611
Depreciation and Amortization	72.582	41.869	10.515	124.966
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	809.967	552.528
Weighted Average Amount of Shares Issued (Thousands)	31.500.000	31.500.000
Earnings Per Share	0,02571	0,01754

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

There is no bonus shared in 2017. (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 June 30, 2017 Bank’s total capital has been calculated as TL 13.164.040, (December 31, 2016 – TL 11.241.168) Capital adequacy ratio is 15.84%. (December 31, 2016 – 14,53%) This ratio is well above the minimum ratio required by the legislation.

	Current Period	1/1/2014
	June 30, 2017	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	7.073.477	
Gains recognized in equity as per TAS	412.584	
Profit	809.967	
Current Period Profit	809.967	
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	11.449.431	
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	265.583	
Improvement costs for operating leasing	69.433	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	214.319	267.899
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	549.335	
Total Common Equity Tier 1 Capital	10.900.096	

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	Current Period	1/1/2014
	June 30, 2017	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 (-)	53.580	-
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)	10.846.516	-
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	1.489.566	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	907.720	-
Tier II Capital Before Deductions	2.397.286	-
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	2.397.286	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	13.243.802	-
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	11.707	-
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	46.637	-
Other items to be defined by the BRSA (-)	21.418	-
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 June 30, 2017	1/1/2014 Amounts related to previous application (*)
TOTAL CAPITAL		
Total Capital	13.164.040	
Total risk weighted amounts	83.093.940	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	13,12%	
Tier 1 Capital Adequacy Ratio	13,05%	
Capital Adequacy Ratio	15,84%	
BUFFERS		
Bank specific total common equity tier 1 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 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	7,12%	
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)	1.360.846	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	907.720	
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	1.489.566	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	1.701.895	

(*) 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	912
Par value of instrument (Currency in million)	1.140	701	438	912
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 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 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 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 six-month basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of June 30, 2017:

- Credit risk exposures by portfolio and PD range
- Effect on RWA of credit derivatives used as CRM techniques
- IRB (specialized lending and equities under the simple risk-weight method)
- IMA values for trading portfolios
- Comparison of VaR estimates with gains/losses

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

GB1- Overview of Risk Weighted Assets

	Risk Weighted Amount		Minimum Capital Requirement	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
1. Credit Risk (excluding counterparty Credit Risk)	71.039.133	67.160.705	5.683.131	5.372.856
2. Standardized approach	71.039.133	67.160.705	5.683.131	5.372.856
3. Internal rating-based approach	-	-	-	-
4. Counterparty credit risk	1.578.501	1.514.420	126.280	121.154
5. Standardized approach for counterparty credit Risk	1.578.501	1.514.420	126.280	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	1.666.038	1.053.700	133.283	84.296
17. Standardized approach	1.666.038	1.053.700	133.283	84.296
18. Internal model approaches	-	-	-	-
19. Operational Risk	8.810.268	7.652.617	704.821	612.209
20. Basic Indicator Approach	8.810.268	7.652.617	704.821	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	-	-	-	-
TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	83.093.940	77.381.442	6.647.515	6.190.515

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2. Credit Risk Disclosures

a) CR1 – Credit quality of assets

Current Period	Gross carrying values of (according to TAS)		Allowances / impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	4.295.720	73.323.877	3.691.442	73.928.155
2 Debt Securities	-	13.593.897	-	13.593.897
3 Off-balance sheet exposures	-	61.587.480	42.956	61.544.524
4 Total	4.295.720	148.505.254	3.734.398	149.066.576

Credit receivables defined as illiquid claim are mentioned as default credit receivables in 1-a section in accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside”, published in the Official Gazette No. 26333 dated 1 November 2006. Off-balance receivables of customers having default credit are mentioned as off-balance receivables in 3-a section.

Prior Period	Gross carrying values of (according to TAS)		Allowances / impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	3.840.927	62.310.161	3.227.857	62.923.231
2 Debt Securities	-	12.883.269	-	12.883.269
3 Off-balance sheet exposures	-	53.293.087	41.241	53.251.846
4 Total	3.840.927	128.486.517	3.269.098	129.058.346

b) CR2 – Changes in stock of defaulted loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	3.840.927	3.797.990
2 Loans and debt securities that have defaulted since the last reporting period	883.510	1.980.618
3 Returned to non-defaulted status	-	-
4 Amounts written off	3.512	1.198.493 ^(*)
5 Other changes ^(**)	425.205	739.188
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	4.295.720	3.840.927

^(*) It includes sales of credit receivables whose legal proceedings have begun in current period at an amount of TL 1.195.218.

^(**) It includes collections made from credits in default.

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c) CR3 - Credit risk mitigation techniques – overview

Current Period		Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	71.311.737	2.616.418	1.322.958	-	-	-	-
2	Debt Securities	13.593.897	-	-	-	-	-	-
3	Total	84.905.634	2.616.418	1.322.958	-	-	-	-
4	Of which defaulted	604.029	249	125	-	-	-	-

Prior Period		Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	60.885.709	2.037.522	1.202.928	-	-	-	-
2	Debt Securities	12.883.269	-	-	-	-	-	-
3	Total	73.768.978	2.037.522	1.202.928	-	-	-	-
4	Of which defaulted	610.893	2.177	211	-	-	-	-

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d) CR4 - Standardized approach – Credit risk exposure and credit risk mitigation (CRM) effects

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to central governments or central banks	28.166.944	-	37.484.255	-	5.288.293	14%
2 Exposures to regional governments or local authorities	9.659	231	9.209	29	4.619	50%
3 Exposures to public sector entities	20.708	94.231	20.709	35.398	56.105	100%
4 Exposures to multilateral development banks	-	-	-	-	-	0%
5 Exposures to international organizations	-	-	-	-	-	0%
6 Exposures to institutions	4.047.276	853.341	4.039.243	490.871	2.295.616	51%
7 Exposures to corporates	24.323.910	21.690.713	21.268.749	7.810.077	29.078.825	100%
8 Retail exposures	39.300.511	44.350.097	31.724.012	2.563.100	25.715.336	75%
9 Exposures secured by residential property	5.223.739	406.680	5.223.739	33.537	1.840.047	35%
10 Exposures secured by commercial real estate	3.588.752	187.923	3.588.752	94.420	1.841.586	50%
11 Past-due loans	646.464	-	646.338	-	516.239	80%
12 Higher-risk categories by the Agency Board	29.241	30.886	29.241	14.609	65.776	150%
13 Exposures in the form of covered bonds	-	-	-	-	-	0%
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	0%
16 Other assets	5.485.844	-	5.485.844	-	4.278.800	78%
17 Investments in equities	57.891	-	57.891	-	57.891	100%
18 Total	110.900.939	67.614.102	109.577.982	11.042.041	71.039.133	59%

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to central governments or central banks	24.088.287	-	24.088.287	-	7.663.203	32%
2 Exposures to regional governments or local authorities	12.888	198	12.888	27	6.457	50%
3 Exposures to public sector entities	14.622	94.286	14.622	34.546	49.167	100%
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	2.869.148	727.088	2.861.740	465.770	1.283.076	39%
7 Exposures to corporates	19.035.311	13.448.596	18.226.914	5.659.820	23.886.735	100%
8 Retail exposures	32.947.800	39.914.526	32.605.557	2.398.712	26.253.202	75%
9 Exposures secured by residential property	5.636.166	333.580	5.636.166	26.906	1.982.075	35%
10 Exposures secured by commercial real estate	3.454.876	183.132	3.454.876	91.030	1.772.953	50%
11 Past-due loans	613.070	-	612.861	-	449.465	73%
12 Higher-risk categories by the Agency Board	13.614	49.021	13.614	12.588	39.304	150%
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other assets	4.790.180	-	4.790.180	-	3.727.680	78%
17 Investments in equities	47.388	-	47.388	-	47.388	100%
18 Total	93.523.350	54.750.427	92.365.093	8.689.399	67.160.705	66%

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e) CR5 – Standardized approach – exposures by asset classes and risk weights

Current Period										
Risk Classes / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total Credit Risk Exposure Amount ^(*)
1 Exposures to central governments or central banks	32.195.962	-	-	-	5.288.293	-	-	-	-	37.484.255
2 Exposures to regional governments or local authorities	-	-	-	-	9.238	-	-	-	-	9.238
3 Exposures to public sector entities	-	-	-	-	-	-	56.107	-	-	56.107
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	2.077.367	-	1.145.210	-	1.307.537	-	-	4.530.114
7 Exposures to corporates	-	-	-	-	-	-	29.078.826	-	-	29.078.826
8 Retail exposures	-	-	-	-	-	34.287.112	-	-	-	34.287.112
9 Exposures secured by residential property	-	-	-	5.257.276	-	-	-	-	-	5.257.276
10 Exposures secured by commercial real estate	-	-	-	-	3.683.172	-	-	-	-	3.683.172
11 Past-due loans	-	-	-	-	260.198	-	386.140	-	-	646.338
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	43.850	-	43.850
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16 Other assets	-	-	-	-	-	-	57.891	-	-	57.891
17 Investments in equities	1.207.044	-	-	-	-	-	4.278.800	-	-	5.485.844
18 Total	33.403.006	-	2.077.367	5.257.276	10.386.111	34.287.112	35.165.301	43.850	-	120.620.023

^(*)Exposures post- Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM)

Prior Period										
Risk Classes / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total Credit Risk Exposure Amount ^(*)
1 Exposures to central governments or central banks	8.761.880	-	-	-	15.326.407	-	-	-	-	24.088.287
2 Exposures to regional governments or local authorities	-	-	-	-	12.915	-	-	-	-	12.915
3 Exposures to public sector entities	-	-	-	-	-	-	49.168	-	-	49.168
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	1.281.620	-	2.038.276	-	7.614	-	-	3.327.510
7 Exposures to corporates	-	-	-	-	-	-	23.886.734	-	-	23.886.734
8 Retail exposures	-	-	-	-	-	35.004.269	-	-	-	35.004.269
9 Exposures secured by residential property	-	-	-	5.663.072	-	-	-	-	-	5.663.072
10 Exposures secured by commercial real estate	-	-	-	-	3.545.906	-	-	-	-	3.545.906
11 Past-due loans	-	-	-	-	326.791	-	286.070	-	-	612.861
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	26.202	-	26.202
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16 Other assets	-	-	-	-	-	-	47.388	-	-	47.388
17 Investments in equities	1.062.500	-	-	-	-	-	3.727.680	-	-	4.790.180
18 Total	9.824.380	-	1.281.620	5.663.072	21.250.295	35.004.269	28.004.654	26.202	-	101.054.492

^(*)Exposures post- Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM)

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3. Counterparty Credit Risk Disclosures

a) CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach

Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1 Standard Approach-CCR	2.952.021	997.680	-	1,4	1.630.980	908.861
2 Internal Model Approach	-	-	-	-	-	-
3 Simplified Standardized Approach for Credit Risk Mitigation	-	-	-	-	-	-
4 Comprehensive Method for Credit Risk Mitigation	-	-	-	-	1.207.904	396.903
5 Value at Risk for Repo Transactions, Securities or Commodity Lending or Borrowing Transactions	-	-	-	-	-	-
6 Total	-	-	-	-	-	1.305.764

Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1 Standard Approach-CCR	3.879.899	823.351	-	1,4	1.604.412	898.540
2 Internal Model Approach	-	-	-	-	-	-
3 Simplified Standardized Approach for Credit Risk Mitigation	-	-	-	-	-	-
4 Comprehensive Method for Credit Risk Mitigation	-	-	-	-	995.867	349.591
5 Value at Risk for Repo Transactions, Securities or Commodity Lending or Borrowing Transactions	-	-	-	-	-	-
6 Total	-	-	-	-	-	1.248.131

b) CCR2 – Credit valuation adjustment (CVA) capital charge:

	Exposure (After credit risk mitigation methods)		Risk Weighted Amounts	
	Current Period	Prior Period	Current Period	Prior Period
Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1 (i) Value at risk component (3*multiplier included)	-	-	-	-
2 (ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
3 Total portfolio value with simplified approach CVA capital adequacy	1.630.980	1.604.412	272.737	266.289
4 Total amount of CVA capital adequacy	1.630.980	1.604.412	272.737	266.289

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c) CCR3 – Standardized approach – CCR exposures by regulatory portfolio and risk weights

Current Period									
Risk Classes / Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
1 Central governments and central banks receivables	10.178	-	-	-	-	-	-	-	10.178
2 Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
3 Administrative and non-commercial receivables	-	-	-	-	1	-	-	-	1
4 Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
5 International Organizations receivables	-	-	-	-	-	-	-	-	-
6 Banks and Intermediary Institutions receivables	-	-	762.357	1.823.828	-	6.506	-	-	2.592.691
7 Corporate receivables	-	-	-	-	-	230.183	-	-	230.183
8 Retail receivables	-	-	-	-	5.410	-	-	-	5.410
9 Mortgage receivables	-	-	-	-	-	-	-	-	-
10 Non performing receivables	-	-	-	-	-	-	-	-	-
11 High risk defined receivables	-	-	-	-	-	-	421	-	421
12 Mortgage backed securities	-	-	-	-	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-	-	-	-	-
14 Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15 Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16 Equity investments	-	-	-	-	-	-	-	-	-
17 Other receivables	-	-	-	-	-	-	-	-	-
18 Other assets	-	-	-	-	-	-	-	-	-
19 Total	10.178	-	762.357	1.823.828	5.411	236.689	421	-	2.838.884

Prior Period									
Risk Classes / Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
1 Central governments and central banks receivables	24.144	-	-	-	-	-	-	-	24.144
2 Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
3 Administrative and non-commercial receivables	-	-	-	-	-	-	-	-	-
4 Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
5 International Organizations receivables	-	-	-	-	-	-	-	-	-
6 Banks and Intermediary Institutions receivables	-	-	479.411	1.884.071	-	-	-	-	2.363.482
7 Corporate receivables	-	-	-	-	-	201.619	-	-	201.619
8 Retail receivables	-	-	-	-	10.610	-	-	-	10.610
9 Mortgage receivables	-	-	-	-	-	-	-	-	-
10 Non performing receivables	-	-	-	-	-	-	-	-	-
11 High risk defined receivables	-	-	-	-	-	-	424	-	424
12 Mortgage backed securities	-	-	-	-	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-	-	-	-	-
14 Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15 Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16 Equity investments	-	-	-	-	-	-	-	-	-
17 Other receivables	-	-	-	-	-	-	-	-	-
18 Other assets	-	-	-	-	-	-	-	-	-
19 Total	24.144	-	479.411	1.884.071	10.610	201.619	424	-	2.600.279

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d) CCR4 – Risk Class and Counterparty Credit Risk on the basis of Possibility of Default

Because Standard method is used for calculation of capital adequacy related table has not been given. (December 31, 2016 - None)

e) CCR5 – Composition of collateral for CCR exposure:

Current Period	Collaterals for Derivatives				Collaterals for Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Reserved	Not Reserved	Reserved	Not reserved		
Cash-Local Currency	-	-	-	-	435.734	-
Cash – Foreign Currency	-	2.503.864	-	481.833	3.905.835	-
Government bond/bill- local	-	-	-	-	-	-
Government bond/bill - other	-	-	-	-	-	-
Publicly Establish bond/bill	-	-	-	-	-	-
Corporate bond/bill	-	-	-	-	-	-
Equity Share	-	-	-	-	-	-
Other Collateral	-	-	-	-	-	-
Total	-	2.503.864	-	481.833	4.341.569	-

Prior Period	Collaterals for Derivatives				Collaterals for Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Reserved	Not Reserved	Reserved	Not reserved		
Cash-Local Currency	-	-	-	-	1.495.044	-
Cash – Foreign Currency	-	3.272.578	-	377.338	3.525.142	-
Government bond/bill- local	-	-	-	-	-	-
Government bond/bill - other	-	-	-	-	-	-
Publicly Establish bond/bill	-	-	-	-	-	-
Corporate bond/bill	-	-	-	-	-	-
Equity Share	-	-	-	-	-	-
Other Collateral	-	-	-	-	-	-
Total	-	3.272.578	-	377.338	5.020.186	-

f) CCR6 – Credit derivatives exposures

The Bank has no risk arrived from derivative credit received or sold, the related table has not given. (December 31, 2016 - None).

g) CCR8 – Exposures to central counterparties

The Bank has no risk against to counterparty, the related table has not given. (December 31, 2016 - None).

4. Securitization exposures:

The Parent Bank has no securitization transactions. (December 31, 2016 - None)

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5. Explanations on Market Risk

		RWA ^(**)
	Current Period	Prior Period
Outright products ^(*)	1.645.363	1.042.863
1 Interest rate risk (general and specific)	1.338.425	644.125
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	306.238	398.400
4 Commodity risk	700	338
Options	20.675	10.837
5 Simplified approach	-	-
6 Delta-plus method	20.675	10.837
7 Scenario approach	-	-
8 Securitization	-	-
9 Total	1.666.038	1.053.700

^(*) Direct (in advance) products, products that do not represent the position of the option.

^(**) The market Risk represents the capital requirement multiplied by 12,5 times Risk Weighted Amount

III. Explanations on Foreign Currency Exchange Rate Risk

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

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

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

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

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

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

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

US Dollar purchase rate at the date of the balance sheet TL 3,5071
Euro purchase rate at the date of the balance sheet TL 4,0030

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
June 30, 2017	3,5071	4,0030
June 29, 2017	3,5211	4,0015
June 28, 2017	3,5000	3,9100
June 23, 2017	3,5180	3,9283
June 22, 2017	3,5349	3,9380

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 June 2017 are TL 3,5190 and TL 3,9487 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⁾	2.139.818	8.788.056	2.075.986	13.003.860
Due From Banks	120.628	1.618.966	19.675	1.759.269
Financial Assets at Fair Value through Profit/Loss ⁽²⁾	71.948	130.966	250	203.164
Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	347.670	2.639.317	-	2.986.987
Loans and Receivables ⁽³⁾	9.715.629	8.878.067	100.118	18.693.814
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Investment Securities Held-to-Maturity	17.135	3.146.086	-	3.163.221
Derivative Financial Assets Hedging Purposes	1.455	16.593	-	18.048
Tangible Assets	-	-	53	53
Intangible Assets	-	-	-	-
Other Assets ⁽⁴⁾	164.777	347.044	168	511.989
Total Assets	12.579.060	25.565.095	2.196.250	40.340.405
Liabilities				
Bank Deposits	551.749	5.067.995	205.300	5.825.044
Foreign Currency Deposits ⁽⁵⁾	5.561.337	17.431.320	1.420.626	24.413.283
Money Market Borrowings	193.098	3.697.435	-	3.890.533
Funds Provided from Other Financial Institutions	2.780.071	11.449.341	2.048.482	16.277.894
Securities Issues ⁽⁶⁾	-	5.694.096	-	5.694.096
Sundry Creditors	2.273.935	1.982.320	3.404	4.259.659
Derivative Fin. Liabilities for Hedging Purposes	51.342	198.488	-	249.830
Other Liabilities ⁽⁷⁾	103.501	272.021	108	375.630
Total Liabilities	11.515.033	45.793.016	3.677.920	60.985.969
Net Balance Sheet Position	1.064.027	(20.227.921)	(1.481.670)	(20.645.564)
Net Off-Balance Sheet Position	(1.090.725)	18.569.200	1.481.811	18.960.286
Financial Derivative Assets	5.705.621	54.565.294	1.549.004	61.819.919
Financial Derivative Liabilities	6.796.346	35.996.094	67.193	42.859.633
Non-Cash Loans ⁽⁸⁾	3.160.067	4.566.626	101.294	7.827.987
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 2.053.599 (December 31, 2016 – TL 1.554.973) precious metal deposit account.

⁽²⁾ Does not include TL 100.318 (December 31, 2016 – TL 38.111) of currency income accruals arising from derivative transactions.

⁽³⁾ Includes 3.400.426 (December 31, 2016 – TL 3.859.134) FC indexed loans.

⁽⁴⁾ Does not include FC prepaid expenses amounting to TL 10.153 (December 31, 2016 – TL 3.375) as per BRSA's Communiqué published in Official Gazette no 26085 on 19 February 2006.

⁽⁵⁾ Other foreign currency includes TL 1.002.817 (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 36.955 (December 31, 2016 – TL 41.958)

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

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As of June 30, 2017, the net foreign currency exposure of the Bank is TL 1.685.278 short position (December 31, 2016 – TL 1.769.727 short) resulting from on balance sheet short position amounting to TL 20.645.564 (December 31, 2016 – TL 13.800.861 short) and off balance sheet long position amounting to TL 18.960.286 (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 open position of the Bank is TL 352.580 following the fair value hedge accounting since the debt instrument at amount of USD 380 million (TL 1.332.698) 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	9.711.218	-	-	-	-	6.875.629	16.586.847
Due from Banks	1.458.807	2.129	4.255	-	-	306.237	1.771.428
Financial Assets at Fair Value Through Profit/Loss ^(**)	34	432	7.092	7.627	23.188	5.117.003	5.155.376
Money Market Placements	162.081	-	-	-	-	-	162.081
Inv. Securities Available for Sale	1.177.161	317.738	2.038.080	702.573	2.617.419	109.497	6.962.468
Loans and Receivables	14.235.449	6.629.605	24.837.826	23.643.955	2.834.435	1.731.700	73.912.970
Inv. Securities Held to Maturity	184.103	1.140.075	1.986.702	975.132	2.260.907	142.400	6.689.319
Other Assets	-	-	-	-	-	5.197.010	5.197.010
Total Assets	26.928.853	8.089.979	28.873.955	25.329.287	7.735.949	19.479.476	116.437.499
Liabilities							
Bank Deposits	5.663.193	320.184	74.247	-	-	427.509	6.485.133
Other Deposits	31.044.816	12.570.762	2.999.460	96.574	-	11.413.646	58.125.258
Money Market Borrowings	1.713.607	1.615.258	959.764	-	27.749	9.890	4.326.268
Sundry Creditors	4.259.659	-	-	-	-	2.208.990	6.468.649
Securities Issued	282.723	536.186	1.330.473	4.366.438	-	47.380	6.563.200
Funds Borrowed	2.650.473	4.463.043	9.124.998	39.776	-	98.952	16.377.242
Other Liabilities ^(***)	-	-	-	-	-	18.091.749	18.091.749
Total Liabilities	45.614.471	19.505.433	14.488.942	4.502.788	27.749	32.298.116	116.437.499
On Balance Sheet Long Position	-	-	14.385.013	20.826.499	7.708.200	-	42.919.712
On Balance Sheet Short Position	(18.685.618)	(11.415.454)	-	-	-	(12.818.640)	(42.919.712)
Off-Balance Sheet Long Position	6.570.775	13.111.772	695.544	-	-	-	20.378.091
Off-Balance Sheet Short Position	-	-	-	(14.535.365)	(3.020.467)	-	(17.555.832)
Total Position	(12.114.843)	1.696.318	15.080.557	6.291.134	4.687.733	(12.818.640)	2.822.259

(*) 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 2.635.969 derivative financial assets used for hedging purposes.

(***) Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 749.525

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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 (***)	-	-	-	-	-	16.140.945	16.140.945
Total Liabilities	43.580.923	15.600.199	12.399.462	1.814.877	28.295	28.079.298	101.503.054
On Balance Sheet Long Position	-	-	12.658.787	15.967.198	6.979.314	-	35.605.299
On Balance Sheet Short Position	(19.116.342)	(6.365.086)	-	-	-	(10.123.871)	(35.605.299)
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	(13.978.126)	5.391.763	11.316.758	6.615.801	4.599.473	(10.123.871)	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	1,44	-	12,23
Financial Assets at Fair Value Through Profit/Loss	2,41	5,06	-	10,92
Money Market Placements	-	-	-	14,29
Investment Securities Available for Sale	3,47	4,82	-	10,81
Loans and Receivables	4,09	5,55	2,60	15,04
Investment Securities Held to Maturity	2,96	5,22	-	11,34
Liabilities				
Bank Deposits	0,23	1,36	-	9,40
Other Deposits	1,52	3,25	1,50	12,92
Money Market Borrowings	0,17	1,62	-	12,03
Sundry Creditors	0,18	0,01	-	-
Securities Issued	-	5,54	-	13,65
Funds Borrowed	1,26	3,59	-	7,65

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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	537.257	-	537.257
Quoted Securities	537.257	-	537.257
3. Investment in Shares- grade C	-	-	-
Quoted Securities	-	-	-
4. Investment in Shares- grade Other (*)	379.148(*)	354.535	-

(*)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	Supplementary Capital
1. Private Equity Investments	-	403.647	403.647	-	-	-
2. Quoted Shares	-	-	-	-	-	-
3. Other Shares	-	-	-	-	-	-
4. Total	-	403.647	403.647	-	-	-

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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.

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

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

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

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

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

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

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Liquidity Coverage Ratio

Current Period - June 30, 2017	Unweighted Amounts^(*)		Weighted Amounts^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS			18.329.758	9.558.849
1. High Quality Liquid Assets	20.772.437	12.001.263	18.329.758	9.558.849
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	42.488.227	18.582.168	3.741.579	1.858.217
3. Stable deposits	10.144.874	-	507.244	-
4. Less stable deposits	32.343.353	18.582.168	3.234.335	1.858.217
5. Unsecured Funding other than Retail and Small Business Customers Deposits	19.975.578	11.471.365	13.757.369	8.632.010
6. Operational deposits	448.000	36.492	112.000	9.123
7. Non-Operational Deposits	14.667.207	8.716.504	9.335.746	5.904.518
8. Other Unsecured Funding	4.860.371	2.718.369	4.309.623	2.718.369
9. Secured funding			655.317	655.317
10. Other Cash Outflows	18.541.549	10.367.912	18.541.549	10.367.912
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	18.541.549	10.367.912	18.541.549	10.367.912
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	749.307	-	37.465	-
15. Other irrevocable or conditionally revocable commitments	59.540.947	9.276.528	4.017.706	778.395
16. TOTAL CASH OUTFLOWS			40.750.985	22.291.851
CASH INFLOWS				
17. Secured Lending Transactions	254.345	-	-	-
18. Unsecured Lending Transactions	6.862.227	1.418.221	4.286.875	1.162.716
19. Other contractual cash inflows	17.152.401	12.900.300	17.152.401	12.900.300
20. TOTAL CASH INFLOWS	24.268.973	14.318.521	21.439.276	14.063.016
			Capped Amounts	
21. TOTAL HIGH QUALITY LIQUID ASSETS			18.329.758	9.558.849
22. TOTAL NET CASH OUTFLOWS			19.311.709	8.228.835
23. LIQUIDITY COVERAGE RATIO (%)			94,92%	116,16%

^(*) 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 first six months of 2017 are explained in the table below. According to “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette no. 28948, dated March 21, 2014.

	Maximum	Week	Minimum	Week	Average
TL+FC	106,03	19.05.2017	88,15	05.05.2017	95,1
FC	166,84	02.06.2017	85,53	23.06.2017	121,0

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

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

Funding sources of the Bank mainly consist of deposits which constitute 55% of total liabilities of the bank (December 31, 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	6.171.369	10.415.478	-	-	-	-	-	16.586.847
Due from Banks	306.237	1.458.807	2.129	4.255	-	-	-	1.771.428
Financial Assets at Fair Value Through Profit/Loss ⁽²⁾	-	271.370	337.204	1.825.665	2.543.599	177.538	-	5.155.376
Money Markets Placements	-	162.081	-	-	-	-	-	162.081
Investment Securities Available for Sale	57.890	228.913	-	576.620	2.502.173	3.596.872	-	6.962.468
Loans and Receivables	-	13.350.500	5.055.034	21.367.080	26.821.179	6.714.899	604.278	73.912.970
Investment Securities Held to Maturity	-	-	-	361.168	2.175.502	4.152.649	-	6.689.319
Other Assets	-	1.738.410	-	-	457.000	-	3.001.600	5.197.010
Total Assets	6.535.496	27.625.559	5.394.367	24.134.788	34.499.453	14.641.958	3.605.878	116.437.499
Liabilities								
Bank Deposits	422.402	5.667.720	320.633	74.378	-	-	-	6.485.133
Other Deposits	11.102.750	31.216.898	12.644.045	3.063.043	98.522	-	-	58.125.258
Funds Borrowed	-	1.858.151	2.067.073	6.645.746	4.694.102	1.112.170	-	16.377.242
Money Market Borrowings	-	1.716.365	723.637	913.596	150.507	822.163	-	4.326.268
Securities Issued	-	282.776	536.186	1.342.302	4.401.936	-	-	6.563.200
Sundry Creditors	-	4.184.554	203.283	656.129	1.424.683	-	-	6.468.649
Other Liabilities ⁽³⁾	-	2.213.655	508.601	571.731	1.404.621	351.314	13.041.827	18.091.749
Total Liabilities	11.525.152	47.140.119	17.003.458	13.266.925	12.174.371	2.285.647	13.041.827	116.437.499
Liquidity Excess / Gap	(4.989.656)	(19.514.560)	(11.609.091)	10.867.863	22.325.082	12.356.311	(9.435.949)	-
Net Off Balance Sheet Exposure ⁽⁴⁾	-	(67.435)	62.985	1.153.519	1.027.832	17.308	-	2.194.209
Receivables from Derivatives	-	17.009.265	14.415.409	23.530.301	28.515.880	7.105.460	-	90.576.315
Liabilities from Derivatives	-	17.076.700	14.352.424	22.376.782	27.488.048	7.088.152	-	88.382.106
Non-cash Loans ⁽⁵⁾	-	580.105	1.510.311	6.687.687	2.130.447	335.140	4.867.061	16.110.751
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⁾	-	253.881	211.482	542.068	1.780.421	17.668	-	2.805.520
Receivables from Derivatives	-	18.107.138	15.611.275	16.160.452	22.547.162	5.609.532	-	78.035.559
Liabilities from Derivatives	-	17.853.257	15.399.793	15.618.384	20.766.741	5.591.864	-	75.230.039
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 11.211.569 and unallocated provisions amounting to TL 1.801.488

⁽²⁾ Financial Assets at Fair Value Through Profit/Loss include derivative financial assets held for hedging purposes amounting to TL 2.635.969

⁽³⁾ Other Liabilities also include derivative financial liabilities held for hedging purposes amounting to TL 749.525.

⁽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 5,97% (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)	108.093.050	93.634.277
(Assets deducted from capital stock)	336.168	328.574
Total risk amount related to Assets on Balance sheet	107.756.882	93.305.703
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	5.373.245	5.373.284
Potential credit risk amount of derivative financial instruments and credit derivatives	995.206	771.119
Total risk amount related to derivative financial instruments and credit derivatives	6.368.451	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	65.468.054	55.287.497
(Adjustment amount sourcing from multiplying to credit conversion rates)	(639.990)	(211.383)
Total risk amount related to off-balance sheet transactions	64.828.064	55.076.114
Capital and Total Risk		
Core Capital	10.687.122	9.646.280
Amount of total risk	178.953.397	154.526.220
Financial leverage ratio		
Financial leverage ratio	5,97%	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	703.745	453.829	685.251	376.428
T.R. Central Bank	2.831.049	12.548.754	1.244.513	10.795.316
Other	48.193	1.277	96	2.279
Total	3.582.987	13.003.860	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	650.181	2.133.276	1.244.513	1.697.337
Restricted Time Deposits	2.180.868	10.415.478	-	9.097.979
Total	2.831.049	12.548.754	1.244.513	10.795.316

As of June 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 June 30, 2017 amount of financial assets at fair value through profit/loss which has given as collateral or blocked is TL 2.931 (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	54.139	-	106.629	-
Swap Transactions	2.129.381	241.978	2.464.874	145.519
Futures Transactions	-	384	-	388
Options	622	54.561	3.393	54.465
Other	-	-	-	-
Total	2.184.142	296.923	2.574.896	200.372

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3. a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	9.467	41	13.186	47
Foreign	2.692	1.759.228	317	260.236
Foreign Head Offices and Branches	-	-	-	-
Total	12.159	1.759.269	13.503	260.283

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1.544.490	140.196	12.182	11.284
USA and Canada	154.953	69.269	36.604	36.234
OECD Countries (*)	4.188	1.586	-	-
Off-shore Banking Regions	-	-	-	-
Other	9.503	1.984	-	-
Total	1.713.134	213.035	48.786	47.518

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

(**) Includes blocked placements amounting to TL 48.786 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	547.983	741.195	252.663	807.931
Subject to repurchase agreements	135.847	2.165.071	1.017.007	2.003.627
Total	683.830	2.906.266	1.269.670	2.811.558

b) Investment securities available for sale

	Current Period	Prior Period
Debt securities	6.984.177	7.250.707
Quoted on a stock exchange (*)	6.984.177	7.250.707
Unquoted on a stock exchange	-	-
Share certificates	57.997	49.293
Quoted on a stock exchange	-	-
Unquoted on a stock exchange (**)	57.997	49.293
Impairment provision(-)	(79.706)	(268.052)
Total	6.962.468	7.031.948

(*) The Eurobond Portfolio amounting to TL 1.887.629 (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(*)	77.633	-	80.379	-
Total	77.633	-	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	Extension of Repayment Plan	Other	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	Extension of Repayment Plan	Other
Non-specialized Loans	69.313.028	1.808.234	-	-	4.010.849	1.638.666	-	-
Discount Notes	716.728	-	-	-	13.905	-	-	-
Export Loans	1.951.234	-	-	-	239.616	-	-	-
Import Loans	17.808	-	-	-	-	-	-	-
Loans Given to Financial Sector	803.668	-	-	-	-	-	-	-
Retail Loans	14.121.725	354.961	-	-	680.242	203.537	-	-
Credit Cards	8.948.727	338.511	-	-	393.807	140.342	-	-
Other	42.753.138	1.114.762	-	-	2.683.279	1.294.787	-	-
Specialized Loans	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-
Total	69.313.028	1.808.234	-	-	4.010.849	1.638.666	-	-

(*) The loans amounting to TL 15.185 (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	1.753.661	1.587.894
3, 4 or 5 times	49.964	45.292
Over 5 times	4.609	5.480
Total	1.808.234	1.638.666

Payment Plan Amendment with the Extended Time	Performing Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
0 - 6 months	123.880	126.849
6 -12 months	91.050	66.664
1 - 2 years	230.335	122.392
2 - 5 years	695.965	743.933
5 years and over	667.004	578.828
Total	1.808.234	1.638.666

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	24.969.154	338.511	393.807	140.342
Non-specialized Loans	24.969.154	338.511	393.807	140.342
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	44.343.874	1.469.723	3.617.042	1.498.324
Non-specialized Loans	44.343.874	1.469.723	3.617.042	1.498.324
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	69.313.028	1.808.234	4.010.849	1.638.666

(*) The loans amounting to TL 15.185 (December 31, 2016 – TL 22.971) are classified under “Loans at Fair Value Through Profit/Loss” in the financial statements.

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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
Consumer Loans-TL	388.518	13.005.312	13.393.830	159.860
Housing Loans	852	4.860.112	4.860.964	73.493
Automobile Loans	122	20.373	20.495	165
Personal Need Loans	387.468	8.124.827	8.512.295	86.202
Other	76	-	76	-
Consumer Loans-FC Indexed	-	6.080	6.080	9.495
Housing Loans	-	5.828	5.828	9.024
Automobile Loans	-	-	-	-
Personal Need Loans	-	252	252	471
Other	-	-	-	-
Consumer Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-TL	7.197.154	374.572	7.571.726	77.979
Installment	2.573.985	374.572	2.948.557	30.389
Non- Installment	4.623.169	-	4.623.169	47.590
Individual Credit Cards-FC	3.675	-	3.675	21
Installment	-	-	-	-
Non- Installment	3.675	-	3.675	21
Personnel Loans-TL	6.516	40.316	46.832	277
Housing Loans	-	335	335	1
Automobile Loans	-	-	-	-
Personal Need Loans	6.516	39.981	46.497	276
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	27.523	-	27.523	42
Installment	11.353	-	11.353	-
Non-Installment	16.170	-	16.170	42
Personnel Credit Cards-FC	74	-	74	-
Installment	-	-	-	-
Non-Installment	74	-	74	-
Overdraft Accounts-TL (Real Persons)	1.114.492	-	1.114.492	71.101
Overdraft Accounts-FC (Real Persons)	-	-	-	-
Total	8.737.952	13.426.280	22.164.232	318.775

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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	720.267	17.754.437	18.474.704	400.282
Real Estate Loans	-	375.985	375.985	36.059
Automobile Loans	2.748	161.259	164.007	3.353
Personal Need Loans	717.519	17.217.193	17.934.712	360.870
Other	-	-	-	-
Commercial Loans with Installment Facility - FC Indexed	10.705	1.235.124	1.245.829	329.136
Real Estate Loans	-	26.407	26.407	10.618
Automobile Loans	109	68.048	68.157	15.266
Personal Need Loans	10.596	1.140.669	1.151.265	303.252
Other	-	-	-	-
Commercial Loans with Installment Facility – FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards –TL	1.633.391	10.701	1.644.092	16.880
Installment	513.950	10.701	524.651	5.387
Non-Installment	1.119.441	-	1.119.441	11.493
Corporate Credit Cards –FC	519	-	519	3
Installment	-	-	-	-
Non-Installment	519	-	519	3
Overdraft Accounts-TL (Legal Entities)	827.844	-	827.844	7.646
Overdraft Accounts-FC (Legal Entities)	-	-	-	-
Total	3.192.726	19.000.262	22.192.988	753.947

f) Loans according to borrowers (*)

	Current Period	Prior Period
Public	176.837	248.823
Private	73.147.040	62.061.338
Total	73.323.877	62.310.161

(*) The loans amounting to TL 15.185 (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	72.993.384	62.029.683
Foreign Loans	330.493	280.478
Total	73.323.877	62.310.161

(*) The loans amounting to TL 15.185 (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	184.924	265.304
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	184.924	265.304

i) Specific provisions for loans

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectability	84.767	71.532
Doubtful Loans and Other Receivables	265.208	326.935
Uncollectible Loans and Receivables	3.341.467	2.829.390
Total	3.691.442	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)	133	777	72.128
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	133	777	72.128
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 (+)	800.699	26.281	56.530
Transfers from Other Categories of Non-Performing Loans (+)	-	640.968	711.603
Transfers to Other Categories of Non-Performing Loans (-)	640.968	711.603	-
Collections (-)	93.452	78.355	253.398
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	423.837	530.416	3.341.467
Specific Provision (-)	84.767	265.208	3.341.467
Net Balances on Balance Sheet	339.070	265.208	-

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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)	339.070	265.208	-
Loans to Real Persons and Legal Entities (Gross)	423.837	530.416	3.312.758
Specific provision (-)	(84.767)	(265.208)	(3.312.758)
Loans to Real Persons and Legal Entities (Net)	339.070	265.208	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	28.709
Specific provision (-)	-	-	(28.709)
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:

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

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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	401.714	265.006	566.844	125.217
Subject to repurchase agreements	298.312	2.733.422	490.816	2.319.421
Total	700.026	2.998.428	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	3.526.098	2.217.198	3.383.952	1.471.352
Treasury Bill	-	-	-	-
Other Debt Securities	-	392.570	-	444.242
Total	3.526.098	2.609.768	3.383.952	1.915.594

c) Information on investment securities held-to-maturity

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	3.526.098	3.163.221	3.383.952	2.516.555
Publicly-traded	3.526.098	3.163.221	3.383.952	2.516.555
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	3.526.098	3.163.221	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	(44.323)	369.033
Acquisitions during the year	829.914	1.478.607
Disposals through sales and redemptions	(140.075)	-
Provision for losses (-)	-	-
Valuation effect	143.296	178.953
The sum of end of the period	6.689.319	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
79.690	43.312	50.931	359	-	10.416	4.923	-

^(*)Current amounts stated in table are from March 31, 2017 and prior period profit&loss amounts are taken from the financials of March 31 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
Banks	-	-
Insurance Companies	-	-
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. Ibttech 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.	47.983	25.348	16.954	-	-	1.277	(59)	-
2.	10.801	3.443	5.788	155	-	(90)	152	-

(*) Current period information is obtained from financial statements as of June 30, 2017, prior period profit and loss information is obtained from financial statements as of June 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.	347.136	135.129	3.038	10.356	928	10.914	6.981	91.330
2.	3.557.072	719.803	4.835	132.691	-	52.050	28.238	537.257 ^(*)
3.	55.300	52.502	4.095	2.185	-	(3.099)	(1.679)	-
4.	12.706	11.639	143	735	-	(675)	7	-
5.	896.589	74.082	1.397	59.325	-	8.391	3.896	78.123

^(*) 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	117.578	322.618
Purchases ^(*)	30.000	248.078
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Disposals	-	-
Changes Due to Reclassification	-	-
Revaluation Increase	87.578	74.540
Impairment Provision	-	-
Balance at the End of the Period	765.150	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	78.123	64.358
Leasing Companies	537.257	478.959
Finance Companies	58.395	28.395
Other Subsidiaries	91.375	75.860
Total	765.150	647.572

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b.4) Quoted subsidiaries within the context of consolidation

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	537.257	478.959
Quoted on International Stock Exchanges	-	-
Total	537.257	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. (*)	1.147.874	93.035	13.808	-	-	21.806	17.953	126.643
2.	53.457	33.876	28.048	-	-	6.755	5.519	-

(*) 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 (*)	1.993.445	9.286	2.346.595	18.509
Cash Flow Hedge (**)	624.476	8.762	1.063.182	15.052
Foreign Net Investment Hedges	-	-	-	-
Total	2.617.921	18.048	3.409.777	33.561

(*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of June 30, 2017, TL 6.810 from securities (December 31, 2016 – TL 14.060), TL 1.869 (December 31, 2016 - TL 3.151) from securities issued, TL 607 (December 31, 2016 – 1.298) from funds borrowed, and TL 1.993.445 (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 June 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 June 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	528.321	422.788
Cheques Receivables from Other Banks	497.947	212.792
Collateral Given for Derivative Transactions	472.746	372.799
Assets Held for Resale (net)	457.000	367.420
Miscellaneous Receivables	123.608	100.777
Prepaid rent expenses	37.294	34.132
Advances Given	13.720	3.083
Prepaid Agency Commissions	5.222	2.724
Other	59.552	23.764
Total	2.195.410	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	2.617.921	18.048	3.409.777	33.561
Assets on Trading Derivatives	2.184.142	296.923	2.574.896	200.372
Loans and Receivables	882.066	245.356	708.977	217.258
Investments Securities Available for Sale	54.758	6.150	(23.660)	(181.297)
Investments Held-to-Maturity	98.055	44.345	68.347	28.291
Central Bank of Turkey	25.475	-	14.264	13
Banks	2.261	100	1.664	4
Trading Securities	29	(60)	20	(387)
Other Accruals	33.090	529	13.948	615
Total	5.897.797	611.391	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	2.623.474	-	2.222.894	13.992.708	899.705	510.853	999.121	2.572	21.251.327
Foreign Currency	5.123.880	-	2.085.579	13.556.192	1.406.924	672.664	565.028	202	23.410.469
Residents in Turkey	4.985.273	-	2.026.225	13.310.588	1.356.325	638.284	451.451	184	22.768.330
Residents Abroad	138.607	-	59.354	245.604	50.599	34.380	113.577	18	642.139
Public Sector Deposits	259.175	-	563	12.637	370	-	160	-	272.905
Commercial Deposits	2.116.431	-	3.291.773	4.218.980	353.392	609.549	472.502	-	11.062.627
Other Ins. Deposits	44.342	-	57.497	291.013	6.034	651.040	75.190	-	1.125.116
Precious Metal Deposits	935.448	-	-	1.942	146	1.718	63.560	-	1.002.814
Bank Deposits	422.402	-	4.416.954	1.466.576	110.160	69.041	-	-	6.485.133
T.R Central Bank	-	-	2.597.485	-	-	-	-	-	2.597.485
Domestic Banks	388.636	-	51.225	196.837	-	-	-	-	636.698
Foreign Banks	33.766	-	1.768.244	1.269.739	110.160	69.041	-	-	3.250.950
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	11.525.152	-	12.075.260	33.540.048	2.776.731	2.514.865	2.175.561	2.774	64.610.391

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

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

	Covered by Deposit Insurance Fund		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	11.473.073	11.407.962	9.777.957	10.196.172
Foreign Currency Savings Deposits	4.004.020	2.822.431	13.151.223	11.965.439
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	15.477.093	14.230.393	22.929.180	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	6.054	51.038
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close	42.163	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	48.217	92.684

2. Information on trading purpose derivatives

a) Negative value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	21.506	-	199.244	-
Swaps	1.928.492	198.258	2.187.605	164.211
Futures	-	383	-	334
Options	33	14.203	168	50.376
Other	-	-	-	-
Total	1.950.031	212.844	2.387.017	214.921

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3. Information on funds borrowed

a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Bank and Institutions	99.348	160.700	101.236	145.034
Foreign Bank, Institutions and Funds	-	12.899.825	-	10.511.637
Total	99.348	13.060.525	101.236	10.656.671

b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	99.348	4.581.071	101.236	3.520.047
Medium and Long-Term	-	8.479.454	-	7.136.624
Total	99.348	13.060.525	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 June 30, 2017, the Bank's liabilities comprise; 55% deposits (December 31, 2016 – 53%), 11% funds borrowed (December 31, 2016 – 11%), 6% issued bonds (December 31, 2016 – 4%) and 4% 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	427.285	-	1.486.631	-
Financial institutions and organizations	400.295	-	1.458.885	-
Other institutions and organizations	11.175	-	10.315	-
Real persons	15.815	-	17.431	-
From foreign transactions	8.450	3.890.533	8.413	3.519.709
Financial institutions and organizations	-	3.890.533	-	3.519.709
Other institutions and organizations	8.450	-	8.413	-
Real persons	-	-	-	-
Total	435.735	3.890.533	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	869.104	63.128	1.124.543	53.683
Bills	-	5.630.968	-	3.133.345
Total	869.104	5.694.096	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	400	345	786	704
Between 1 - 4 years	142	122	264	236
More than 4 years	-	-	-	-
Total	542	467	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 (*)	38.085	193.012	-	190.559
Cash Flow Hedge (**)	461.610	56.818	196.239	39.930
Net Investment Hedge	-	-	-	-
Total	499.695	249.830	196.239	230.489

(*) Derivative financial instruments for hedging purposes include swaps. As of June 30, 2017, TL 63.082 (December 31, 2016 – TL 27.211) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio, TL168.015 (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	1.008.712	967.651
-Additional Provision for Loans and Receivables with Extended Maturities	39.273	50.911
Provisions for Loans and Receivables in Group II	165.959	181.934
-Additional Provision for Loans and Receivables with Extended Maturities	43.576	49.750
Provisions for Non - Cash Loans	118.051	99.685
Other	68.124	39.124
Total	1.360.846	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 (*)	18.619	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 42.956 (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 June 30, 2017, TL 141.510 (December 31, 2016 - TL 138.930) reserve for employee termination benefits was provided in the accompanying financial statements.

As of June 30, 2017, the Bank accrued TL 46.054 (December 31, 2016 – TL 38.488) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of June 30, 2017 TL 55.366 (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	Prior Period
	01.01-30.06.2017	01.01-30.06.2016
As of January 1	138.930	125.433
Service Cost	9.309	9.071
Interest Cost	7.684	6.709
Settlement / curtailment / termination loss	10.082	5.664
Actuarial Difference	-	-
Paid during the period	(24.495)	(13.184)
Total	141.510	133.693

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	14.286	39.901
Provision for Promotion Expenses of Credit Cards	6.230	7.707
Other Provisions	134.240	114.804
Total	154.756	162.412

As of June 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 June 30, 2017, the Bank has TL 235.436 current tax liability (December 31, 2016 - TL 207.969) and has no prepaid tax (December 31, 2016 - TL 19.937).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	235.436	188.032
Banking and Insurance Transaction Tax (BITT)	52.135	42.253
Taxation on Securities Income	2.817	2.013
Taxation on Real Estates Income	53.550	51.701
Other	16.781	23.658
Total	360.719	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	18.126	15.895
Social Security Premiums - Employer Share	9.407	16.988
Unemployment Insurance - Employee Share	605	1.118
Unemployment Insurance - Employer Share	1.209	2.235
Total	29.347	36.236

10.1.4. Information on deferred tax liability

As of June 30, 2017 the Bank has TL 28.771 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 June 30, 2017 the Bank has presented the net amount of deferred tax asset of TL 281.278 (December 31, 2016 – TL 275.791) and deferred tax liability of TL 310.049 (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 58.995 (December 31, 2016 – TL 104.229 deferred tax asset) is netted in the equity.

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Provision for Employee Rights	242.930	276.595	48.586	55.319
Difference Between the Book Value of Financial Assets and Tax Base	476.433	449.221	95.287	89.844
Other	687.025	653.138	137.405	130.628
Deferred Tax Assets			281.278	275.791
Difference Between the Book Value of Financial Fixed Assets and Tax Base	(201.790)	(204.448)	(40.358)	(40.890)
Difference Between the Book Value of Financial Assets and Tax Base	(686.507)	(795.870)	(137.301)	(159.174)
Other	(661.952)	(211.048)	(132.390)	(42.210)
Deferred Tax Liabilities			(310.049)	(242.274)
Deferred Tax Assets/(Liabilities), Net			(28.771)	33.517

	Current Period	Prior Period
Deferred Tax as of January 1 Active/ (Passive) - Net	33.517	78.968
Deferred Tax (Loss) / Gain	(17.054)	(108.507)
Deferred Tax that is Realized Under Shareholder's Equity	(45.234)	44.905
December 31 Deferred Tax Active/ (Passive) - Net	(28.771)	15.366

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	-	3.217.369	-	3.235.793
From Other Foreign Institutions	-	-	-	-
Total	-	3.217.369	-	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	3.150.000	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	3.150.000	12.000.000

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

None (December 31, 2016 – TL 150.000).

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.

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).

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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	
	TL	FC	TL	FC
Number of Stocks (Thousands)	31.500.000		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	403.647	-	316.069	-
Valuation Difference	403.647	-	316.069	-
Foreign Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(15.591)	(199.036)	(40.675)	(379.478)
Valuation Difference	(15.591)	(199.036)	(40.675)	(379.478)
Foreign Exchange Rate Difference	-	-	-	-
Total	388.056	(199.036)	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	273.892	42.111	207.571	29.299
Derivative Financial Liabilities Held for Trading	1.950.031	212.844	2.387.017	214.921
Funds Borrowed	1.661	91.506	1.385	71.325
Money Market Borrowings	153	9.736	1.293	8.699
Derivative Financial Liabilities Held for Hedging Purposes	499.695	249.830	196.239	230.489
Securities Issued	-	47.381	-	34.927
Other Accruals	173.394	115	94.880	125
Total	2.898.826	653.523	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
Commitment For Use Guaranteed Credit Allocation	23.240.782	19.365.124
Credit Cards Limit Commitments	16.951.894	16.396.189
Forward Asset Purchase Commitments	4.702.261	1.216.540
Payment Commitments for Cheques	2.726.919	2.707.388
Other Irrevocable Commitments	2.520.452	1.580.388
Capital commitments of associates and subsidiaries	-	30.000
Commitments for promotions related with credit cards and banking activities	25.268	19.721
Tax and Fund Liabilities due to Export Commitments	11.414	10.267
Total	50.178.990	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 42.956 (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	2.145.008	1.255.477
Letters of Credit	1.438.579	1.121.818
Other Guarantees	-	-
Total	3.583.587	2.377.295

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

	Current Period	Prior Period
Provisional Letters of Guarantee	1.102.227	719.081
Final Letters of Guarantee	5.460.565	5.179.891
Advance Letters of Guarantee	756.542	500.730
Letters of Guarantee Given to Customs Offices	342.454	347.024
Other Letters of Guarantee	4.865.376	4.059.989
Total	12.527.164	10.806.715

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	1.388.763	1.116.069
Less Than or Equal to One Year with Original Maturity	368.407	256.881
More Than One Year with Original Maturity	1.020.356	859.188
Other Non-Cash Loans	14.721.988	12.067.941
Total	16.110.751	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	0,54	2.855	0,04	34.061	0,47	6.774	0,11
Farming and Raising Livestock	40.054	0,48	-	0,00	32.713	0,46	265	-
Forestry	2.375	0,03	-	0,00	251	-	-	-
Fishing	2.523	0,03	2.855	0,04	1.097	0,02	6.509	0,11
Manufacturing	1.261.085	15,23	4.430.301	56,60	1.047.136	14,60	2.993.067	49,78
Mining and Quarrying	48.598	0,59	36.769	0,47	49.329	0,69	32.428	0,54
Production	990.927	11,96	3.888.686	49,68	836.199	11,66	2.381.804	39,61
Electricity, gas and water	221.560	2,67	504.846	6,45	161.608	2,25	578.835	9,63
Construction	2.769.132	33,43	782.143	9,99	2.243.853	31,29	807.527	13,43
Services	4.095.605	49,45	2.555.221	32,64	3.748.165	52,28	2.155.411	35,85
Wholesale and Retail Trade	2.475.606	29,89	954.016	12,19	2.186.915	30,50	876.553	14,58
Hotel, Food and Beverage	75.523	0,91	85.148	1,09	101.628	1,42	84.316	1,40
Transportation&Communication	193.455	2,34	280.351	3,58	182.535	2,55	212.038	3,53
Financial Institutions	773.612	9,34	838.847	10,72	753.766	10,51	726.130	12,08
Real Estate and Renting	8.232	0,10	611	0,01	3.484	0,05	2.114	0,04
Self Employment Services	274.603	3,32	36.769	0,47	257.428	3,59	46.888	0,78
Educational Services	6.262	0,08	-	0,00	5.747	0,08	-	-
Health and Social Services	288.312	3,48	359.479	4,59	256.662	3,58	207.372	3,45
Other	111.990	1,35	57.467	0,73	97.791	1,36	50.225	0,83
Total	8.282.764	100,00	7.827.987	100,00	7.171.006	100,0	6.013.004	100,0

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

	I. Group		II. Group	
	TL	FC	TL	FC
Current Period(*)				
Letters of Guarantee	8.037.631	4.206.340	190.674	49.563
Bills of Exchange and Acceptances	19.763	2.124.947	-	298
Letters of Credit	275	1.433.264	-	5.040
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	8.057.669	7.764.551	190.674	54.901

(*) Does not include non-cash loans amounting to TL 42.956, for which provision is provided, but which are not indemnified and not liquidated yet.

	I. Group		II. Group	
	TL	FC	TL	FC
Prior Period (*)				
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)	117.614.740	99.538.902
Forward transactions ^(*)	9.903.456	11.595.556
Swap transactions	100.582.251	78.279.086
Futures transactions	145.835	74.460
Option transactions	6.983.198	9.589.800
Interest Related Derivative Transactions (II)	15.861.296	16.261.062
Forward rate transactions	-	-
Interest rate swap transactions	15.861.296	16.261.062
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	578.672	882.950
A.Total Trading Derivative Transactions (I+II+III)	134.054.708	116.682.914
Types of hedging transactions		
Fair value hedges	15.860.748	15.094.984
Cash flow hedges	33.745.226	22.704.240
Net investment hedges	-	-
B.Total Hedging Related Derivatives	49.605.974	37.799.224
Total Derivative Transactions (A+B)	183.660.682	154.482.138

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

As of June 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	3.005.774	1.324.408	25.191.487	43.070.103	1.427.693	1.836.185	743	-	-
USD	1.302.327	2.973.741	52.853.139	32.245.559	1.352.617	1.446.403	72.195	72.897	578.672
EURO	610.071	431.314	4.867.483	6.348.477	633.929	165.643	-	-	-
Other	65.966	189.855	1.465.908	7.365	78.675	42.053	-	-	-
Total	4.984.138	4.919.318	84.378.017	81.671.504	3.492.914	3.490.284	72.938	72.897	578.672

^(*)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 3.672.308 (December 31, 2016 – TL 3.532.426) were subject to hedge accounting by swaps with a nominal of TL 4.015.078 (December 31, 2016 – TL 3.456.411). On June 30, 2017 the net market valuation difference income amounting to TL 21.180 due to the gain from loans amounting to TL 29.732 (June 30, 2016 – TL 184.671 gain) and loss from swaps amounting to TL 8.552 (June 30, 2016 – TL 167.716 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 174.402 (December 31, 2016 – TL 168.103) have been subject to hedge accounting with swaps with a nominal amount of TL 166.041 (December 31, 2016 – TL 160.939). In 2017 TL 1.651 net fair valuation difference loss, net of TL 2.166 (June 30, 2016 – TL 2.978 gain) loss from loans and TL 515 (June 30, 2016 – TL 1.878 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 5.474 (June 30, 2016 – TL 5.298) related to the loans that are ineffective for hedge accounting under “gains / (losses) from financial derivatives transactions” as loss during the current period.

b) Investment securities available for sale

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Bank using swaps as hedging instruments. As of the balance sheet date; Eurobonds with a nominal of USD 378.7 million and EUR 75.8 million (December 31, 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 June 30, 2017, the net market valuation difference loss amounting to TL 356, due to gain from Eurobonds amounting to TL 15.440 (June 30, 2016 – TL 108.984 gain) and loss from swaps amounting to TL 15.797 (June 30, 2016 – TL 110.959 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 June 30, 2017, TL 148 net fair valuation difference income, net of TL 955 (June 30, 2016 – TL 8.909 loss) gain from issued bonds and TL 808 (June 30, 2016 – TL 8.441 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 287.139 fair value exchange difference income (June 30, 2016 – TL 56.612 exchange difference income) whose TL 11.285 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 expense at an amount of TL 1 (June 30, 2016: TL 10 loss) sourcing from Credit at an amount of TL 697 (June 30, 2016: TL 2.801 loss) gain and TL 698 (June 30, 2016: TL 2.812 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 6.880.130 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 21.691 are accounted for under equity during the current period (June 30, 2016 – TL 183.634 loss). The loss amounting to TL 153 (June 30, 2016 – TL 2 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 2.467 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 179 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 43.361 are accounted for under equity during the current period (June 30, 2016 – TL 120.870 loss). The income amounting to TL 8 (June 30, 2016 – TL 1.345 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 1.594 transferred amount from equity to income statement due to ineffectiveness or matured swaps. (June 30, 2016 – TL 2.848 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 616 are accounted for under equity during the current period (December 31, 2016 – None). The loss amounting to TL 262 relating to the ineffective portion is accounted for at the income statement.

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

6. Credit derivatives and risk exposures on credit derivatives

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

As of June 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 32.527 (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 June 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
		Support	2		
		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	1.634.125	26.540	1.696.061	18.694
Medium and Long-Term Loans	2.247.413	333.066	1.759.282	226.796
Non-Performing Loans	40.642	-	38.464	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total	3.922.180	359.606	3.493.807	245.490

b) Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank ^(*)	-	1	-	122
Domestic Banks	68.464	118	1.611	3
Foreign Banks	1.497	6.390	661	2.408
Foreign Headquarters and Branches	-	-	-	-
Total	69.961	6.509	2.272	2.533

(*) The interest income on Required Reserve amounting TL 45.759 is not included into interest income on Banks. (June 30, 2016: TL 25.353).

c) Information on interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	1.719	245	1.973	135
Financial Assets at FVTPL	1.172	34	2.477	150
Investment Securities Available for Sale	193.390	73.319	174.816	53.131
Investment Securities Held to Maturity	183.136	75.324	141.499	25.231
Total	379.417	148.922	320.765	78.647

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its available for sale and held-to-maturity portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before. The Bank determines the estimated inflation rates used for valuation of securities in line with this. In this context, the estimated inflation rate used is updated during the year when necessary. In this context, as of June 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 June 30, 2017, the Bank's Marketable securities valuation differences would be decreased by TL 32 million (in full TL amount) and net profit would be increased by TL 115 million (in full TL amount) to TL 925 million (in full TL amount).

d) Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	7.001	3.964

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	3.608	277.036	3.406	140.779
T.R. Central Bank	-	-	-	-
Domestic Banks	3.590	1.332	3.394	939
Foreign Banks	18	275.704	12	139.840
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	3.608	277.036	3.406	140.779

c) Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	29.767	6.662

c) Information on interest expense paid to securities issued

As of June 30, 2017 interest paid to securities issued is TL 165.226 (June 30, 2016 – TL 136.814).

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	-	30.200	66	-	-	-	-	30.266
Saving Deposits	-	102.398	765.577	39.467	21.586	49.107	-	978.135
Public Sector Deposits	-	239	1.099	199	9	7	-	1.553
Commercial Deposits	-	129.206	199.050	17.493	29.773	21.266	-	396.788
Other Deposits	-	2.662	16.783	1.570	24.009	3.001	-	48.025
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	264.705	982.575	58.729	75.377	73.381	-	1.454.767
Foreign Currency								
Deposits	-	14.668	168.157	17.151	7.906	5.796	-	213.678
Bank Deposits	95	25.129	1.591	333	38	-	-	27.186
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	397	-	-	-	-	-	397
Total	95	40.194	169.748	17.484	7.944	5.796	-	241.261
Grand Total	95	304.899	1.152.323	76.213	83.321	79.177	-	1.696.028

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Information on maturity structure of interest expense on deposits (Prior 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	-	5.388	3.209	123	246	-	-	8.966
Saving Deposits	-	119.424	817.621	31.361	15.653	47.171	-	1.031.230
Public Sector Deposits	-	76	4.362	12	11	5	-	4.466
Commercial Deposits	-	96.634	259.400	37.920	8.378	11.104	-	413.436
Other Deposits	-	1.888	39.955	4.323	22.266	686	-	69.118
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	223.410	1.124.547	73.739	46.554	58.966	-	1.527.216
Foreign Currency								
Deposits	-	15.968	131.635	8.844	2.082	4.102	-	162.631
Bank Deposits	22	7.820	2.117	24	-	-	-	9.983
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	348	-	-	-	-	-	348
Total	22	24.136	133.752	8.868	2.082	4.102	-	172.962
Grand Total	22	247.546	1.258.299	82.607	48.636	63.068	-	1.700.178

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Repurchase Agreements ^(*)	31.036	31.094	87.118	10.342

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

f) **Information on finance lease expenses**

	Current Period	Prior Period
Finance Lease Expenses	39	93

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

None (June 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	-	-
Other	13.448	4
Total	13.448	4

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4. Information on trading income/loss

	Current Period	Prior Period
Trading Income	5.021.608	7.609.885
Gains on Capital Market Operations	14.245	20.998
Derivative Financial Instruments	2.516.016	2.294.519
Foreign Exchange Gains	2.491.347	5.294.368
Trading Loss (-)	5.650.946	7.977.738
Losses on Capital Market Operations	11.511	8.533
Derivative Financial Instruments	3.139.391	2.686.323
Foreign Exchange Losses	2.500.044	5.282.882
Net Trading Income/Loss	(629.338)	(367.853)

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	466.938	550.892
Loans and Receivables in Group III	152.708	120.650
Loans and Receivables in Group IV	53.852	126.608
Loans and Receivables in Group V	260.378	303.634
Provision for Loans Under Close Monitoring	(25.615)	(17.170)
General Provisions	72.452	53.497
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	1.113	(180)
Total	514.888	587.039

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7. Information on other operating expenses

	Current Period	Prior Period
Personnel costs	616.002	538.212
Depreciation charge of tangible assets	69.909	69.162
Amortization charge of intangible assets	55.484	52.729
Reserve for employee termination benefits	2.580	8.260
Depreciation on assets to be disposed	-	3.075
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	510.027	457.931
<i>Operational lease related expenses</i>	<i>112.191</i>	<i>113.088</i>
<i>Repair and maintenance expenses</i>	<i>69.026</i>	<i>60.416</i>
<i>Advertisement expenses</i>	<i>62.350</i>	<i>42.500</i>
<i>Other expenses</i>	<i>266.460</i>	<i>241.927</i>
Losses on sales of assets	87	1.348
Other (*)	191.578	280.651
Total	1.445.667	1.411.368

(*) Comprising repayments amounting to TL 13.115 (June 30, 2016: TL 55.474) 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 June 30, 2017, net interest income in regards to continued operations of TL 2.756.957 (June 30, 2016 – 2.104.190), net fees and commission income of TL 817.576 (June 30, 2016 – TL 658.686) and other operating income of TL 30.861 (June 30, 2016 – TL 281.706) 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 June 30, 2017, the Bank has recorded tax charge TL 201.928 (June 30, 2016 – TL 17.291 loss) and a deferred tax expense of TL 17.054 (June 30, 2016 – TL 108.507 deferred tax expense) from its continuing operations.

9.2. Explanations on operating profit/loss after taxes

None (June 30, 2016 – None).

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

Net profit of the Bank from continued operations is TL 809.967 (June 30, 2016 – TL 552.528).

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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 (June 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 June 30, 2017, the Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to TL 805.775 (December 31, 2016 – TL 268.869) deposit and TL 184.924 (December 31, 2016- TL 265.304) cash loans and TL 9.560 (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	184.762	7.867	-	-	162	1.693
Interest and Commission Income	7.001	59	-	-	57	14

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(***)	3.964	83	-	-	11	7

(*) 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 June 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	653.948	89.151	-	-	151.827	179.718
Interest on deposits(***)	29.767	6.662	-	-	5.311	8.238

(*) 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 June 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	315.789	104.180	-	-	-	-
Total Income/Loss(***)	(6.602)	-	-	-	57	2.307
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 June 30, 2016 balance.

1.4. Information on benefits provided to top management

As of June 30, 2017, the total amount of remuneration and bonuses paid to top management of the Bank is TL 64.458 (June 30, 2016 - TL 50.536).

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 June 30, 2017, cash loans of the risk group represented 0,3% of the Bank's total cash loans (December 31, 2016 - 0,4%), the deposits represented 1,2% 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 - 0,1%).

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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 June 30, 2017, the Bank has net finance lease payables to Finans Finansal Kiralama A.Ş. amounting to TL 467 (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 has made a discount bond issuance at nominal amount of TL 54.930 with 13,90% interest rate and 178 days maturity on July 11, 2017, at nominal amount of TL 112.700 with 13,70% interest rate and 84 days maturity on July 14, 2017 and at nominal amount of TL 175.900 with 14,00% interest rate and 168 days maturity on July 21, 2017, at nominal amount of TL 47.400 with 13,60% interest rate and 77 days maturity on July 21, 2017

As of May 24, 2017, the Bank's Board of Directors decided to keep the Bank in the registered capital ceiling of TL 12.000.000; The amount of issued capital which is TL 3.150.000 is increased by TL 200.000 to TL 3.350.000 with the increase of TL 200.000 and the portion of TL 157.500 of the bonus capital increase amount from the first dividend share of 2016 and TL 42.500 portion of the capital of subsidiaries, To distribute the outstanding shares to be issued due to the bonus capital increase to the shareholders in a proper manner within the frame of regulations related to the registration system of the Capital Markets legislation; It has been decided that the General Directorate should be authorized to apply to BRSA, CMB and other related institutions for the necessary permits and to perform necessary transactions.

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 June 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 July 31, 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 Shareholders,

Following a year of global uncertainty, we spent the first six months of 2017 in an economic and political atmosphere which, while still restless and fluctuating, offered a more foreseeable future. Elections were held in US, the Netherlands, France and UK. Turkey went through a key referendum process.

As political uncertainties became clearer, the World Bank’s “Global Economic Prospects” report presented more optimistic remarks. And Turkey’s growth prospect has been revised up during this process

In the second quarter, the growth outlook indicators of developed economies improved and the inflationary pressure remained limited. Although the Fed has raised interest rates for the second time this year in June, the course followed by global markets proved supportive for developing economies.

Turkish economy continued to grow stronger, bolstered by the positive trend in the global economic climate and the measures taken to support economic activity. The recovery in economic activity that started in the last quarter of 2016 went on during the first half of 2017 as well.

The leading indicators demonstrate that the 5-percent annual GDP growth in the first quarter will also realize strongly in the second quarter. In addition, the softened exchange rate pressure helped inflation to gradually relax, down from its peak in April.

It is under these conditions that our Bank, prepared for any good and bad scenario, managed to leave behind a successful six-month period that proves promising for the second half.

As of June 30th, 2017, our Bank’s total assets went up by 15 percent to TL 116 billion 437 million as compared to year-end, total loans up by 17 percent to TL 73 billion 928 million and customer deposits up by 12 percent to TL 58 billion 125 million.

In the first half of the year, net interest-rate revenue was TL 2 billion 257 million and net fee and commission revenue was TL 818 million. Our Bank’s pre-tax profit realized as TL 1,029 million and net profit as TL 810 million.

During the first six months, our Bank offered original banking products to thousands of business owners and customers, and continued with the Corporate Social Responsibility activities to assist children and youth in developing their creative and leadership talents.

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Our Bank shows efforts to contribute to raising of innovative, creative and analytical generations who think out-of-the-box and maintain a positive outlook, as exemplified by the project “Small Hands Big Dreams” which we run in collaboration with various organizations and support from more than one thousand voluntary financiers at our branches. We attained truly exciting results. We will continue our benefit-oriented efforts with new projects and collaborations that we plan to carry out in the upcoming period.

12 thousand children in 22 provinces across Turkey received coding training and discovered that they can be a part of the computer world not just as consumers, but also as producers. 200 voluntary financiers played an active role in provision of these trainings. We plan to give this training to 20 thousand children at the age of 8-12 by the end of 2018.

QNB Finansbank also supports scientific and artistic creativity, and is hosting events to have the public meet with talented students who are admitted to world’s best music schools and continue with their study as part of the Modern Education Foundation’s “Great Talents” projects. We hope to ensure that you get to know these great children more closely in the upcoming period.

This year marks 30th anniversary of QNB Finansbank, of which I have been a part as an executive since the day it was founded. During this 30-year period, when major changes happened in the World and Turkey economically, politically and technologically, it was with your faith and support that we always managed to be a pioneering force.

I once again extend my thanks to our customers, shareholders, financier co-workers and stakeholders for their contributions to QNB Finansbank.

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Message by the General Manager

Dear Shareholders,

QNB Finansbank, the innovative and pioneering bank of the Turkish banking system, concluded the first half of the year with remarkably successful results.

As of June 30th, 2017, our Bank's total assets went up by 15 percent to 116 billion 437 million TRY as compared to last year-end. That same period, total loans increased by 17 percent to 73 billion 928 million TRY and customer deposits by 12 percent to 58 billion 125 million TRY.

In the first half, net interest-rate revenue was 2 billion 257 million TRY and net fee and commission revenue was 818 million TRY. Our Bank's pre-tax profit realized as 1,029 million TRY and net profit as 810 million TRY.

Compared to last year-end, our total equities climbed 11 percent to 11 billion 212 million TRY, making QNB Finansbank's capital adequacy ratio 15.84% as of June 30th, 2017.

In the first six months, Turkish economy continued to grow stronger, bolstered by the positive trend in the global economic climate and the measures taken to support economic activity. The loan expansion facilitated by the banking industry played a key role in the recovery of the economic activity.

The recovering trend in the economic activity that started at the end of the last year with the government's supportive measures and a reinvigorated foreign demand has reflected positively to first half indicators.

The policy of loan extension with security from Credit Guarantee Fund provided an invaluable initiative both for our industry and those with financing needs. QNB Finansbank facilitated the loan expansion process, expanding our customer base greatly.

We also achieved a lot in funding. The demand for our 5-year Eurobond issuance that we had originally announced to be 500 million USD was as high as 3 billion USD. In response, we raised the issuance volume to 750 million USD, making it the largest bond issuance performed ever by our Bank. Combined with the instruments we have employed, the funding we secured from foreign lending sources in the first half exceeded 1 billion USD. In the first six months, our overall balance-sheet growth, capital adequacy and profitability improved tremendously. Our subsidiaries also increased their returns on equity, contributing favorably to our consolidated profitability.

In the second quarter, the growth outlook indicators of developed economies improved and the inflationary pressure remained limited. And therefore, the course followed by global markets proved supportive for developing economies despite the Fed raising interest rates for the second time this year in June.

QNB Finansbank plans to keep with innovative practices in the industry in the upcoming period, too. In light of latest approaches and developments in online and mobile banking, ensuring that our customers receive banking service from every channel in the fastest way possible and with high customer satisfaction will continue to be one of our focuses.

I extend my thanks to my co-workers and our customers, strategic business partners and correspondent banks who add value to QNB Finansbank.

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Summary Financial Belonging to the Period of June 30, 2017

Principal Financial Indicators (Million TL)	June 30, 2017	December 31, 2016
Total Loans	73.928	62.923
Securities	13.675	12.950
Total Assets	116.437	101.503
Customer Deposits	58.125	51.966
Equity	11.212	10.126

Profitability	June 30, 2017	June 30, 2016
Net interest income	2.757	2.104
Net fees and commission income	818	659
Provision loans and other Receivables(-)	(515)	(587)
Operating profit before tax	1.029	678
Tax Provision	(219)	(126)
Net profit for the period	810	553

As of June 30, 2017 total assets of Bank increased by 15% compared with the end of the year 2016 and realized as TL 116 billion and 437 million. When compared with the end of year 2016, total loans increased by 17% and reached TL 73 billion and 928 million while Customer Deposits increased by 12% and reached up to TL 58 billion and 125 million.

Unconsolidated profit of the Bank before tax reached TL 1.029 million and the unconsolidated net profit for the second quarter of 2017 realized as TL 810 million. Net interest income increased by 31% and reached 2 billion and 757 million TL and net fees and commissions income increased by 24% and reached TL 818 million in the six-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 11% and reached up to TL 11 billion 212 million. As of June 30, 2017 capital adequacy ratio of the Bank was 15,84%.

As of June 30, 2017 Finans Bank has 11.926 personnel and 588 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 June 30, 2017, total unconsolidated loans increased by 17% and reached TL 73 billion and 928 million while total unconsolidated assets increased by 15% and reached TL 116 billion and 437 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 28% compared 2016 year end.

Liabilities:

Total customer deposits of the Bank increased by 12% and reached TL 58 billion and 125 million and shareholders' equity increased by 11% and reached TL 11 billion and 212 million.

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Profitability:

Net interest income increased by 31% and reached TL 2 billion and 757 million and net fees and commission income amounts has increased by 24% as TL 818 million. Profit before tax of the Bank amounts to TL 1.029 million and the net profit for the period is TL 810 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.

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".

General Grants realized during the Period:

General grants realized as of June 30, 2017 was TL 272.