

FİNANS BANK ANONİM ŞİRKETİ

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT,
UNCONSOLIDATED FINANCIAL STATEMENTS, NOTES
AND INTERIM ACTIVITY REPORT FOR THE PERIOD
ENDED MARCH 31, 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 March 31, 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 three-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 March 31, 2017 and of the results of its operations and its cash flows for the three 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

April 28, 2017
İstanbul, Türkiye

**THE UNCONSOLIDATED FINANCIAL REPORT OF FINANS BANK A.Ş.
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2017**

The Bank's;
Address of the head office : Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İSTANBUL
Phone number : (0 212) 318 50 00
Facsimile number : (0 212) 318 56 48
Web page : www.qnbfinansbank.com
E-mail address : investor.relations@qnbfinansbank.com

The unconsolidated financial report for the three months period ended March 31, 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 three months period ended March 31, 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

INDEX

SECTION ONE GENERAL INFORMATION

I.	Explanatory note on the establishment date, nature of activities and history of the Bank	1
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	1
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	2
IV.	Information about the persons and institutions that have qualified shares	2
V.	Explanations on the Bank's services and activities	3
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	3
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	3

SECTION TWO UNCONSOLIDATED FINANCIAL STATEMENTS

I.	Balance sheet (statement of financial position)	4
II.	Statement of off-balance sheet commitments and contingencies	6
III.	Income statement (statement of income / loss)	7
IV.	Statement of profit and loss accounted for under equity (statement of other comprehensive income / loss)	8
V.	Statement of changes in shareholders' equity	9
VI.	Statement of cash flows	11

SECTION THREE ACCOUNTING POLICIES

I.	Basis of presentation	12
II.	Strategy for the use of financial instruments and foreign currency transactions	13
III.	Information on associates and subsidiaries and Entities Under Common Control	14
IV.	Explanations on forwards, option contracts and derivative instruments	14
V.	Explanations on Interest income and expenses	16
VI.	Explanations on Fees and commission income and expenses	16
VII.	Explanations and Disclosures on financial assets	16
VIII.	Explanations on Impairment of financial assets	18
IX.	Explanations on Netting of financial instruments	18
X.	Explanations on Sales and repurchase agreements and lending of securities	18
XI.	Explanations on Assets held for sale and discontinued operations	19
XII.	Explanations on Goodwill and other intangible assets	19
XIII.	Explanations on Tangible assets	20
XIV.	Explanations on Leasing transactions	20
XV.	Explanations on Provisions and contingent liabilities	20
XVI.	Explanations on Obligations of the Bank concerning employee benefits	21
XVII.	Explanations on Taxation	21
XVIII.	Explanations on Additional explanations on borrowings	22
XIX.	Explanations on Share issues	22
XX.	Explanations on Confirmed bills of exchange and acceptances	22
XXI.	Explanations on Government incentives	22
XXII.	Explanations on Segment reporting	23
XXIII.	Explanations on Profit reserves and profit distribution	25
XXIV.	Earnings per share	25
XXV.	Explanations on other matters	25

SECTION FOUR INFORMATION ON FINANCIAL STRUCTURE

I.	Explanations on equity	26
II.	Explanations on risk management	34
III.	Explanations on foreign currency exchange rate risk	35
IV.	Explanations on interest rate risk	37
V.	Explanations on position risk of equity securities in banking book	39
VI.	Explanations on remarks regarding liquidity risk management and liquidity coverage ratio	40
VII.	Information regarding leverage ratio	45

SECTION FIVE EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I.	Explanations and disclosures related to assets	46
II.	Explanations and disclosures related to liabilities	60
III.	Explanations and disclosures related to off-balance sheet items	69
IV.	Explanations and disclosures related to the income statement	75
V.	Explanations and disclosures related to statement of cash flows	80
VI.	Explanations and disclosures related to the Bank's risk group	81
VII.	Other Explanations and Disclosures Related to Bank's Operations	83

SECTION SIX EXPLANATIONS ON INDEPENDENT AUDITOR'S LIMITED REPORT

I.	Explanations on the independent limited review report	84
II.	Explanations and notes prepared by independent auditor	84

SECTION SEVEN INFORMATION ON INTERIM ACTIVITY REPORT

I.	Interim activity report that includes the Assessment of the Chairman of the Board of Directors and Ceo's	85
----	--	----

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 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 March 31, 2017 and remaining 0,12% of related shares are public shares.

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

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 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
Grant Eric Lowen	Board Member	June 23, 2016	Graduate
Adnan Menderes Yayla	Executive Vice President	May 20, 2008	Masters
Murat Şakar	Executive Vice President	August 1, 2008	Graduate
Köksal Çoban	Executive Vice President	August 19, 2008	Masters
Dr. Mehmet Kürşad Demirkol	Executive Vice President	October 8, 2010	Phd
Özlem Cinemre	Executive Vice President	July 9, 1997	Graduate
Hakan Alp	Executive Vice President	July 7, 2010	Graduate
Filiz Sonat	Executive Vice President	September 19, 2007	Graduate
Erkin Aydın	Executive Vice President	May 16, 2011	Masters
Ömür Tan	Executive Vice President	October 28, 2011	Graduate
Halim Ersun Bilgici	Executive Vice President	March 15, 2013	Masters
Enis 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

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 MARCH 31, 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 March 31, 2017, the Bank operates through 602 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 March 31, 2017, the Bank has 12.277 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 MARCH 31, 2017 (STATEMENT OF FINANCIAL POSITION)
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)**

I. BALANCE SHEET – ASSETS

		Reviewed 31.03.2017			Audited 31.12.2016			
	Section 5 Part I	TL	FC	Total	TL	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	3.281.256	10.816.200	14.097.456	1.929.860	11.174.023	13.103.883
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	2.595.450	229.623	2.825.073	2.603.817	211.858	2.815.675
2.1	Financial assets held for trading		2.576.862	229.623	2.806.485	2.580.846	211.858	2.792.704
2.1.1	Public sector debt securities		90.683	4.093	94.776	5.950	11.486	17.436
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Assets on trading derivatives		2.486.179	225.530	2.711.709	2.574.896	200.372	2.775.268
2.1.4	Other securities		-	-	-	-	-	-
2.2	Financial assets at fair value through profit and loss		18.588	-	18.588	22.971	-	22.971
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		18.588	-	18.588	22.971	-	22.971
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	(3)	13.849	650.697	664.546	13.503	260.283	273.786
IV.	MONEY MARKET PLACEMENTS		381.413	-	381.413	1.547.549	-	1.547.549
4.1	Interbank money market placements		1.154	-	1.154	-	-	-
4.2	Istanbul Stock Exchange money market placements		280.227	-	280.227	246.944	-	246.944
4.3	Receivables from reverse repurchase agreements	(4)	100.032	-	100.032	1.300.605	-	1.300.605
V.	INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)	(5)	4.134.499	3.068.638	7.203.137	4.151.905	2.880.043	7.031.948
5.1	Equity securities		4.225	52.763	56.988	4.225	44.961	49.186
5.2	Public sector debt securities		4.130.274	2.974.875	7.105.149	4.147.680	2.796.651	6.944.331
5.3	Other securities		-	41.000	41.000	-	38.431	38.431
VI.	LOANS AND RECEIVABLES	(6)	54.916.987	14.255.003	69.171.990	50.044.814	12.855.446	62.900.260
6.1	Loans and receivables		54.345.017	14.255.003	68.600.020	49.431.744	12.855.446	62.287.190
6.1.1	Loans to risk group of the Bank		208.809	63.724	272.533	167.228	98.076	265.304
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3.	Other		54.136.208	14.191.279	68.327.487	49.264.516	12.757.370	62.021.886
6.2	Non-performing loans		4.067.119	-	4.067.119	3.840.927	-	3.840.927
6.3	Specific provisions (-)		3.495.149	-	3.495.149	3.227.857	-	3.227.857
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(7)	3.457.094	3.175.687	6.632.781	3.383.952	2.516.555	5.900.507
8.1	Public sector debt securities		3.457.094	2.597.626	6.054.720	3.383.952	1.915.594	5.299.546
8.2	Other securities		-	578.061	578.061	-	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)	658.983	-	658.983	665.618	-	665.618
10.1	Unconsolidated financial investments		640.937	-	640.937	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)	3.193.312	37.714	3.231.026	3.409.777	33.561	3.443.338
13.1	Fair value hedge		2.318.955	20.857	2.339.812	2.346.595	18.509	2.365.104
13.2	Cash flow hedge		874.357	16.857	891.214	1.063.182	15.052	1.078.234
13.3	Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)		1.859.041	49	1.859.090	1.833.271	48	1.833.319
XV.	INTANGIBLE ASSETS (Net)		293.550	-	293.550	280.166	-	280.166
15.1	Goodwill		-	-	-	-	-	-
15.2	Others		293.550	-	293.550	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)	1.401.438	456.537	1.857.975	1.135.700	404.579	1.540.279
TOTAL ASSETS			76.320.081	32.690.148	109.010.229	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 MARCH 31, 2017 (STATEMENT OF FINANCIAL POSITION)

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

I. BALANCE SHEET – LIABILITIES AND EQUITY

		Reviewed 31.03.2017			Audited 31.12.2016		
		TL	FC	Total	TL	FC	Total
Section 5							
Part II							
I. DEPOSITS	(1)	31.070.107	29.357.077	60.427.184	31.546.849	22.391.851	53.938.700
1.1 Deposits from risk group of the Bank		110.118	168.843	278.961	208.763	60.106	268.869
1.2 Other		30.959.989	29.188.234	60.148.223	31.338.086	22.331.745	53.669.831
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	2.295.387	189.441	2.484.828	2.387.017	214.921	2.601.938
III. FUNDS BORROWED	(3)	113.279	12.592.791	12.706.070	101.236	10.656.671	10.757.907
IV. MONEY MARKET BORROWINGS		707.560	3.876.435	4.583.995	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)	707.560	3.876.435	4.583.995	1.495.044	3.519.709	5.014.753
V. SECURITIES ISSUED (Net)	(5)	1.130.682	3.396.030	4.526.712	1.124.543	3.187.028	4.311.571
5.1 Bills		1.130.682	243.786	1.374.468	1.124.543	53.683	1.178.226
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	3.152.244	3.152.244	-	3.133.345	3.133.345
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS		2.293.559	4.125.130	6.418.689	2.212.951	4.389.726	6.602.677
VIII. OTHER LIABILITIES	(6)	1.193.248	250.712	1.443.960	858.329	170.008	1.028.337
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(7)	179	535	714	273	667	940
10.1 Financial lease payables		218	587	805	322	728	1.050
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred financial lease expenses (-)		39	52	91	49	61	110
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(8)	153.810	226.995	380.805	196.239	230.489	426.728
11.1 Fair value hedge		1.626	186.245	187.871	-	190.559	190.559
11.2 Cash flow hedge		152.184	40.750	192.934	196.239	39.930	236.169
11.3 Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
XII. PROVISIONS	(9)	1.712.573	-	1.712.573	1.768.642	-	1.768.642
12.1 General provisions		1.315.058	-	1.315.058	1.288.394	-	1.288.394
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		216.683	-	216.683	276.595	-	276.595
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		180.832	-	180.832	203.653	-	203.653
XIII. TAX LIABILITY	(10)	202.749	-	202.749	188.032	-	188.032
13.1 Current tax liability		201.251	-	201.251	188.032	-	188.032
13.2 Deferred tax liability		1.498	-	1.498	-	-	-
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)	-	3.380.377	3.380.377	-	3.235.793	3.235.793
XVI. SHAREHOLDERS' EQUITY		10.998.625	(257.052)	10.741.573	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		353.309	(257.052)	96.257	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)	293.198	(263.782)	29.416	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)		98.727	6.730	105.457	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		421.839	-	421.839	1.203.410	-	1.203.410
16.4.1 Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2 Current period income/ (loss)		421.839	-	421.839	1.203.410	-	1.203.410
TOTAL LIABILITIES AND EQUITY		51.871.758	57.138.471	109.010.229	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 MARCH 31, 2017

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

II. STATEMENT OF OFF-BALANCE COMMITMENTS AND CONTINGENCIES

		Reviewed 31.03.2017			Audited 31.12.2016		
		TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	122.487.203	112.309.915	234.797.118	107.724.136	100.291.889	208.016.025
I.	GUARANTEES	(1), (2), (3),(4)					
1.1.	Letters of guarantee	7.621.801	7.159.422	14.781.223	7.171.006	6.013.004	13.184.010
1.1.1.	Guarantees subject to State Tender Law	7.605.329	4.052.682	11.658.011	7.158.585	3.648.130	10.806.715
1.1.2.	Guarantees given for foreign trade operations	307.580	30.731	338.311	310.573	36.451	347.024
1.1.3.	Other letters of guarantee	3.597.041	4.021.951	7.618.992	3.527.000	3.611.679	7.138.679
1.2.	Bank loans	3.700.708	-	3.700.708	3.321.012	-	3.321.012
1.2.1.	Import letter of acceptance	16.472	1.826.207	1.842.679	7.421	1.248.056	1.255.477
1.2.2.	Other bank acceptances	16.472	1.826.207	1.842.679	7.421	1.248.056	1.255.477
1.3.	Letters of credit	-	1.280.533	1.280.533	5.000	1.116.818	1.121.818
1.3.1.	Documentary letters of credit	-	1.224.473	1.224.473	5.000	1.084.124	1.089.124
1.3.2.	Other letters of credit	-	56.060	56.060	-	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)					
2.1.	Irrevocable commitments	42.707.758	3.236.467	45.944.225	39.611.999	1.954.418	41.566.417
2.1.1.	Forward asset purchase commitments	42.112.268	3.236.467	45.348.735	39.371.199	1.954.418	41.325.617
2.1.2.	Forward deposit purchase and sales commitments	1.171.334	2.027.954	3.199.288	355.574	860.966	1.216.540
2.1.3.	Share capital commitment to associates and subsidiaries	-	-	-	-	-	-
2.1.4.	Loan granting commitments	30.000	-	30.000	30.000	-	30.000
2.1.5.	Securities underwriting commitments	20.995.408	364	20.995.772	19.364.771	353	19.365.124
2.1.6.	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7.	Payment commitment for checks	2.798.454	-	2.798.454	2.707.388	-	2.707.388
2.1.8.	Tax and fund liabilities from export commitments	10.694	-	10.694	10.267	-	10.267
2.1.9.	Commitments for credit card expenditure limits	16.634.956	-	16.634.956	16.396.189	-	16.396.189
2.1.10.	Commitments for promotions related with credit cards and banking activities	25.598	-	25.598	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	445.824	1.208.149	1.653.973	487.289	1.093.099	1.580.388
2.2.	Revocable commitments	595.490	-	595.490	240.800	-	240.800
2.2.1.	Revocable loan granting commitments	595.490	-	595.490	240.800	-	240.800
2.2.2.	Other revocable commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)					
3.1.	Derivative financial instruments for hedging purposes	72.157.644	101.914.026	174.071.670	60.941.131	92.324.467	153.265.598
3.1.1.	Fair value hedge	21.122.247	24.450.953	45.573.200	16.730.698	21.068.526	37.799.224
3.1.2.	Cash flow hedge	3.495.548	11.789.256	15.284.804	3.456.411	11.638.573	15.094.984
3.1.3.	Hedge of net investment in foreign operations	17.626.699	12.661.697	30.288.396	13.274.287	9.429.953	22.704.240
3.2.	Held for trading transactions	51.035.397	77.463.073	128.498.470	44.210.433	71.255.941	115.466.374
3.2.1.	Forward foreign currency buy/sell transactions	2.954.187	3.722.556	6.676.743	4.118.082	6.260.934	10.379.016
3.2.1.1.	Forward foreign currency transactions-buy	1.637.334	1.699.108	3.336.442	2.683.949	2.466.591	5.150.540
3.2.1.2.	Forward foreign currency transactions-sell	1.316.853	2.023.448	3.340.301	1.434.133	3.794.343	5.228.476
3.2.2.	Swap transactions related to foreign currency and interest rates	44.493.624	68.821.189	113.314.813	35.589.750	58.950.398	94.540.148
3.2.2.1.	Foreign currency swap-buy	17.348.761	30.944.799	48.293.560	15.367.108	23.909.128	39.276.236
3.2.2.2.	Foreign currency swap-sell	26.324.863	21.827.110	48.151.973	18.682.642	20.320.208	39.002.850
3.2.2.3.	Interest rate swaps-buy	410.000	8.024.640	8.434.640	770.000	7.360.531	8.130.531
3.2.2.4.	Interest rate swaps-sell	410.000	8.024.640	8.434.640	770.000	7.360.531	8.130.531
3.2.3.	Foreign currency, interest rate and securities options	3.587.586	3.879.670	7.467.256	4.502.601	5.087.199	9.589.800
3.2.3.1.	Foreign currency options-buy	1.633.957	2.093.570	3.727.527	2.355.495	2.402.267	4.757.762
3.2.3.2.	Foreign currency options-sell	1.953.629	1.786.100	3.739.729	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	-	130.008	130.008	-	74.460	74.460
3.2.4.1.	Foreign currency futures-buy	-	65.004	65.004	-	37.230	37.230
3.2.4.2.	Foreign currency futures-sell	-	65.004	65.004	-	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	-	909.650	909.650	-	882.950	882.950
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	551.402.485	92.590.969	643.993.454	518.509.096	88.699.243	607.208.339
IV.	ITEMS HELD IN CUSTODY	8.471.225	1.614.535	10.085.760	8.741.145	2.223.883	10.965.028
4.1.	Assets under management	4.125.414	-	4.125.414	4.509.095	-	4.509.095
4.2.	Investment securities held in custody	388.002	762.150	1.150.152	263.988	1.348.273	1.612.261
4.3.	Checks received for collection	2.991.135	389.710	3.380.845	3.047.124	416.731	3.463.855
4.4.	Commercial notes received for collection	966.674	185.390	1.152.064	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	-	277.285	277.285	-	266.262	266.262
4.8.	Custodians	-	-	-	-	-	-
V.	PLEDGED ITEMS	336.026.944	50.352.213	386.379.157	320.129.826	47.175.906	367.305.732
5.1.	Marketable securities	1.150.970	4.061.067	5.212.037	1.059.127	3.186.362	4.245.489
5.2.	Guarantee notes	189.251	78.439	267.690	201.294	76.487	277.781
5.3.	Commodity	63.183	-	63.183	61.743	-	61.743
5.4.	Warranty	-	-	-	-	-	-
5.5.	Properties	79.419.286	27.904.413	107.323.699	78.296.557	25.750.041	104.046.598
5.6.	Other pledged items	255.204.254	18.308.294	273.512.548	240.511.105	18.163.016	258.674.121
5.7.	Pledged items-depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	206.904.316	40.624.221	247.528.537	189.638.125	39.299.454	228.937.579
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		673.889.688	204.900.884	878.790.572	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 MARCH 31,2017
(STATEMENT OF INCOME/LOSS)

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

III. INCOME STATEMENT

		Reviewed	Reviewed
	Section 5 Part IV.	01.01 – 31.03.2017	01.01 – 31.03.2016
I. INTEREST INCOME	(1)	2.366.488	2.052.940
1.1 Interest on loans		2.016.909	1.823.755
1.2 Interest received from reserve deposits		20.284	12.585
1.3 Interest received from banks		35.366	1.218
1.4 Interest received from money market placements		28.811	13.079
1.5 Interest received from marketable securities portfolio		262.313	200.356
1.5.1 Held-for-trading financial assets		996	1.445
1.5.2 Financial assets at fair value through profit and loss		665	1.453
1.5.3 Available-for-sale financial assets		133.841	112.748
1.5.4 Investments held-to-maturity		126.811	84.710
1.6 Finance lease income		-	-
1.7 Other interest income		2.805	1.947
II. INTEREST EXPENSE	(2)	1.024.502	1.058.827
2.1 Interest on deposits		754.231	865.929
2.2 Interest on funds borrowed		136.216	67.868
2.3 Interest on money market borrowings		43.512	47.436
2.4 Interest on securities issued		78.905	68.863
2.5 Other interest expense		11.638	8.731
III. NET INTEREST INCOME (I - II)		1.341.986	994.113
IV. NET FEES AND COMMISSIONS INCOME		410.197	319.483
4.1 Fees and commissions received		483.564	399.422
4.1.1 Non-cash loans		19.208	16.116
4.1.2 Other		464.356	383.306
4.2 Fees and commissions paid		73.367	79.939
4.2.1 Non-cash loans		401	345
4.2.2 Other		72.966	79.594
V. DIVIDEND INCOME	(3)	3.791	2
VI. NET TRADING INCOME	(4)	(271.529)	(163.808)
6.1 Securities trading gains/ (losses)		502	10.121
6.2 Gains / (losses) from financial derivatives transactions		(303.693)	(152.387)
6.3 Foreign exchange gains/ (losses)		31.662	(21.542)
VII. OTHER OPERATING INCOME	(5)	14.426	23.472
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		1.498.871	1.173.262
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	263.278	266.427
X. OTHER OPERATING EXPENSES (-)	(7)	701.389	702.834
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		534.204	204.001
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)	534.204	204.001
XVI. TAX CHARGE FOR CONTINUED OPERATIONS (±)	(9)	(112.365)	(42.031)
16.1 Current income tax charge		(126.150)	-
16.2 Deferred tax charge / benefit		13.785	(42.031)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	421.839	161.970
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)	421.839	161.970
Earnings per share		0,01339	0,00514

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

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

FİNANS BANK ANONİM ŞİRKETİ
STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIOD ENDED MARCH 31, 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 - 31.03.2017	Reviewed 01.01 - 31.03.2016
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	167.324	138.882
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)	74.882	(159.229)
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	(48.800)	983
X. TOTAL NET PROFIT/LOSS ACCOUNTED FOR UNDER EQUITY (I+II+...+IX)	193.406	(19.364)
XI. PROFIT/LOSS	421.839	161.970
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	1.525	9.133
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	(880)	501
11.3 Transfer of hedge of net investments in foreign operations recycled to Income Statement	-	-
11.4 Other	421.194	152.336
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)	615.245	142.606

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 MARCH 31, 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 – 31.03.2016																	
I.		3,000,000	-	714	-	409,238	-	4,905,057	(43,930)	-	705,772	(36,939)	-	2,689	81,175	-	9,023,776
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		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.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	108,019	-	-	-	-	108,019
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	(127,383)	-	(127,383)
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	(127,383)	-	(127,383)
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.		-	-	-	-	-	-	-	-	161,970	-	-	-	-	-	-	161,970
XX.		-	-	-	-	35,289	-	670,483	-	-	(705,772)	-	-	-	-	-	-
20.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2		-	-	-	-	35,289	-	670,483	-	-	(705,772)	-	-	-	-	-	-
20.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance																	
(III+IV+V+...+XVII+XIX+XX)																	
		3,000,000	-	714	-	444,527	-	5,575,540	(43,930)	161,970	-	71,080	-	2,689	(46,208)	-	9,166,382

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 MARCH 31, 2017

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Part 5 Section II.13	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity
I. Current period – 01.01 – 31.03.2017																	
Beginning balance		3.150.000	-	714	-	444.527	-	5.425.540	(42.019)	-	1.203.410	(104.084)	-	2.689	45.551	-	10.126.328
II. Increase/decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	133.500	-	-	-	-	133.500
IV. Hedging funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	59.906	-	59.906
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	59.906	-	59.906
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and entities under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period net income/(loss)		-	-	-	-	-	-	-	-	421.839	-	-	-	-	-	-	421.839
XVIII. Profit distribution		-	-	-	-	60.171	-	1.143.239	-	-	(1.203.410)	-	-	-	-	-	-
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	60.171	-	1.143.239	-	-	(1.203.410)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		3.150.000	-	714	-	504.698	-	6.568.779	(42.019)	421.839	-	29.416	-	2.689	105.457	-	10.741.573

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 MARCH 31, 2017

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

VI. STATEMENT OF CASH FLOWS

	Part 5 Section V	Reviewed 01.01 – 31.03.2017	Reviewed 01.01 – 31.03.2016
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		4.774.929	1.758.293
1.1.1 Interest received (+)		2.121.967	1.995.793
1.1.2 Interest paid (-)		(822.993)	(856.588)
1.1.3 Dividend received (+)		3.791	2
1.1.4 Fees and commissions received (+)		473.964	376.990
1.1.5 Other income (+)		12.379	13.743
1.1.6 Collections from previously written off loans (+)		220.976	175.614
1.1.7 Payments to personnel and service suppliers (-)		(601.577)	(561.362)
1.1.8 Taxes paid (-)		(369.735)	(275.664)
1.1.9 Others (+/-)		3.736.157	889.765
1.2 Changes in operating assets and liabilities		(3.712.609)	(2.522.700)
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(77.317)	(118.009)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		(2.311)	72.022
1.2.3 Net (increase) decrease in due from banks (+/-)		451.818	(1.708.807)
1.2.4 Net (increase) decrease in loans (+/-)		(3.193.291)	(2.491.626)
1.2.5 Net (increase) decrease in other assets (+/-)		(138.890)	727.957
1.2.6 Net increase (decrease) in bank deposits (+/-)		3.577.179	85.753
1.2.7 Net increase (decrease) in other deposits (+/-)		(2.020.501)	1.576.033
1.2.8 Net increase (decrease) in funds borrowed (+/-)		-559.977	921.777
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		(1.749.319)	(1.587.800)
I. Net cash provided from / (used in) banking operations (+/-)		1.062.320	(764.407)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / (used in) investing activities (+/-)		(518.920)	(453.203)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		-	(128.112)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		-	-
2.3 Fixed assets purchases (-)		(21.192)	(40.025)
2.4 Fixed assets sales (+)		278	301
2.5 Cash paid for purchase of financial assets available for sale (-)		(430.464)	(560.464)
2.6 Cash obtained from sale of financial assets available for sale (+)		567.979	353.918
2.7 Cash paid for purchase of investment securities (-)		(683.036)	(55.212)
2.8 Cash obtained from sale of investment securities (+)		87.841	-
2.9 Others (+/-)		(40.326)	(23.609)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used in) financing activities (+/-)		76.438	367.565
3.1 Cash obtained from funds borrowed and securities issued (+)		1.149.832	910.440
3.2 Cash used for repayment of funds borrowed and securities issued (-)		(1.073.168)	(542.595)
3.3 Capital increase (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for finance leases (-)		(226)	(280)
3.6 Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)		56.429	(227.027)
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		676.267	(1.077.072)
VI. Cash and cash equivalents at beginning of the period (+)		5.750.384	3.641.584
VII. Cash and cash equivalents at end of the period (V+VI)		6.426.651	2.564.512

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 MARCH 31, 2017**

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

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

The Bank maintains its books of account in accordance with the Banking Law No. 5411, which was published in the Official Gazette No. 25983 dated 1 November 2005. The Bank prepared the accompanying unconsolidated financial statements regarding to the Banking Law No.5411 "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated November 1, 2006 which is published in the Official Gazette No: 26333, which refers to "Turkish Accounting Standards" ("TAS"), put into effect by Public Oversight Accounting and Auditing Standards Authority ("KGK"), and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency ("BRSA"). The format and detail of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué.

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

Explanation for Convenience Translation to English

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

2. Classifications

None.

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

Accounting policies and valuation principles used in the preparation of the financial statements are determined and applied, in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, the requirements of TAS and are consistent with the accounting policies applied in the annual financial statements of the year ended December 31, 2016. The amendments of TAS and TFRS, effective as of January 1, 2017, have no material impact on the Bank's accounting policies, financial position and performance. The aforementioned accounting policies and valuation principles are explained in Notes II to XXV below.

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

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

**FİNANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 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.

(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 MARCH 31, 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 March 31, 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:

	March 31, 2017	December 31, 2016
US Dollar	TL 3,6386	TL 3,5318
Euro	TL 3,9083	TL 3,6939

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

As of March 31, 2017, the net gain on exchange included in net profit is TL 31.662 (March 31, 2016 – TL 21.542 net loss on exchange).

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

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

IV. Explanations on forwards, option contracts and derivative instruments

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

Besides customer deposits, the Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank converts the foreign currency liquidity obtained from 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
FOR THE PERIOD ENDED MARCH 31, 2017**

(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. 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.

(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 MARCH 31, 2017**

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

V. Explanations on Interest Income and Expenses

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

VI. Explanations on Fees and Commission Income and Expenses

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

VII. Explanations and Disclosures on Financial Assets

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

1. Financial assets at fair value through profit or loss

1.1. Trading securities

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

1.2. Financial assets at fair value through profit or loss

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

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

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

2. Investment securities available for sale

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

Premiums and discounts on investment securities available-for-sale are considered during the computation of the internal rate of return and are included in interest income in the income statement. Accrued interest income on investment securities available for sale is recognized in the income statement whereas gains and losses arising from the change in the fair values of such securities are reflected in equity under “Securities value increase fund” (Unrealized Gains/Losses on Securities). When investment securities available for sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity are transferred to the income statement. The Bank has inflation indexed (CPI) government bonds in its available for sale and held-to-maturity portfolios. CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective

(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 MARCH 31, 2017**

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

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.

(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 MARCH 31, 2017**

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

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 5.579.747 (December 31, 2016– TL 5.830.870).

(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 MARCH 31, 2017**

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

As of March 31, 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.

(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 MARCH 31, 2017**

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

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.

(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 MARCH 31, 2017**

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

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.

(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 MARCH 31, 2017**

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

2. Deferred Taxes

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

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

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

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. (1 January -31 December 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 March 31 2017, the Bank does not have any government incentives or grants. (As of December 31, 2016 – None.)

(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 MARCH 31, 2017**

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

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.

(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 MARCH 31, 2017

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

		Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Current Period (January 1 – March 31, 2017)	Retail Banking			
Net Interest Income	410.473	408.406	523.107	1.341.986
Net Fees and Commissions Income	246.604	167.675	(4.082)	410.197
Other Operating Income and Net Trading Income	8.988	3.993	(270.084)	(257.103)
Dividend Income	-	-	3.791	3.791
Operating Income	666.065	580.074	252.732	1.498.871
Other Operating Expenses	382.393	263.400	55.596	701.389
Provision for Loan Losses and Other Receivables	108.743	185.228	(30.693)	263.278
Profit Before Taxes	174.929	131.446	227.829	534.204
Provision for Tax	-	-	-	(112.365)
Net Profit/Loss	-	-	-	421.839
Total Assets	23.631.378	45.559.200	34.102.596	109.010.229
Segment Assets	23.631.378	45.559.200	34.102.596	103.293.174
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	792.192
Undistributed Assets	-	-	-	4.924.863
Total Liabilities	36.297.114	18.590.709	33.602.148	109.010.229
Segment Liabilities	36.297.114	18.590.709	33.602.148	88.489.971
Undistributed Liabilities	-	-	-	9.778.685
Equity	-	-	-	10.741.573
Other Segment Accounts	66.890	46.075	10.797	123.762
Capital Expenditures	33.099	22.799	5.883	61.781
Depreciation and Amortization	33.791	23.276	4.914	61.981
Value Decrease/ (Increase)	-	-	-	-
Prior Period (January 1 – March 31, 2016)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Net Interest Income	385.110	339.280	269.723	994.113
Net Fees and Commissions Income	226.321	98.553	(5.391)	319.483
Other Operating Income and Net Trading Income	7.323	4.972	(152.631)	(140.336)
Dividend Income	-	-	2	2
Operating Income	618.754	442.805	111.703	1.173.262
Other Operating Expenses	422.854	232.842	47.138	702.834
Provision for Loan Losses and Other Receivables(-)	161.657	131.186	(26.416)	266.427
Profit Before Taxes	34.243	78.777	90.981	204.001
Provision for Tax	-	-	-	(42.031)
Net Profit/Loss	-	-	-	161.970
Other Segment Accounts	89.759	49.425	12.135	151.319
Capital Expenditures	52.494	28.905	7.975	89.374
Depreciation and Amortization	37.265	20.520	4.160	61.945
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

(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 MARCH 31, 2017**

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

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	421.839	161.970
Weighted Average Amount of Shares Issued (Thousands)	31.500.000	31.500.000
Earnings Per Share	0,01339	0,00514

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)

XXV. Explanations on Other Matters

None.

(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 MARCH 31, 2017

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

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 March 31, 2017 Bank’s total capital has been calculated as TL 11.677.500, (December 31, 2016 – TL 11.241.168) Capital adequacy ratio is %14,25. (December 31, 2016 – % 14,53) This ratio is well above the minimum ratio required by the legislation.

	Current Period March 31, 2017	1/1/2014 Amounts related to previous application(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.150.000	
Share issue premiums	714	
Reserves	7.073.477	
Gains recognized in equity as per TAS	315.937	
Profit	421.839	
Current Period Profit	421.839	
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	10.964.656	
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	328.540	
Improvement costs for operating leasing	72.976	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	211.733	264.666
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	613.249	
Total Common Equity Tier 1 Capital	10.351.407	

(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 MARCH 31, 2017

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

	1/1/2014 Amounts related to previous application(*)
	Current Period March 31, 2017
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 deduct 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 (-)	52.933
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)	10.298.474
TIER II CAPITAL	
Debt instruments and premiums deemed suitable by the BRSA	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	577.720
Provisions (Article 8 of the Regulation on the Equity of Banks)	887.464
Tier II Capital Before Deductions	1.465.184
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	1.465.184
Total Capital (The sum of Tier I Capital and Tier II Capital)	11.763.658
Deductions from Total Capital	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	11.908
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	48.737
Other items to be defined by the BRSA (-)	25.513
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 (-)	-

(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 MARCH 31, 2017

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

	Current Period March 31, 2017	1/1/2014 Amounts related to previous application (*)
TOTAL CAPITAL		
Total Capital	11.677.500	
Total risk weighted amounts	81.943.587	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	12,63%	
Tier 1 Capital Adequacy Ratio	12,57%	
Capital Adequacy Ratio	14,25%	
BUFFERS		
Bank specific total common equity tier I capital ratio	1,25%	
a) Capital conservation buffer requirement	1,25%	
b) Bank specific counter-cyclical buffer requirement	-	
The ratio of Additional Common Equity Tier 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	6,63%	
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)	1.315.058	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	887.464	
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	577.720	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	2.733.406	

(*) 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.

(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 MARCH 31, 2017

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

	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	

(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 MARCH 31, 2017

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

	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 (-)	-	

(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 MARCH 31, 2017

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

	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 I Capital Adequacy Ratio	12,60%	
Capital Adequacy Ratio	14,53%	
BUFFERS		
Bank specific total common equity tier I capital ratio	5,38%	
Capital conservation buffer requirement	0,63%	
Bank specific counter-cyclical buffer requirement	-	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,73%	
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.

(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 MARCH 31, 2017**

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

Information on debt instruments included in the calculation of equity:

	1	2	3	4
Issuer (*)	QATAR NATIONAL BANK S.A.Q.	QATAR NATIONAL BANK S.A.Q.	QATAR NATIONAL BANK S.A.Q.	QATAR NATIONAL BANK S.A.Q.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	Yes	Yes	Yes	Yes
Eligible at stand-alone / consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	289	178	111	-
Par value of instrument (Currency in million)	1.183	728	455	946
Accounting classification	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost
Original date of issuance	April 24, 2008	October 6, 2009	December 28, 2009	December 20, 2011
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	12 years	12 years	12 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends	6 months	6 months	6 months	6 months
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	LIBOR + 4,50%	LIBOR + 4,34%	LIBOR + 4,34%	LIBOR + 4,50%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-

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

(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 MARCH 31, 2017**

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

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

(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 MARCH 31, 2017

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

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

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

GB1 - Overview of Risk Weighted Assets

	Risk Weighted Amount		Minimum Capital Requirement
	31.03.2017	31.03.2016	Current Period
1. Credit Risk (excluding counterparty Credit Risk (CCR))	69.237.085	60.435.676	5.538.967
2. Standardized approach (SA)	69.237.085	60.435.676	5.538.967
3. Internal rating-based (IRB) approach	-	-	-
4. Counterparty credit risk	1.760.008	1.162.195	140.801
5. Standardized approach for counterparty credit Risk (SA-CCR)	1.760.008	1.162.195	140.801
6. Internal model method (IMM)	-	-	-
7. Basic risk weight approach to internal models equity position in the banking account	-	-	-
8. Investments made in collective investment companies – look-through approach	-	-	-
9. Investments made in collective investment companies – mandate-based approach	-	-	-
10. Investments made in collective investment companies - %1250 weighted risk approach	-	-	-
11. Settlement risk	-	-	-
12. Securitization positions in banking accounts	-	-	-
13. IRB ratings-based approach (RBA)	-	-	-
14. IRB Supervisory Formula Approach (SFA)	-	-	-
15. SA/simplified supervisory formula approach (SSFA)	-	-	-
16. Market risk	2.136.225	740.888	170.898
17. Standardized approach (SA)	2.136.225	740.888	170.898
18. Internal model approaches (IMM)	-	-	-
19. Operational Risk	8.810.269	7.652.617	704.822
20. Basic Indicator Approach	8.810.269	7.652.617	704.822
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)	81.943.587	69.991.376	6.555.488

(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 MARCH 31, 2017**

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

III. Explanations on Foreign Currency Exchange Rate Risk

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

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

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

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

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

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

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

US Dollar purchase rate at the date of the balance sheet	TL 3,6386
Euro purchase rate at the date of the balance sheet	TL 3,9083

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
March 31, 2017	3,6386	3,9083
March 30, 2017	3,6416	3,9268
March 29, 2017	3,6186	3,9283
March 28, 2017	3,5931	3,9045
March 27, 2017	3,6185	3,9051

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 March 2017 are TL 3,6659 and TL 3,9158 respectively.

(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 MARCH 31, 2017

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

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⁾	2.096.555	7.282.619	1.437.026	10.816.200
Due From Banks	78.943	554.488	17.266	650.697
Financial Assets at Fair Value through Profit/Loss ⁽²⁾	75.431	116.832	5	192.268
Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	380.512	2.688.126	-	3.068.638
Loans and Receivables ⁽³⁾	8.693.011	9.162.514	23.039	17.878.564
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Investment Securities Held-to-Maturity	17.252	3.158.435	-	3.175.687
Derivative Financial Assets Hedging Purposes	1.653	36.061	-	37.714
Tangible Assets	-	-	49	49
Intangible Assets	-	-	-	-
Other Assets ⁽⁴⁾	161.645	291.654	4	453.303
Total Assets	11.505.002	23.290.729	1.477.389	36.273.120
Liabilities				
Bank Deposits	658.052	3.667.159	354.221	4.679.432
Foreign Currency Deposits ⁽⁵⁾	7.232.090	16.157.435	1.288.120	24.677.645
Money Market Borrowings	188.487	3.687.948	-	3.876.435
Funds Provided from Other Financial Institutions	2.668.612	11.468.685	1.835.871	15.973.168
Securities Issues ⁽⁶⁾	-	3.396.030	-	3.396.030
Sundry Creditors	2.739.925	1.380.068	5.137	4.125.130
Derivative Fin. Liabilities for Hedging Purposes	63.405	163.590	-	226.995
Other Liabilities ⁽⁷⁾	108.802	328.509	161	437.472
Total Liabilities	13.659.373	40.249.424	3.483.510	57.392.307
Net Balance Sheet Position	(2.154.371)	(16.958.695)	(2.006.121)	(21.119.187)
Net Off-Balance Sheet Position				
Financial Derivative Assets	2.168.579	15.198.506	1.978.733	19.345.818
Financial Derivative Liabilities	6.989.613	50.797.939	2.094.089	59.881.641
Non-Cash Loans ⁽⁸⁾	4.821.034	35.599.433	115.356	40.535.823
	2.802.650	4.269.761	87.011	7.159.422
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 ⁽⁷⁾	2.203.845	3.737.029	72.130	6.013.004

(1) Cash and Balances with TR Central Bank; Other FC include TL 1.418.723 (December 31, 2016 – TL 1.554.973) precious metal deposit account.

(2) Does not include TL 37.355 (December 31, 2016 – TL 38.111) of currency income accruals arising from derivative transactions.

(3) Includes 3.623.561 (December 31, 2016 – TL 3.859.134) FC indexed loans.

(4) Does not include FC prepaid expenses amounting to TL 3.234 (December 31, 2016 – TL 3.375) as per BRSA's Communique published in Official Gazette no 26085 on 19 February 2006.

(5) Other foreign currency includes TL 944.741 (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 3.216 (December 31, 2016 – TL 41.958)

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

(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 MARCH 31, 2017

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

As of March 31, 2017, the net foreign currency exposure of the Bank is TL 1.773.369 short position (December 31, 2016–TL 1.769.727 short) resulting from on balance sheet short position amounting to TL 21.119.187 (December 31, 2016 –TL 13.800.861 short) and off balance sheet long position amounting to TL 19.345.818 (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 390.701 following the fair value hedge accounting since the debt instrument at amount of USD 380 million (TL 1.382.668) 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	8.438.170	-	-	-	-	5.659.286	14.097.456
Due from Banks	376.748	2.073	8.317	-	-	277.408	664.546
Financial Assets at Fair Value Through Profit/Loss (**)	79	580	1.527	26.306	85.216	5.942.391	6.056.099
Money Market Placements	381.413	-	-	-	-	-	381.413
Inv. Securities Available for Sale	821.457	1.056.578	1.625.868	907.154	2.796.955	(4.875)	7.203.137
Loans and Receivables	13.971.393	8.163.974	22.661.861	20.094.457	2.681.075	1.599.230	69.171.990
Inv. Securities Held to Maturity	675.888	951.632	1.521.933	1.163.817	2.198.626	120.885	6.632.781
Other Assets	-	-	-	-	-	4.802.807	4.802.807
Total Assets	24.665.148	10.174.837	25.819.506	22.191.734	7.761.872	18.397.132	109.010.229
Liabilities							
Bank Deposits	4.346.539	690.493	31.091	-	-	470.444	5.538.567
Other Deposits	30.702.284	9.548.715	2.843.979	168.994	-	11.624.645	54.888.617
Money Market Borrowings	2.677.075	441.724	1.283.372	-	173.163	8.661	4.583.995
Sundry Creditors	4.125.130	-	-	-	-	2.293.559	6.418.689
Securities Issued	751.123	545.059	1.340.451	1.813.101	-	76.978	4.526.712
Funds Borrowed	3.475.474	8.339.806	4.107.911	16.865	-	146.391	16.086.447
Other Liabilities (***)	-	-	-	-	-	16.967.202	16.967.202
Total Liabilities	46.077.625	19.565.797	9.606.804	1.998.960	173.163	31.587.880	109.010.229
On Balance Sheet Long Position	-	-	16.212.702	20.192.774	7.588.709	-	43.994.185
On Balance Sheet Short Position	(21.412.477)	(9.390.960)	-	-	-	(13.190.748)	(43.994.185)
Off-Balance Sheet Long Position	4.871.784	13.534.832	58.986	-	-	-	18.465.602
Off-Balance Sheet Short Position	-	-	-	(11.783.051)	(3.243.187)	-	(15.026.238)
Total Position	(16.540.693)	4.143.872	16.271.688	8.409.723	4.345.522	(13.190.748)	3.439.364

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

(***) Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 380.805

(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 MARCH 31, 2017

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

Prior Period	Up to 1	1-3 Months	3-12 Months	1-5 Years	5 Years	Non-Interest	Total
	Month				and Over	Bearing (*)	
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	-	1,00	-	4,00
Due from Banks	-	1,10	-	11,67
Financial Assets at Fair Value Through Profit/Loss	2,48	5,27	-	10,97
Money Market Placements	-	-	-	11,76
Investment Securities Available for Sale	3,51	4,83	-	10,02
Loans and Receivables	4,09	5,34	2,63	14,66
Investment Securities Held to Maturity	2,96	5,21	-	11,33
Liabilities				
Bank Deposits	0,95	1,30	-	10,66
Other Deposits	1,30	2,81	1,12	11,10
Money Market Borrowings	0,24	1,53	-	10,69
Sundry Creditors	0,35	0,74	-	-
Securities Issued	-	5,81	-	11,91
Funds Borrowed	1,30	3,50	-	7,65

(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 MARCH 31, 2017

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

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)	Comparison		
	Carrying Value	Fair Value	Market Value
1. Investment in Shares- grade A	-	-	-
Quoted Securities	-	-	-
2. Investment in Shares- grade B	472.100	-	472.100
Quoted Securities	472.100	-	472.100
3. Investment in Shares- grade C	-	-	-
Quoted Securities	-	-	-
4. Investment in Shares- grade Other (*)	320.092 (*)	295.479	-

(*)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	-	309.434	309.434	-	-	-
2. Quoted Shares	-	-	-	-	-	-
3. Other Shares	-	-	-	-	-	-
4. Total	-	309.434	309.434	-	-	-

(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 MARCH 31, 2017**

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

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

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

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

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

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

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

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

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

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

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

(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 MARCH 31, 2017**

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

Liquidity Coverage Ratio

CURRENT PERIOD - March 31, 2017	Unweighted Amounts^(*)		Weighted Amounts^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS			17.437.699	8.394.126
1. High Quality Liquid Assets	19.639.146	6.712.329	17.437.699	8.394.126
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	40.311.237	17.363.966	3.536.288	1.736.397
3. Stable deposits	9.896.723	-	494.836	-
4. Less stable deposits	30.414.514	17.363.966	3.041.452	1.736.397
5. Unsecured Funding other than Retail and Small Business Customers Deposits	16.441.121	9.167.476	11.103.642	6.549.749
6. Operational deposits	430.252	35.622	107.563	8.905
7. Non-Operational Deposits	12.082.630	7.298.424	7.590.005	4.707.413
8. Other Unsecured Funding	3.928.239	1.833.430	3.406.074	1.833.431
9. Secured funding			754.179	754.179
10. Other Cash Outflows	20.936.078	11.154.129	20.936.078	11.154.129
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	20.936.078	11.154.129	20.936.078	11.154.129
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	394.499	-	19.725	-
15. Other irrevocable or conditionally revocable commitments	55.131.617	7.945.577	3.732.964	688.477
16. TOTAL CASH OUTFLOWS			40.082.876	20.882.931
CASH INFLOWS				
17. Secured Lending Transactions	828.056	-	-	-
18. Unsecured Lending Transactions	6.120.323	902.476	3.771.690	734.815
19. Other contractual cash inflows	19.524.956	13.988.430	19.524.956	13.988.430
20. TOTAL CASH INFLOWS	26.473.335	14.890.906	23.296.646	14.723.245
			Capped Amounts	
21. TOTAL HIGH QUALITY LIQUID ASSETS			17.437.699	8.394.126
22. TOTAL NET CASH OUTFLOWS			16.786.230	6.159.686
23. Liquidity Coverage Ratio (%)			103,88%	136,28%

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

(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 MARCH 31, 2017

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

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.

(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 MARCH 31, 2017

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

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of 2017 are explained in the table below. According to “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette no. 28948, dated March 21, 2014.

	Maximum	Week	Minimum	Week	Average
TL+FC	111,3	27.01.2017	97,9	03.03.2017	104,2
FC	158,3	17.03.2017	121,6	24.02.2017	135,8

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

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

Funding sources of the Bank mainly consist of deposits which constitute 55% of total liabilities of the bank (December 31, 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.

(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 MARCH 31, 2017

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

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	5.461.866	8.635.590	-	-	-	-	-	14.097.456
Due from Banks	277.408	376.748	2.073	8.317	-	-	-	664.546
Financial Assets at Fair Value Through Profit/Loss ⁽²⁾	-	388.681	510.962	1.723.258	3.181.602	251.596	-	6.056.099
Money Markets Placements	-	381.413	-	-	-	-	-	381.413
Investment Securities Available for Sale	56.988	-	324	780.618	2.089.409	4.275.798	-	7.203.137
Loans and Receivables	-	12.349.547	6.369.161	20.318.956	22.934.032	6.628.324	571.970	69.171.990
Investment Securities Held to Maturity	-	52.234	-	199.433	2.347.609	4.033.505	-	6.632.781
Other Assets	-	1.428.666	-	-	429.309	-	2.944.832	4.802.807
Total Assets	5.796.262	23.612.879	6.882.520	23.030.582	30.981.961	15.189.223	3.516.802	109.010.229
Liabilities								
Bank Deposits	464.342	4.351.047	692.042	31.136	-	-	-	5.538.567
Other Deposits	11.380.992	30.842.240	9.600.492	2.891.920	172.973	-	-	54.888.617
Funds Borrowed	-	585.229	2.079.468	8.223.166	4.991.913	206.671	-	16.086.447
Money Market Borrowings	-	2.302.093	378.233	976.503	156.150	771.016	-	4.583.995
Securities Issued	-	751.605	545.230	1.368.656	1.861.221	-	-	4.526.712
Sundry Creditors	-	3.277.734	223.180	1.045.519	1.872.256	-	-	6.418.689
Other Liabilities ⁽³⁾	-	1.836.583	567.425	576.493	1.214.462	316.595	12.455.644	16.967.202
Total Liabilities	11.845.334	43.946.531	14.086.070	15.113.393	10.268.975	1.294.282	12.455.644	109.010.229
Liquidity Excess / Gap	(6.049.072)	(20.333.652)	(7.203.550)	7.917.189	20.712.986	13.894.941	(8.938.842)	-
Net Off Balance Sheet Exposure ⁽⁴⁾	-	(23.190)	(228.596)	1.199.641	1.476.752	19.141	-	2.443.748
Receivables from Derivatives	-	18.966.444	14.155.790	21.350.981	26.569.598	7.214.896	-	88.257.709
Liabilities from Derivatives	-	18.989.634	14.384.386	20.151.340	25.092.846	7.195.755	-	85.813.961
Non-cash Loans ⁽⁵⁾	-	517.237	1.042.644	4.863.600	1.220.334	283.842	6.853.566	14.781.223
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 10.741.573 and unallocated provisions amounting to TL 1.712.573
- (2) Financial Assets at Fair Value Through Profit/Loss include derivative financial assets held for hedging purposes amounting to TL 3.231.026
- (3) Other Liabilities also include derivative financial liabilities held for hedging purposes amounting to TL 380.805.
- (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.

(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 MARCH 31, 2017

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

VII. Information regarding Leverage Ratio

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

The Bank's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 6,05% (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)	99.884.444	93.634.277
(Assets deducted from capital stock)	334.834	328.574
Total risk amount related to Assets on Balance sheet	99.549.610	93.305.703
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	6.539.165	5.373.284
Potential credit risk amount of derivative financial instruments and credit derivatives	903.477	771.119
Total risk amount related to derivative financial instruments and credit derivatives	7.442.642	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	59.455.194	55.287.497
(Adjustment amount sourcing from multiplying to credit conversion rates)	(430.992)	(211.383)
Total risk amount related to off-balance sheet transactions	59.024.202	55.076.114
Capital and Total Risk		
Core Capital	10.048.501	9.646.280
Amount of total risk	166.016.454	154.526.220
Financial leverage ratio	6,05%	%6,24
Financial leverage ratio	6,05%	%6,24

^(*) Amounts stated in table shows the last quarter averages of related 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
FOR THE PERIOD ENDED MARCH 31, 2017

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

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	588.850	295.362	685.251	376.428
T.R. Central Bank	2.670.472	10.512.732	1.244.513	10.795.316
Other	21.934	8.106	96	2.279
Total	3.281.256	10.816.200	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	946.029	1.877.142	1.244.513	1.697.337
Restricted Time Deposits	1.724.443	8.635.590	-	9.097.979
Total	2.670.472	10.512.732	1.244.513	10.795.316

As of March 31, 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.

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

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

a) Trading securities given as collateral or blocked

As of March 31, 2017 amount of financial assets at fair value through profit/loss which has given as collateral or blocked is TL 775. None (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	60.224	-	106.629	-
Swap Transactions	2.424.414	173.659	2.464.874	145.519
Futures Transactions	-	197	-	388
Options	1.541	51.674	3.393	54.465
Other	-	-	-	-
Total	2.486.179	225.530	2.574.896	200.372

(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 MARCH 31, 2017

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

3. a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	13.337	18.233	13.186	47
Foreign	512	632.464	317	260.236
Foreign Head Offices and Branches	-	-	-	-
Total	13.849	650.697	13.503	260.283

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	427.207	140.196	11.930	11.284
USA and Canada	150.308	69.269	37.520	36.234
OECD Countries (*)	2.885	1.586	-	-
Off-shore Banking Regions	-	-	-	-
Other	3.126	1.984	-	-
Total	583.526	213.035	49.450	47.518

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

(**) Includes blocked placements amounting to TL 49.450 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	100.032	-	1.300.605	-
T.R Central Bank	-	-	-	-
Banks	100.032	-	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	100.032	-	1.300.605	-

(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 MARCH 31, 2017

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

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	406.038	906.695	252.663	807.931
Subject to repurchase agreements	498.824	2.060.068	1.017.007	2.003.627
Total	904.862	2.966.763	1.269.670	2.811.558

b) Investment securities available for sale

	Current Period	Prior Period
Debt securities	7.309.064	7.250.707
Quoted on a stock exchange (*)	7.309.064	7.250.707
Unquoted on a stock exchange	-	-
Share certificates	57.095	49.293
Quoted on a stock exchange	-	-
Unquoted on a stock exchange (**)	57.095	49.293
Impairment provision(-)	(163.022)	(268.052)
Total	7.203.137	7.031.948

(*) The Eurobond Portfolio amounting to TL 1.885.414 (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(*)	76.390	-	80.379	-
Total	76.390	-	81.558	-

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

(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 MARCH 31, 2017

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

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 and Other Receivables		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	Other	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	Other
		Extension of Repayment Plan			Extension of Repayment Plan	
Non-specialized Loans	64.253.809	1.313.694	-	4.364.799	1.925.742	-
Discount Notes	782.700	-	-	3.568	-	-
Export Loans	1.713.791	-	-	264.248	-	-
Import Loans	15.883	-	-	-	-	-
Loans Given to Financial Sector	1.012.768	-	-	-	-	-
Retail Loans	13.498.453	248.286	-	738.146	248.680	-
Credit Cards	8.878.579	236.181	-	402.174	134.895	-
Other	38.351.635	829.227	-	2.956.663	1.542.167	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	64.253.809	1.313.694	-	4.364.799	1.925.742	-

(*) The loans amounting to TL 18.588 (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 and Other Receivables under Follow-up
1 or 2 times	1.278.241	1.868.669
3, 4 or 5 times	31.750	50.188
Over 5 times	3.703	6.885
Total	1.313.694	1.925.742

Payment Plan Amendment with the Extended Time	Standard Loans and Other Receivables	Loans and Other Receivables Monitoring
0 - 6 months	329.146	289.619
6 - 12 months	37.275	87.277
1 - 2 years	143.393	156.617
2 - 5 years	505.535	744.207
5 years and over	298.345	648.022
Total	1.313.694	1.925.742

c) Loans according to their maturity structure

Cash Loans (*)	Performing Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
		Short-term Loans		Medium and Long-term Loans
Short-term Loans	25.079.356	236.181	402.174	134.895
Non-specialized Loans	25.079.356	236.181	402.174	134.895
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	39.174.453	1.077.513	3.962.625	1.790.847
Non-specialized Loans	39.174.453	1.077.513	3.962.625	1.790.847
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	64.253.809	1.313.694	4.364.799	1.925.742

(*) The loans amounting to TL 18.588 (December 31, 2016 – TL 22.971) are classified under “Loans at Fair Value Through Profit/Loss” in the 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 MARCH 31, 2017

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

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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
Consumer Loans-TL	334.262	12.470.755	12.805.017	148.009
Housing Loans	1.157	4.905.197	4.906.354	65.752
Automobile Loans	196	23.064	23.260	191
Personal Need Loans	332.905	7.542.494	7.875.399	82.066
Other	4	-	4	-
Consumer Loans-FC Indexed	-	6.996	6.996	11.440
Housing Loans	-	6.708	6.708	10.876
Automobile Loans	-	-	-	-
Personal Need Loans	-	288	288	564
Other	-	-	-	-
Consumer Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-TL	7.148.879	395.779	7.544.658	80.104
Installment	2.563.303	395.779	2.959.082	31.434
Non- Installment	4.585.576	-	4.585.576	48.670
Individual Credit Cards-FC	3.011	-	3.011	19
Installment	-	-	-	-
Non- Installment	3.011	-	3.011	19
Personnel Loans-TL	6.490	40.151	46.641	266
Housing Loans	-	551	551	3
Automobile Loans	-	-	-	-
Personal Need Loans	6.490	39.600	46.090	263
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	27.062	-	27.062	42
Installment	10.631	-	10.631	-
Non-Installment	16.431	-	16.431	42
Personnel Credit Cards-FC	59	-	59	-
Installment	-	-	-	-
Non-Installment	59	-	59	-
Overdraft Accounts-TL (Real Persons)	1.141.784	-	1.141.784	76.446
Overdraft Accounts-FC (Real Persons)	-	-	-	-
Total	8.661.547	12.913.681	21.575.228	316.326

(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 MARCH 31, 2017

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

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	728.608	14.958.454	15.687.062	316.513
Real Estate Loans	-	325.409	325.409	8.580
Automobile Loans	3.274	192.973	196.247	3.668
Personal Need Loans	725.334	14.440.072	15.165.406	304.265
Other	-	-	-	-
Commercial Loans with Installment Facility - FC Indexed	9.725	1.197.502	1.207.227	381.330
Real Estate Loans	-	27.773	27.773	12.177
Automobile Loans	491	68.622	69.113	16.565
Personal Need Loans	9.234	1.101.107	1.110.341	352.588
Other	-	-	-	-
Commercial Loans with Installment Facility – FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards –TL	1.596.610	11.401	1.608.011	17.020
Installment	447.867	11.401	459.268	4.861
Non-Installment	1.148.743	-	1.148.743	12.159
Corporate Credit Cards –FC	762	-	762	5
Installment	-	-	-	-
Non-Installment	762	-	762	5
Overdraft Accounts-TL (Legal Entities)	848.090	-	848.090	6.289
Overdraft Accounts-FC (Legal Entities)	-	-	-	-
Total	3.183.795	16.167.357	19.351.152	721.157

f) Loans according to borrowers (*)

	Current Period	Prior Period
Public	256.563	248.823
Private	68.362.045	62.061.338
Total	68.618.608	62.310.161

(*) The loans amounting to TL 18.588 (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	68.283.838	62.029.683
Foreign Loans	334.770	280.478
Total	68.618.608	62.310.161

(*) The loans amounting to TL 18.588 (December 31, 2016– TL 22.971) are classified under “Loans at Fair Value Through Profit/Loss in the 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 MARCH 31, 2017

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

h) Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	272.533	265.304
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	272.533	265.304

i) Specific provisions for loans

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectability	71.999	71.532
Doubtful Loans and Other Receivables	283.974	326.935
Uncollectible Loans and Receivables	3.139.176	2.829.390
Total	3.495.149	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)	581	1.478	88.449
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	581	1.478	88.449
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 (+)	394.352	12.685	39.450
Transfers from Other Categories of Non-Performing Loans (+)	-	347.207	404.110
Transfers to Other Categories of Non-Performing Loans (-)	347.207	404.110	-
Collections (-)	44.818	41.703	133.759
Write-offs (-)*	-	-	15
Corporate and Commercial Loans	-	-	15
Consumer Loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Period End Balance	359.996	567.947	3.139.176
Specific Provision (-)	71.999	283.974	3.139.176
Net Balances on Balance Sheet	287.997	283.973	-

(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 MARCH 31, 2017

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

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)	287.997	283.973	-
Loans to Real Persons and Legal Entities (Gross)	359.996	567.947	3.113.167
Specific provision (-)	(71.999)	(283.974)	(3.113.167)
Loans to Real Persons and Legal Entities (Net)	287.997	283.973	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	26.009
Specific provision (-)	-	-	(26.009)
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.

(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 MARCH 31, 2017

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

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	158.290	181.278	566.844	125.217
Subject to repurchase agreements	225.386	2.794.950	490.816	2.319.421
Total	383.676	2.976.228	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	3.457.094	2.136.613	3.383.952	1.471.352
Treasury Bill	-	-	-	-
Other Debt Securities	-	461.013	-	444.242
Total	3.457.094	2.597.626	3.383.952	1.915.594

c) Information on investment securities held-to-maturity

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	3.457.094	3.175.687	3.383.952	2.516.555
Publicly-traded	3.457.094	3.175.687	3.383.952	2.516.555
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	3.457.094	3.175.687	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	71.804	369.033
Acquisitions during the year	683.036	1.478.607
Disposals through sales and redemptions	(87.841)	-
Provision for losses (-)	-	-
Valuation effect	65.275	178.953
The sum of end of the period	6.632.781	5.900.507

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

FINANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017

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

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
Bankalararası Kart Merkezi (BKM) ^(*)	Istanbul/Turkey	9,23%	9,23%

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
80.262	39.897	50.529	904	-	10.403	3.869	-

^(*)Current amounts stated in table are from December 31, 2016 and prior period profit&loss amounts are taken from the financials of December 31 2015.

b) Information on the consolidated subsidiaries:

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

(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 MARCH 31, 2017

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

8.4. Quoted Associates

None (December 31, 2016 - None).

8.5. Valuation methods of investments in associates

	Current Period	Prior Period
Valued at Cost	3.766	3.766
Valued at Fair Value	-	-
Valued at Equity Method	-	-
Total	3.766	3.766

9. Investments in subsidiaries (Net)

a) Information on the unconsolidated subsidiaries

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

(*)	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	49.312	27.427	16.445	-	-	3.356	(1.435)	-
2.	10.997	4.327	6.049	-	-	794	1.083	-

(*) Current period information is obtained from financial statements as of March 31, 2017, prior period profit and loss information is obtained from financial statements as of March 31, 2016.

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

FINANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017

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

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.	287.060	128.137	3.222	4.990	459	3.922	1.572	75.091
2.	3.205.610	696.908	3.620	63.731	-	29.155	13.795	472.100 ^(*)
3.	25.422	24.143	4.338	1.038	-	(1.458)	(518)	-
4.	13.321	12.193	137	346	-	(121)	19	-
5.	775.901	69.208	1.400	27.792	-	3.517	1.791	65.350

^(*) 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	(6.635)	322.618
Purchases ^(*)	-	248.078
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Disposals	-	-
Changes Due to Reclassification	-	-
Revaluation Increase	(6.635)	74.540
Impairment Provision	-	-
Balance at the End of the Period	640.937	647.572
Capital Commitments	30.000	30.000
Share Percentage at the end of the Period (%)	%100	%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.

b.3) Sectoral distribution of subsidiaries

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	65.350	64.358
Leasing Companies	472.100	478.959
Finance Companies	28.395	28.395
Other Subsidiaries	75.092	75.860
Total	640.937	647.572

(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 MARCH 31, 2017**

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

b.4) Quoted subsidiaries within the context of consolidation

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	472.100	478.959
Quoted on International Stock Exchanges	-	-
Total	472.100	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. (*)	1.021.159	91.032	684.465	-	-	31.097	15.066	126.643
2.	48.973	27.121	26.970	-	-	6.302	7.495	-

(*) Cigna Finans Emeklilik ve Hayat A.Ş., is accounted with fair value method as Comminique 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 (*)	2.318.955	20.857	2.346.595	18.509
Cash Flow Hedge (**)	874.357	16.857	1.063.182	15.052
Foreign Net Investment Hedges	-	-	-	-
Total	3.193.312	37.714	3.409.777	33.561

(*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of March 31, 2017, TL 14.789 from securities (December 31, 2016 – TL 14.060), TL 5.061 (December 31, 2016 - TL 3.151) from securities issued, TL 1.007 (December 31, 2016 – 1.298) from funds borrowed, and TL 2.318.995 (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.

13. Explanations regarding the investment properties

None (December 31, 2016- None).

(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 MARCH 31, 2017

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

14. Information on Tax Asset

As of March 31, 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 March 31, 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
Cheques Receivables from Other Banks	496.130	422.788
Collateral Given for Derivative Transactions	307.168	212.792
Other Prepaid Expenses	429.309	367.420
Assets Held for Resale (net)	422.117	372.799
Miscellaneous Receivables	104.198	100.777
Prepaid rent expenses	35.587	34.132
Advances Given	2.719	3.083
Prepaid Agency Commissions	12.363	2.724
Other	48.384	23.764
Total	1.857.975	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	3.193.312	37.714	3.409.777	33.561
Assets on Trading Derivatives	2.486.179	225.530	2.574.896	200.372
Loans and Receivables	747.136	280.124	708.977	217.258
Investments Securities Available for Sale	26.047	(81.172)	(23.660)	(181.297)
Investments Held-to-Maturity	84.884	36.000	68.347	28.291
Central Bank of Turkey	20.284	-	14.264	13
Banks	1.904	9	1.664	4
Trading Securities	(394)	50	20	(387)
Other Accruals	20.994	655	13.948	615
Total	6.580.346	498.910	6.768.233	298.430

(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 MARCH 31, 2017

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

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	2.499.807	-	2.605.761	13.240.536	720.050	369.163	903.258	2.705	20.341.280
Foreign Currency Deposits	5.350.763	-	2.315.863	13.276.943	1.550.826	711.747	526.421	341	23.732.904
Residents in Turkey	5.246.453	-	2.296.308	13.001.213	1.493.360	687.428	473.618	307	23.198.687
Residents Abroad	104.310	-	19.555	275.730	57.466	24.319	52.803	34	534.217
Public Sector Deposits	251.170	-	1.581	21.778	6.803	-	156	-	281.488
Commercial Deposits	2.369.454	-	2.069.732	3.170.039	324.572	533.989	423.619	-	8.891.405
Other Ins. Deposits	38.781	-	55.664	251.185	29.644	305.896	15.629	-	696.799
Precious Metal Deposits	871.017	-	-	3.416	810	3.408	66.090	-	944.741
Bank Deposits	464.342	-	2.315.840	2.501.357	177.675	77.155	2.198	-	5.538.567
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	9.802	-	2.161.984	318.037	-	-	2.198	-	2.492.021
Foreign Banks	25.449	-	153.856	2.183.320	177.675	77.155	-	-	2.617.455
Participation Banks	429.091	-	-	-	-	-	-	-	429.091
Other	-	-	-	-	-	-	-	-	-
Total	11.845.334	-	9.364.441	32.465.254	2.810.380	2.001.358	1.937.371	3.046	60.427.184

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

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

FİNANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017

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

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	11.147.153	11.407.962	9.193.484	10.196.172
Foreign Currency Savings Deposits	3.765.883	2.822.431	13.528.596	11.965.439
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	14.913.036	14.230.393	22.722.080	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	6.052	51.038
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close	42.174	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	48.226	92.684

2. Information on trading purpose derivatives

a) Negative value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	82.901	-	199.244	-
Swaps	2.211.134	155.033	2.187.605	164.211
Futures	-	227	-	334
Options	1.352	34.181	168	50.376
Other	-	-	-	-
Total	2.295.387	189.441	2.387.017	214.921

(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 MARCH 31, 2017

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

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	113.279	152.670	101.236	145.034
Foreign Bank, Institutions and Funds	-	12.440.121	-	10.511.637
Total	113.279	12.592.791	101.236	10.656.671

b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	113.279	4.441.501	101.236	3.520.047
Medium and Long-Term	-	8.151.290	-	7.136.624
Total	113.279	12.592.791	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 March 31, 2017, the Bank's liabilities comprise; 55% deposits (December 31, 2016 – 53%), 12% funds borrowed (December 31, 2016 – 11%), 4% 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	697.710	-	1.486.631	-
Financial institutions and organizations	670.754	-	1.458.885	-
Other institutions and organizations	10.613	-	10.315	-
Real persons	16.343	-	17.431	-
From foreign transactions	9.850	3.876.435	8.413	3.519.709
Financial institutions and organizations	-	3.876.435	-	3.519.709
Other institutions and organizations	9.850	-	8.413	-
Real persons	-	-	-	-
Total	707.560	3.876.435	1.495.044	3.519.709

(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 MARCH 31, 2017**

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

5. Information on securities issued (Net)

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1.130.682	243.786	1.124.543	53.683
Bills	-	3.152.244	-	3.133.345
Total	1.130.682	3.396.030	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	598	530	786	704
Between 1 - 4 years	207	184	264	236
More than 4 years	-	-	-	-
Total	805	714	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).

(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 MARCH 31, 2017

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

8. Information on liabilities arising from hedging purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (*)	1.626	186.245	-	190.559
Cash Flow Hedge (**)	152.184	40.750	196.239	39.930
Net Investment Hedge	-	-	-	-
Total	153.810	226.995	196.239	230.489

(*) Derivative financial instruments for hedging purposes include swaps. As of March 31, 2017, TL 28.072 (December 31, 2016 – TL 27.211) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio, TL159.799 (December 31, 2016 –TL 163.348) represents security portfolio. As of March 31, 2017, fair value of derivatives which are hedging instruments of hedged borrowings is none (December 31, 2016 – None).

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

9. Information on provisions

9.1. Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	968.409	967.651
-Additional Provision for Loans and Receivables with Extended Maturities	44.261	50.911
Provisions for Loans and Receivables in Group II	185.257	181.934
-Additional Provision for Loans and Receivables with Extended Maturities	53.791	49.750
Provisions for Non - Cash Loans	109.495	99.685
Other	51.897	39.124
Total	1.315.058	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 (*)	7.960	438

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

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

The specific provision for non-cash loans which are related with the non-performing cash loans in arrears or the loans which were written off from balance sheet is TL 43.934 (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 March 31, 2017, TL 141.371 (December 31, 2016 - TL 138.930) reserve for employee termination benefits was provided in the accompanying financial statements.

As of March 31, 2017, the Bank accrued TL 41.916 (December 31, 2016 – TL 38.488) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of March 31, 2017 TL 33.396 (December 31, 2016- TL 99.177) bonus and premium provisions have been provided under reserve for employee benefits account in the accompanying 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 MARCH 31, 2017

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

9.4.1. Movement of employee termination benefits

	Current Period	Prior Period
	01.01-31.03.2017	01.01-31.03.2016
As of January 1	138.930	125.433
Service Cost	4.655	4.536
Interest Cost	3.842	3.354
Settlement / curtailment / termination loss	4.429	3.801
Actuarial Difference	-	-
Paid during the period	(10.485)	(8.564)
Total	141.371	128.560

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	4.598	39.901
Provision for Promotion Expenses of Credit Cards	6.979	7.707
Other Provisions	125.321	114.804
Total	136.898	162.412

As of March 31, 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 March 31, 2017, the Bank has TL 201.251 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	201.251	188.032
Banking and Insurance Transaction Tax (BITT)	40.861	42.253
Taxation on Securities Income	2.966	2.013
Taxation on Real Estates Income	51.356	51.701
Other	43.186	23.658
Total	339.620	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.

(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 MARCH 31, 2017

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

10.1.3. Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee Share	19.541	15.895
Social Security Premiums - Employer Share	10.990	16.988
Unemployment Insurance - Employee Share	704	1.118
Unemployment Insurance - Employer Share	1.408	2.235
Total	32.643	36.236

10.1.4. Information on deferred tax liability

As of March 31, 2017 the Bank has TL 1.498 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 March 31, 2017 the Bank has presented the net amount of deferred tax asset of TL 270.895 (December 31, 2016–TL 275.791) and deferred tax liability of TL 272.393 (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 55.429 (December 31, 2016 –TL 104.229 deferred tax asset) is netted in the equity.

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Provision for Employee Rights	216.683	276.595	43.337	55.319
Difference Between the Book Value of Financial Assets and Tax Base	465.754	449.221	93.151	89.844
Other	672.037	653.138	134.407	130.628
Deferred Tax Assets			270.895	275.791
Difference Between the Book Value Financial Fixed Assets and Tax Base	(201.851)	(204.448)	(40.370)	(40.890)
Difference Between the Book Value of Financial Assets and Tax Base	(867.057)	(795.870)	(173.411)	(159.174)
Other	(293.061)	(211.048)	(58.612)	(42.210)
Deferred Tax Liabilities			(272.393)	(242.274)
Deferred Tax Assets/(Liabilities), Net			(1.498)	33.517

	Current Period	Prior Period
Deferred Tax as of January 1 Active/ (Passive) - Net	33.517	78.968
Deferred Tax (Loss) / Gain	13.785	(42.031)
Deferred Tax that is Realized Under Shareholder's Equity	(48.800)	983
December 31 Deferred Tax Active/ (Passive) - Net	(1.498)	37.920

11. Information on payables related to assets held for sale

None (December 31, 2016 – None).

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

FINANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017

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

12. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	3.380.377	-	3.235.793
From Other Foreign Institutions	-	-	-	-
	-	3.380.377	-	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. USD 585 million of existing subordinated loans will mature in 2021, USD 325 million will mature in 2020. In accordance with the share purchase agreement signed on 21 December 2015, mentioned subordinated loans was transferred to QNB as of June 15, 2016 with remaining unchanged all terms and conditions.

13. Information on shareholder's equity

13.1. Paid-in capital

	Current Period	Prior Period
Common Stock	3.150.000	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	12.000.000	12.000.000

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

None (December 31, 2016 – TL 150.000.000).

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).

(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 MARCH 31, 2017

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

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	309.434	-	316.069	-
Valuation Difference	309.434	-	316.069	-
Foreign Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(16.236)	(263.782)	(40.675)	(379.478)
Valuation Difference	(16.236)	(263.782)	(40.675)	(379.478)
Foreign Exchange Rate Difference	-	-	-	-
Total	293.198	(263.782)	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	212.514	37.222	207.571	29.299
Derivative Financial Liabilities Held for Trading	2.295.387	189.441	2.387.017	214.921
Funds Borrowed	1.789	144.601	1.385	71.325
Money Market Borrowings	215	8.445	1.293	8.699
Derivative Financial Liabilities Held for Hedging Purposes	153.810	226.995	196.239	230.489
Securities Issued	-	76.978	-	34.927
Other Accruals	152.976	259	94.880	125
Total	2.816.691	683.941	2.888.385	589.785

(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 MARCH 31, 2017

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

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	20.995.772	19.365.124
Credit Cards Limit Commitments	16.634.956	16.396.189
Forward Asset Purchase Commitments	3.199.288	1.216.540
Payment Commitments for Cheques	2.798.454	2.707.388
Other Irrevocable Commitments	1.653.973	1.580.388
Capital commitments of associates and subsidiaries	30.000	30.000
Commitments for promotions related with credit cards and banking activities	25.598	19.721
Tax and Fund Liabilities due to Export Commitments	10.694	10.267
Total	45.348.735	41.325.617

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

Specific provision is provided for the non-cash loans amounting to TL 43.934 (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	1.842.679	1.255.477
Letters of Credit	1.280.533	1.121.818
Other Guarantees	-	-
Total	3.123.212	2.377.295

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

	Current Period	Prior Period
Provisional Letters of Guarantee	1.098.682	719.081
Final Letters of Guarantee	5.286.962	5.179.891
Advance Letters of Guarantee	701.903	500.730
Letters of Guarantee Given to Customs Offices	338.311	347.024
Other Letters of Guarantee	4.232.153	4.059.989
Total	11.658.011	10.806.715

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	1.123.262	1.116.069
Less Than or Equal to One Year with Original Maturity	234.211	256.881
More Than One Year with Original Maturity	889.051	859.188
Other Non-Cash Loans	13.657.961	12.067.941
Total	14.781.223	13.184.010

(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 MARCH 31, 2017

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

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

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	36.206	0,48	2.790	0,04	34.061	0,47	6.774	0,11
Farming and Raising Livestock	33.005	0,43	-	-	32.713	0,46	265	-
Forestry	683	0,01	-	-	251	-	-	-
Fishing	2.518	0,03	2.790	0,04	1.097	0,02	6.509	0,11
Manufacturing	1.045.263	13,71	3.896.689	54,43	1.047.136	14,60	2.993.067	49,78
Mining and Quarrying	49.089	0,64	39.010	0,54	49.329	0,69	32.428	0,54
Production	837.580	10,99	3.302.789	46,13	836.199	11,66	2.381.804	39,61
Electricity, gas and water	158.594	2,08	554.890	7,75	161.608	2,25	578.835	9,63
Construction	2.599.873	34,11	868.283	12,13	2.243.853	31,29	807.527	13,43
Services	3.842.742	50,42	2.335.116	32,62	3.748.165	52,28	2.155.411	35,85
Wholesale and Retail Trade	2.324.402	30,50	900.750	12,58	2.186.915	30,50	876.553	14,58
Hotel, Food and Beverage	75.621	0,99	80.462	1,12	101.628	1,42	84.316	1,40
Transportation&Communication	185.217	2,43	193.534	2,70	182.535	2,55	212.038	3,53
Financial Institutions	734.982	9,64	793.410	11,08	753.766	10,51	726.130	12,08
Real Estate and Renting	10.659	0,14	359	0,01	3.484	0,05	2.114	0,04
Self Employment Services	236.305	3,10	46.060	0,64	257.428	3,59	46.888	0,78
Educational Services	5.433	0,07	-	-	5.747	0,08	-	-
Health and Social Services	270.123	3,54	320.541	4,48	256.662	3,58	207.372	3,45
Other	97.717	1,28	56.544	0,79	97.791	1,36	50.225	0,83
Total	7.621.801	100,00	7.159.422	100,00	7.171.006	100,0	6.013.004	100,0

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

Current Period(*)	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	7.366.165	3.941.362	203.732	102.818
Bills of Exchange and Acceptances	16.472	1.826.050	-	157
Letters of Credit	-	1.275.989	-	4.544
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	7.382.637	7.043.401	203.732	107.519

(*) Does not include non-cash loans amounting to TL 43.934, for which provision is provided, but which are not indemnified and not liquidated yet.

(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 MARCH 31, 2017

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

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

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

5. Information on derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	113.918.828	99.538.902
Forward transactions ^(*)	9.876.031	11.595.556
Swap transactions	96.445.533	78.279.086
Futures transactions	130.008	74.460
Option transactions	7.467.256	9.589.800
Interest Related Derivative Transactions (II)	16.869.280	16.261.062
Forward rate transactions	-	-
Interest rate swap transactions	16.869.280	16.261.062
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	909.650	882.950
A.Total Trading Derivative Transactions (I+II+III)	131.697.758	116.682.914
Types of hedging transactions		
Fair value hedges	15.284.804	15.094.984
Cash flow hedges	30.288.396	22.704.240
Net investment hedges	-	-
B.Total Hedging Related Derivatives	45.573.200	37.799.224
Total Derivative Transactions (A+B)	177.270.958	154.482.138

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

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

FINANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017

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

As of March 31, 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	2.325.286	1.800.235	24.638.891	40.976.980	1.633.957	1.953.629	-	-	-
USD	1.668.183	2.797.225	48.540.749	32.283.486	1.526.588	1.563.279	65.004	65.004	909.650
EURO	880.837	276.848	5.900.082	4.466.832	565.024	220.694	-	-	-
Other	62.322	65.095	2.030.823	50.170	2.200	1.885	-	-	-
Total	4.936.628	4.939.403	81.110.545	77.777.468	3.727.769	3.739.487	65.004	65.004	909.650

^(*) 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.

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 3.333.414 (December 31, 2016 – TL 3.532.426) were subject to hedge accounting by swaps with a nominal of TL 3.495.548 (December 31, 2016 – TL 3.456.411). On March 31, 2017 the net market valuation difference income amounting to TL 13.402 due to the loss from loans amounting to TL 12.543 (March 31, 2016 – TL 100.168 gain) and gain from swaps amounting to TL 25.944 (March 31, 2016 – TL 85.307 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 174.068 (December 31, 2016 – TL 168.103) have been subject to hedge accounting with swaps with a nominal amount of TL 166.197 (December 31, 2016 – TL 160.939). In 2017 TL 1.653 net fair valuation difference loss, net of TL 744 (March 31, 2016 – TL 2.582 gain) loss from loans and TL 908 (March 31, 2016 – TL 1.813 loss) loss from swaps has been recorded under “Gains / (losses) from financial derivatives transactions” on accompanying financial statements.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TL 2.289 (March 31, 2016 – TL 239) related to the loans that are ineffective for hedge accounting under “gains / (losses) from financial derivatives transactions” as loss during 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
FOR THE PERIOD ENDED MARCH 31, 2017**

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

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 March 31, 2017, the net market valuation difference loss amounting to TL 42, due to gain from Eurobonds amounting to TL 205 (March 31, 2016 – TL 64.128 gain) and loss from swaps amounting to TL 247 (March 31, 2016 – 65.629 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 March 31, 2016, TL 101 net fair valuation difference income, net of TL 2.143 (March 31, 2016 – TL 7.420 loss) loss from issued bonds and TL 2.042 (March 31, 2016 – TL 5.329 gain) loss from swaps, has been recorded under “Gains / (losses) from financial derivatives transactions” on accompanying financial statements.

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 338.114 fair value exchange difference income (March 31, 2016 – TL 58.741 exchange difference income) whose TL 39.690 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 2 sourcing from Credit at an amount of TL 437 (March 31, 2016: TL 2.128 loss) gain and TL 444 (March 31, 2016: TL 1.943 gain) losses 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 55.325 are accounted for under equity during the current period (March 31, 2016 – TL 85.633 loss). The loss

(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 MARCH 31, 2017

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

amounting to TL 144 (March 31, 2016 – None) 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 2.178 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 199 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 19.557 are accounted for under equity during the current period (March 31, 2016 – TL 73.596 loss). The income amounting to TL 227 (March 31, 2016 – TL 993 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 880 transferred amount from equity to income statement due to ineffectiveness or matured swaps. (March 31, 2016 – TL 501 profit).

The measurements as of March 31, 2017, hedge of cash flow transactions stated above are determined as effective.

6. Credit derivatives and risk exposures on credit derivatives

As of March 31, 2017, the Bank has no commitments “credit linked notes” (As of December 31, 2016 - None)

As of March 31, 2017, “Other Derivative Financial Instruments” with nominal amount of USD 250.000.000 (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 245.000.000.

7. Information on contingent liabilities and assets

The Bank has recorded a provision of TL 25.631 (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 March 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	Stable
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	Stable
Appearance	Negative	Appearance	Stable	Support	2
		Support	2		
		Financial Capacity Rating	bb+		

(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 MARCH 31, 2017

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

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	821.167	13.027	843.878	8.955
Medium and Long-Term Loans	999.370	162.882	841.966	109.449
Non-Performing Loans	20.463	-	19.507	-
Resource Utilization Support Fund	-	-	-	-
Total	1.841.000	175.909	1.705.351	118.404

b) Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank (*)	-	1	-	-
Domestic Banks	32.055	79	193	1
Foreign Banks	712	2.519	37	987
Foreign Headquarters and Branches	-	-	-	-
Total	32.767	2.599	230	988

(*) The interest income on Required Reserve amounting TL 20.284 is not included into interest income on Banks. (March 31, 2016: TL 12.585).

c) Information on interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	758	238	1.383	62
Financial Assets at FVTPL	643	22	1.348	105
Investment Securities Available for Sale	94.978	38.863	87.360	25.388
Investment Securities Held to Maturity	90.833	35.978	74.071	10.639
Total	187.212	75.101	164.162	36.194

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 March 31, 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 March 31, 2017, the Bank's Marketable securities valuation differences would be decreased by TL 24 million (in full TL amount) and net profit would be increased by TL 82 million (in full TL amount) to TL 459 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	4.787	2.037

(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 MARCH 31, 2017

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1.772	134.444	1.701	66.167
T.R. Central Bank	-	-	-	-
Domestic Banks	1.762	666	1.690	447
Foreign Banks	10	133.778	11	65.720
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	1.772	134.444	1.701	66.167

b) Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	4.540	5.104

c) Information on interest expense paid to securities issued

As of March 31, 2017 interest paid to securities issued is TL 78.905 (March 31, 2016 – TL 68.863).

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	-	9.598	1.861	-	-	-	-	11.459
Saving Deposits	-	51.080	357.934	16.171	8.776	22.192	-	456.153
Public Sector Deposits	-	72	586	180	5	4	-	847
Commercial Deposits	-	39.289	84.236	7.306	13.642	8.783	-	153.256
Other Deposits	-	1.057	9.865	1.014	8.358	886	-	21.180
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	101.096	454.482	24.671	30.781	31.865	-	642.895
Foreign Currency								
Deposits	-	7.064	78.579	8.057	3.659	2.182	-	99.541
Bank Deposits	42	9.953	1.514	85	-	-	-	11.594
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	201	-	-	-	-	-	201
Total	42	17.218	80.093	8.142	3.659	2.182	-	111.336
Grand Total	42	118.314	534.575	32.813	34.440	34.047	-	754.231

(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 MARCH 31, 2017

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

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	-	2.346	2.917	-	-	-	-	5.263
Saving Deposits	-	58.143	425.540	14.505	7.222	23.603	-	529.013
Public Sector Deposits	-	36	2.624	7	11	2	-	2.680
Commercial Deposits	-	51.129	136.925	16.182	3.909	5.194	-	213.339
Other Deposits	-	1.289	16.430	2.395	10.613	129	-	30.856
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	112.943	584.436	33.089	21.755	28.928	-	781.151
Foreign Currency								
Deposits	-	7.610	65.804	3.943	937	2.078	-	80.372
Bank Deposits	15	3.438	748	14	-	-	-	4.215
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	191	-	-	-	-	-	191
Total	15	11.239	66.552	3.957	937	2.078	-	84.778
Grand Total	15	124.182	650.988	37.046	22.692	31.006	-	865.929

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Repurchase Agreements (*)	28.121	15.391	42.832	4.604

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

f) **Information on finance lease expenses**

	Current Period	Prior Period
Finance Lease Expenses	23	53

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

None (March 31, 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	3.791	2
Total	3.791	2

(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 MARCH 31, 2017

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

4. Information on trading income/loss

	Current Period	Prior Period
Trading Income	3.144.044	3.922.295
Gains on Capital Market Operations	6.431	13.383
Derivative Financial Instruments	1.228.931	1.256.190
Foreign Exchange Gains	1.908.682	2.652.722
Trading Loss (-)	3.415.573	4.086.103
Losses on Capital Market Operations	5.929	3.262
Derivative Financial Instruments	1.532.624	1.408.577
Foreign Exchange Losses	1.877.020	2.674.264
Net Trading Income/Loss	(271.529)	(163.808)

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	267.307	271.232
Loans and Receivables in Group III	95.981	60.611
Loans and Receivables in Group IV	17.203	46.524
Loans and Receivables in Group V	154.123	164.097
Provision for Loans Under Close Monitoring	(35.303)	(27.022)
General Provisions	26.664	21.612
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	4.610	605
Total	263.278	266.427

(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 MARCH 31, 2017

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

7. Information on other operating expenses

	Current Period	Prior Period
Personnel costs	302.394	282.167
Reserve for employee termination benefits	2.441	3.126
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	-	-
Depreciation charge of tangible assets	35.039	34.277
Impairment losses on intangible assets	-	-
Impairment losses on goodwill	-	-
Amortization charge of intangible assets	26.942	26.127
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed of	-	-
Depreciation on assets to be disposed	-	1.541
Impairment charge of assets held for sale and discontinued operations	-	-
Other operating expenses	236.830	229.862
<i>Operational lease related expenses</i>	<i>56.161</i>	<i>56.444</i>
<i>Repair and maintenance expenses</i>	<i>31.306</i>	<i>29.054</i>
<i>Advertisement expenses</i>	<i>26.750</i>	<i>21.250</i>
<i>Other expenses</i>	<i>122.613</i>	<i>123.114</i>
Losses on sales of assets	38	312
Other (*)	97.705	125.422
Total	701.389	702.834

(*) Comprising repayments amounting to TL 6.387 (March 31, 2016: TL 30.802) 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 March 31, 2017, net interest income in regards to continued operations of TL 1.341.986 (March 31, 2016 – 994.113), net fees and commission income of TL 410.197 (March 31, 2016 – TL 319.483) and other operating income of TL 14.426 (March 31, 2016 – TL 23.472) 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 March 31, 2017, the Bank has recorded tax charge TL 126.150 (March 31, 2016 – None) and a deferred tax income of TL 13.785 (March 31, 2016 – TL 42.031 deferred tax expense) from its continuing operations.

9.2. Explanations on operating profit/loss after taxes

None (March 31, 2016 – None).

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

Net profit of the Bank from continued operations is TL 421.839 (March 31, 2016 – TL 161.970).

(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 MARCH 31, 2017**

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

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 (March 31, 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.

(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 MARCH 31, 2017

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

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 March 31, 2016, the Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to TL 278.961 (December 31, 2016 – TL 268.869) deposit and TL 272.533 (December 31, 2016- TL 265.304) cash loans and TL 9.331 (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	271.899	7.542	-	-	634	1.789
Interest and Commission Income	4.787	31	-	-	51	7

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(***)	2.037	39	-	2	4	3

(*) 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 March 31, 2016 balance.

(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 MARCH 31, 2017

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

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	186.502	89.151	-	-	92.459	179.718
Interest on deposits(***)	4.540	5.104	-	-	1.850	3.342

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

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

(***) Prior Period Balance Represents March 31, 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	211.300	104.180	-	-	-	-
Total Income/Loss(***)	(74)	-	-	(2.503)	-	364
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 March 31, 2016 balance.

1.4. Information on benefits provided to top management

As of March 31, 2017, the total amount of remuneration and bonuses paid to top management of the Bank is TL 56.524 (March 31, 2016 - TL 43.147).

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

(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 MARCH 31, 2017**

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

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 March 31, 2017, the Bank has net finance lease payables to Finans Finansal Kiralama A.Ş. amounting to TL 714 (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 96.100 with 12,50% interest rate and 91 days maturity on April 14, 2017, at nominal amount of TL 153.400 with 12,55% interest rate and 91 days maturity on April 21, 2017 and at nominal amount of TL 47.550 with 12,80% interest rate and 91 days maturity on April 21, 2017.

The Bank has made a Eurobond issuance at nominal amount of TL 3.000.000 with 2,50 % interest rate and 92 days maturity on April 19, 2017.

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.

(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 MARCH 31, 2017**

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

SECTION SIX

INDEPENDENT AUDITOR'S LIMITED REPORT

I. Explanations on the Independent Limited Review Report

The unconsolidated financial statements for the period ended March 31, 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 April 28, 2017 is presented preceding the unconsolidated financial statements.

II. Explanations and notes prepared by Independent Auditors

None (December 31, 2016 – None).

(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 MARCH 31, 2017**

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

SECTION SEVEN

UNCONSOLIDATED INTERIM ACTIVITY REPORT

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

Message by the Chairman

Dear Partners,

Turkey has left behind a difficult year in which we experienced extraordinary political problems such as increased geopolitical risks, terrorism and failed coup attempt as well as credit downgrading from rating agencies. Despite these extraordinary problems, the Turkish economy grew by 2.9% in 2016 experiencing a recovery in the last quarter of the year, thanks to the revival of external demand and supporting measures taken by the government. Despite the uncertainty indicated by the process of constitutional referendum in terms of investments and financial markets, the recovery in economic activity continued in the first quarter of 2017.

As the innovative bank of the Turkish financial sector, QNB Finansbank continues to achieve successful results in the first quarter of this year despite the problems in the global economy and the fluctuations and challenges experienced in the domestic markets as a result of the great performance of our employees, who constitute our greatest strength. Driven by the power we got from QNB, we continued to create a more effective added value in the economy by supporting thousands of companies and households through our unique banking products ranging from the project loans to the trade and SME loans.

In line with our objectives for sustainable growth and profitability, we achieved a successful performance in the first quarter of 2017. Compared to the end of 2016, we have increased our total loans by 10% to TL 69 billion 191 million and our customer deposits by 6% to TL 54 billion 889 million. We also achieved very successful results in terms of profitability. In the first quarter of 2017, we increased our net interest income by 35%, and our net fee and commission income by 28% compared to the same period of previous year.

As part of our corporate social responsibility efforts, we sustain our activities on a child-focused program "Minik Eller Büyük Hayaller" (Small Hands Big Dreams). Creative leaders of the future can only rise from creative, innovative and analytical generations with a different perspective and positive attitude, and we recognize that this can only be achieved by working on it on this very day. In addition to many local projects developed by our employees with the participation of volunteers, 11,387 children in 22 cities of Turkey were provided with 2,656 hours of coding training as part of the "Minik Parmaklar Geleceği Programlıyor" (Tiny Fingers Coding Future) project. It is aimed to increase this figure to 20 thousand children. "Harika Matematik (Math Amazing)", a traveling exhibition across Anatolia, was later designed to introduce the fun-filled world of maths to children and develop their analytical skills. Math Amazing Trucks have so far accessed 150 thousand kids in 22 cities. Supporting creativity in art and science, QNB Finansbank enables gifted students who were admitted to the world's best music academies to continue their education and contribute to the society as part of "Harika Yetenekler" (Amazing Talents) project developed by the Modern Education Foundation.

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

**FINANS BANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017**

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

Elements such as the fiscal policies to be implemented in the US in the forthcoming period, the monetary policy steps of the Federal Reserve and the election calendar in the Eurozone will be the significant determinants across the global markets. In terms of Turkey, we believe that economic activity will record a more significant acceleration due to the diminishing uncertainties.

I believe that we will continue to realize our profitable and sustainable growth policy and achieve even more successful results in the rest of the year with our powerful analysis team, our products tailored to suit the needs of businesses and individuals, competent branch and field teams of experts and technological equipment enabling our customers to reach us at any time.

I would like to express my gratitude once again to all of our customers and shareholders as well as all Financier colleagues and stakeholders who have cemented our determination with their confidence, for their contributions to QNB Finansbank.

Kind regards,

Ömer Aras

Chairman and Member of the Board

(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 MARCH 31, 2017**

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

Message by the General Manager

Dear partners,

QNB Finansbank, the innovative and leading bank of the Turkish banking system, left behind the first quarter of the year with successful results despite a political and economic environment predominated by uncertainties and anxieties.

As of March 31, 2017, our total assets are TL 109 billion 10 million. Compared to the end of 2016, our total loans increased by 10% to TL 69 billion 191 million and our customer deposits by 6% to TL 54 billion 889 million.

In the first quarter of 2017, the net interest income of our bank increased by 35% compared to the same period of previous year and reached TL 1 billion 342 million, the net fee and commission income increased by 28% and reached TL 410 million. The pre-tax profit of our bank was TL 534 million, and the net period profit was TL 422 million in this period.

Compared to the end of the previous year, our total equity increased by 6% to TL 10 billion 742 million, and as of March 31, 2017, our capital adequacy ratio was 14.25%.

We have left behind the first three months of the new year in a period where important political changes are influencing the economy both in the world and in Turkey. Despite the referendum process, the recovery tendency in the economic activity, which started during the last quarter of last year, continued in the first quarter of this year thanks to the supportive measures of the government and revival in the external demand. We started to see a more significant acceleration in the economic activities due to the recent decline in the uncertainties in the domestic markets. In the forthcoming period, we will be able to make clearer projections, and we will continue to support our clients in improving and growing their businesses with the right strategies and right campaigns. The results we achieved in the first quarter of the new year, that we entered with the power of the QNB Group, show the accuracy of the strategies that we have identified. In the rest of the year, we will take even faster and stronger steps.

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

Temel Güzeloğlu

General Manager and Member of the Board

(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 MARCH 31, 2017

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

Summary Financial Belonging to the Period of 31.03.2017

Principal Financial Indicators (Million TL)	31 March 2017	31 December 2016
Total Loans	69.191	62.923
Securities	13.931	12.950
Total Assets	109.010	101.503
Customer Deposits	54.889	51.966
Equity	10.742	10.126

Profitability	31 March 2017	31 March 2016
Net interest income	1.342	994
Net fees and commission income	410	319
Provision loans and other Receivables(-)	(263)	(266)
Operating profit before tax	534	204
Tax Provision	(112)	(42)
Net profit for the period	422	162

As of March 31, 2017 total assets of Bank increased by 7% compared with the end of the year 2016 and realized as TL 109 billion and 10 million. When compared with the end of year 2016, total loans increased by 10% and reached TL 69 billion and 191 million while Customer Deposits increased by 6% and reached up to TL 54 billion and 889 million.

Unconsolidated profit of the Bank before tax reached TL 534 million and the unconsolidated net profit for the first quarter of 2017 realized as TL 422 million. Net interest income increased by 35% and reached 1 billion and 342 million TL and net fees and commissions income increased by %28 and reached TL 410 million in the three-month period of the year 2017 compared to same period of previous year. Net fees and commission income arrived at 410 million TL nearly.

When compared with the end of year 2016, total unconsolidated shareholders' equity increased by 6% and reached up to TL 10 billion 742 million. As of March 31, 2017 capital adequacy ratio of the Bank was 14,25%.

As of March 31, 2017 Finans Bank has 12.277 personnel and 604 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 March 31, 2017, total unconsolidated loans increased by 10% and reached TL 69 billion and 191 million while total unconsolidated assets increased by 7% and reached TL 109 billion and 10 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 17% compared 2016 year end.

Liabilities:

Total customer deposits of the Bank increased by 6% and reached TL 54 billion and 889 million and shareholders' equity increased by 6% and reached TL 10 billion and 742 million.

(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 MARCH 31, 2017**

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

Profitability:

Net interest income increased by 35% and reached TL 1 billion and 342 million and net fees and commission income amounts has increased by 28% as TL 410 million. Profit before tax of the Bank amounts to TL 534 million and the net profit for the period is TL 422 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 March 31, 2017 was TL 178.