

# **FİNANS BANK ANONİM ŞİRKETİ**

## **INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, CONSOLIDATED FINANCIAL STATEMENTS, NOTES AND CONSOLIDATED INTERIM ACTIVITY REPORT FOR THE PERIOD ENDED JUNE 30, 2017**

(Convenience translation of consolidated 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 consolidated balance sheet of Finans Bank A.Ş. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) at June 30, 2017 and the related consolidated income statement, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated November 1, 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 consolidated 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 consolidated financial statements as of December 31, 2016, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Finans Bank A.Ş. at June 30, 2017 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

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

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VII, are not consistent with the consolidated 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 consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Damla Harman  
SMMM, Partner

July 31, 2017  
Istanbul, Türkiye

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

The Parent Bank's;

Address of the Head Office : Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İSTANBUL

Phone number : (0212) 318 50 00

Facsimile number : (0212) 318 56 48

Web page : [www.qnbfinansbank.com](http://www.qnbfinansbank.com)

E-mail address : [investor.relations@qnbfinansbank.com](mailto:investor.relations@qnbfinansbank.com)

The consolidated financial report for the six months period ended June 30, 2017, designed by the Banking Regulation and Supervision Agency in line with the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

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

Within the context of this financial report, the consolidated subsidiaries, entities under common control and structured entities are as follows. There are no associates included in the consolidation.

**Subsidiaries**

1. Finans Finansal Kiralama Anonim Şirketi
2. Finans Yatırım Menkul Değerler Anonim Şirketi
3. Finans Portföy Yönetimi Anonim Şirketi
4. Finans Faktoring Anonim Şirketi
5. Hemenal Finansman Anonim Şirketi

**Entities Under Common Control (Joint Ventures)**

1. Cigna Finans Emeklilik ve Hayat Anonim Şirketi

**Structured Entities**

1. Bosphorus Financial Services Limited
2. Istanbul Bond Company S.A.

The accompanying consolidated interim financial statements and related disclosures and footnotes for the six months period ended June 30, 2017, are prepared and independently limited reviewed in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated 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 Güzeloglu**  
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 statements can be communicated:

Name - Surname/Title : Ercan Sakarya / Director of Financial, Statutory Reporting and Treasury Control

Phone Number : (0 212) 318 52 92

Facsimile Number : (0 212) 318 55 78

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**FİNANS BANK ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017**

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

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE PARENT BANK**

**I. Explanatory Note on the Establishment Date, Nature of Activities and History of the Parent Bank**

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

**II. Information About the Parent Bank's Shareholding Structure, Shareholders Who Individually or Jointly Have the 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 Parent 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.

The Parent Bank has decided to change the logo and the name of the company within the scope of the main shareholder change and brand strategies and the new logo of the Parent Bank has started to be used as "QNB FİNANSBANK" as of October 20, 2016. The Parent Bank's trade name is not subject to any change and the Bank's title will continue to be "FİNANS BANK A.Ş."

99,88% of shares of Parent Bank are controlled by Qatar National Bank as of June 30, 2017 and remaining 0,12% of related shares are public shares.

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

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

**FİNANS BANK ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017**

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

**III. Information about the Chairman and Members of Board of Directors, Members of Audit Committee, Managing Director and Executive Vice Presidents; Any Changes, and the Information about the Parent 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	April 16, 2010	Masters
Ali Teoman Kerman	Board Member and Head of Audit Committee	April 16, 2013	Masters
Ramzi Talat A.Mari	Board Member and Member of the Audit Committee	June 16, 2016	Masters
Fatma Abdulla S.S. Al- Suwaidi	Board Member and Member of the Audit Committee	June 23, 2016	Masters
Durmuş Ali Kuzu	Board Member and Member of the Audit Committee	August 25, 2016	Phd
Temel Güzelöğlu	Board Member and General Manager	April 16, 2010	Masters
Abdulla Mubarak N.Alkhalifa	Board Member	June 23, 2016	Graduate
Assistant Prof. Osman Reha Yolalan	Board Member	June 21, 2016	Phd
Rashid A.S.Al-Mohannadi	Board Member	June 16, 2016	Graduate
Noor Mohd J. A. Al-Naimi (*)	Board Member	June 22, 2017	Graduate
Adnan Menderes Yayla	Executive Vice President	May 20, 2008	Masters
Murat Şakar	Executive Vice President	August 1, 2008	Graduate
Köksal Çoban	Executive Vice President	August 19, 2008	Masters
Dr. Mehmet Kürşad Demirkol	Executive Vice President	October 8, 2010	Phd
Özlem Cinemre	Executive Vice President	July 9, 1997	Graduate
Hakan Alp	Executive Vice President	July 7, 2010	Graduate
Filiz Sonat	Executive Vice President	September 19, 2007	Graduate
Erkin Aydın	Executive Vice President	May 16, 2011	Masters
Ömür Tan	Executive Vice President	October 28, 2011	Graduate
Halim Ersun Bilgici	Executive Vice President	March 15, 2013	Masters
Enis Kurtoglu	Executive Vice President	May 14, 2015	Masters
Murat Koraş	Executive Vice President	May 14, 2015	Masters
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	February 12, 2016	Graduate
Engin Turhan	Executive Vice President	June 14, 2016	Masters
Ahmet Erzen	Head of the Department of Internal Control and Compliance	September 12, 2012	Graduate
Bülent Yurdalan	Head of Department of Internal Systems	August 6, 2013	Graduate
Ersin Emir	Head of Internal Audit	February 18, 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	September 16, 2011	Masters

(\*) As of June 22, 2017, Noor Mohd J.A. Al-Naimi has been assigned instead of Grant Eric Lowen, assignment process still continues.

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

**IV. Information About the Persons and Institutions That Have Qualified Shares on the Parent Bank**

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	-

**V. Explanations on the Parent Bank's Services and Activities**

The Parent Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets, securities operations and credit card operations. In addition, the Parent Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of June 30, 2017, the Parent Bank operates through 586 domestic (December 31, 2016 - 628), 1 foreign (December 31, 2016 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2016 - 1) branches. As of June 30 2017, the Group has 11.926 employees (December 31, 2016 – 12.451 employees)

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

**FİNANS BANK ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017**

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

**VI. Information on Application Differences Between Consolidation Practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, and Entities Subject to Full or Proportional Consolidation or Deducted from Equity or not Subject to any of These Three Methods**

Parent 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 joint ventures are not consolidated to accompanying 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 Parent Bank does not have material control and presence over it.

All other subsidiaries are fully consolidated.

Bosphorus Financial Services Limited and İstanbul Bond Company S.A., which are not subsidiaries of the Bank, but over which the Bank has 100% controlling power due to the reason that these companies are "Structured Entities", have been included in the scope of consolidation.

**VII. Current or Likely Actual or Legal Barriers to Immediate Transfer of Shareholders' Equity or Repayment of Debts Between the Parent Bank and Its Subsidiaries**

None.



## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

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

**FİNANS BANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF BALANCE SHEET FOR THE SIX-MONTH PERIOD ENDED**  
**JUNE 30, 2017**

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

**I. CONSOLIDATED BALANCE SHEET – ASSETS**

		Reviewed 30.06.2017			Audited 31.12.2016			
		Section 5 Part						
		I	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	3.582.988	13.003.870	16.586.858	1.929.861	11.174.023	13.103.884
	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT							
II.	AND LOSS (Net)	(2)	2.283.351	304.621	2.587.972	2.637.196	210.497	2.847.693
2.1	Financial assets held for trading		2.268.166	304.621	2.572.787	2.614.225	210.497	2.824.722
2.1.1	Public sector debt securities		71.584	6.559	78.143	22.528	11.486	34.014
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Assets on trading derivatives		2.184.194	298.062	2.482.256	2.574.900	199.011	2.773.911
2.1.4	Other securities		12.388	-	12.388	16.797	-	16.797
2.2	Financial assets at fair value through profit and loss		15.185	-	15.185	22.971	-	22.971
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		15.185	-	15.185	22.971	-	22.971
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	(3)	17.827	1.767.257	1.785.084	48.150	263.916	312.066
IV.	MONEY MARKET PLACEMENTS		320.675	-	320.675	1.667.618	-	1.667.618
4.1	Interbank money market placements		1.494	-	1.494	-	-	-
4.2	Istanbul Stock Exchange money market placements		319.181	-	319.181	367.013	-	367.013
4.3	Receivables from reverse repurchase agreements		-	-	-	1.300.605	-	1.300.605
V.	INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)	(5)	3.975.646	2.986.987	6.962.633	4.152.070	2.880.043	7.032.113
5.1	Equity securities		4.092	53.665	57.757	4.092	44.961	49.053
5.2	Public sector debt securities		3.971.256	2.894.258	6.865.514	4.147.680	2.796.651	6.944.331
5.3	Other securities		298	39.064	39.362	298	38.431	38.729
VI.	LOANS AND RECEIVABLES	(6)	58.503.722	15.231.875	73.735.597	49.855.478	12.758.615	62.614.093
6.1	Loans and receivables		57.890.105	15.231.875	73.121.980	49.233.093	12.758.615	61.991.708
6.1.1	Loans to risk group of the Bank		26	138	164	7	1.245	1.252
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		57.890.079	15.231.737	73.121.816	49.233.086	12.757.370	61.990.456
6.2	Non-performing loans		4.326.130	-	4.326.130	3.874.148	-	3.874.148
6.3	Specific provisions (-)		3.712.513	-	3.712.513	3.251.763	-	3.251.763
VII.	FACTORING RECEIVABLES	(7)	825.088	47.223	872.311	698.479	52.491	750.970
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(8)	3.526.098	3.163.221	6.689.319	3.383.952	2.516.555	5.900.507
8.1	Public sector debt securities		3.526.098	2.609.768	6.135.866	3.383.952	1.915.594	5.299.546
8.2	Other securities		-	553.453	553.453	-	600.961	600.961
IX.	INVESTMENT IN ASSOCIATES (Net)	(9)	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)	(10)	18.054	-	18.054	18.054	-	18.054
10.1	Unconsolidated financial investments		-	-	-	-	-	-
10.2	Unconsolidated non-financial investments		18.054	-	18.054	18.054	-	18.054
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (Net)	(11)	110.014	-	110.014	94.271	-	94.271
11.1	Equity method entities under common control		107.214	-	107.214	91.471	-	91.471
11.2	Unconsolidated		2.800	-	2.800	2.800	-	2.800
11.2.1	Financial investments		-	-	-	-	-	-
11.2.2	Non-financial Investments		2.800	-	2.800	2.800	-	2.800
XII.	LEASE RECEIVABLES (Net)	(12)	1.253.858	2.093.619	3.347.477	1.107.500	1.578.777	2.686.277
12.1	Financial lease receivables		1.599.535	2.308.005	3.907.540	1.408.190	1.742.271	3.150.461
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		345.677	214.386	560.063	300.690	163.494	464.184
XIII.	DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES	(13)	2.617.921	29.293	2.647.214	3.409.777	33.561	3.443.338
13.1	Fair value hedge		1.993.445	20.531	2.013.976	2.346.595	18.509	2.365.104
13.2	Cash flow hedge		624.476	8.762	633.238	1.063.182	15.052	1.078.234
13.3	Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)		1.793.948	53	1.794.001	1.838.260	48	1.838.308
XV.	INTANGIBLE ASSETS (Net)		304.702	7.282	311.984	288.218	-	288.218
15.1	Goodwill		-	-	-	-	-	-
15.2	Others		304.702	7.282	311.984	288.218	-	288.218
XVI.	INVESTMENT PROPERTIES (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSETS	(15)	28.204	-	28.204	71.704	-	71.704
17.1	Current tax assets		8.536	-	8.536	4.737	-	4.737
17.2	Deferred tax assets		19.668	-	19.668	66.967	-	66.967
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	1.809.993	520.692	2.330.685	1.248.446	404.508	1.652.954
TOTAL ASSETS			80.975.855	39.155.993	120.131.848	72.452.800	31.873.034	104.325.834

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

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

**FİNANS BANK ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENT OF BALANCE SHEET FOR THE SIX-MONTH PERIOD ENDED  
JUNE 30, 2017**

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

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

		Reviewed 30.06.2017			Audited 31.12.2016			
		Section 5 Part II	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	34.319.404	30.149.837	64.469.241	31.497.058	22.368.191	53.865.249
1.1	Deposits from risk group of the Bank		599.639	64.986	664.625	158.972	36.446	195.418
1.2	Other		33.719.765	30.084.851	63.804.616	31.338.086	22.331.745	53.669.831
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	1.950.031	207.945	2.157.976	2.387.019	214.697	2.601.716
III.	FUNDS BORROWED	(3)	1.295.946	13.044.246	14.340.192	545.452	10.618.093	11.163.545
IV.	MONEY MARKET BORROWINGS		786.281	3.890.533	4.676.814	3.100.124	3.519.709	6.619.833
4.1	Interbank money markets takings		-	-	-	1.500.708	-	1.500.708
4.2	Istanbul Stock Exchange money markets takings		344.146	-	344.146	97.382	-	97.382
4.3	Funds provided under repurchase agreements	(4)	442.135	3.890.533	4.332.668	1.502.034	3.519.709	5.021.743
V.	SECURITIES ISSUED (Net)	(5)	1.535.605	6.911.491	8.447.096	1.861.266	4.470.311	6.331.577
5.1	Bills		1.495.070	63.128	1.558.198	1.749.202	53.683	1.802.885
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		40.535	6.848.363	6.888.898	112.064	4.416.628	4.528.692
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		2.235.690	4.397.074	6.632.764	2.243.338	4.477.548	6.720.886
VIII.	OTHER LIABILITIES	(6)	1.732.496	237.200	1.969.696	875.297	188.581	1.063.878
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(7)	-	-	-	-	-	-
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial lease expenses ( - )		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(8)	499.695	249.830	749.525	196.239	230.489	426.728
11.1	Fair value hedge		38.085	193.012	231.097	-	190.559	190.559
11.2	Cash flow hedge		461.610	56.818	518.428	196.239	39.930	236.169
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
XII.	PROVISIONS	(9)	1.822.605	-	1.822.605	1.794.752	-	1.794.752
12.1	General provisions		1.361.134	-	1.361.134	1.288.412	-	1.288.412
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		259.094	-	259.094	295.428	-	295.428
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		202.377	-	202.377	210.912	-	210.912
XIII.	TAX LIABILITY	(10)	261.594	-	261.594	198.098	-	198.098
13.1	Current tax liability		239.290	-	239.290	198.098	-	198.098
13.2	Deferred tax liability		22.304	-	22.304	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(11)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(12)	-	3.217.369	3.217.369	-	3.235.793	3.235.793
XVI.	SHAREHOLDERS' EQUITY		11.599.006	(212.030)	11.386.976	10.677.148	(373.369)	10.303.779
16.1	Paid-in capital	(13)	3.150.000	-	3.150.000	3.150.000	-	3.150.000
16.2	Capital reserves		(17.816)	(212.030)	(229.846)	(44.173)	(373.369)	(417.542)
16.2.1	Share premium	(14)	714	-	714	714	-	714
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	(15)	(15.591)	(199.036)	(214.627)	(40.675)	(379.478)	(420.153)
16.2.4	Revaluation fund on tangible assets		-	-	-	-	-	-
16.2.5	Revaluation fund on intangible assets		-	-	-	-	-	-
16.2.6	Investment property revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)		-	-	-	-	-	-
16.2.8	Hedging funds (effective portion)		40.715	(12.994)	27.721	39.442	6.109	45.551
16.2.9	Accumulated valuation differences from assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		(43.654)	-	(43.654)	(43.654)	-	(43.654)
16.3	Profit reserves		7.565.587	-	7.565.587	6.329.182	-	6.329.182
16.3.1	Legal reserves		550.059	-	550.059	487.422	-	487.422
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		7.015.528	-	7.015.528	5.841.760	-	5.841.760
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		895.188	-	895.188	1.236.405	-	1.236.405
16.4.1	Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2	Current period income/ (loss)		895.188	-	895.188	1.236.405	-	1.236.405
16.5	Minority shares		6.047	-	6.047	5.734	-	5.734
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			58.038.353	62.093.495	120.131.848	55.375.791	48.950.043	104.325.834

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

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

**FİNANS BANK ANONİM ŞİRKETİ  
CONSOLIDATED STATEMENT OF OFF BALANCE SHEET FOR THE THREE-MONTH PERIOD  
ENDED JUNE 30, 2017**

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

**II. CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AND  
CONTINGENCIES**

		Reviewed 30.06.2017			Audited 31.12.2016			
		Section 5 Part III	TL	FC	TOTAL	TL	FC	TOTAL
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		128.854.581	118.421.401	247.275.982	107.898.237	100.663.461	208.561.698
I.	GUARANTEES	(1),(2),(3),(4)	8.282.764	7.827.987	16.110.751	7.171.006	6.013.004	13.184.010
1.1.	Letters of guarantee		8.262.726	4.264.438	12.527.164	7.158.585	3.648.130	10.806.715
1.1.1.	Guarantees subject to State Tender Law		312.600	29.854	342.454	310.573	36.451	347.024
1.1.2.	Guarantees given for foreign trade operations		4.012.649	4.234.584	8.247.233	3.527.000	3.611.679	7.138.679
1.1.3.	Other letters of guarantee		3.937.477	-	3.937.477	3.321.012	-	3.321.012
1.2.	Bank loans		19.763	2.125.245	2.145.008	7.421	1.248.056	1.255.477
1.2.1.	Import letter of acceptance		19.763	2.125.245	2.145.008	7.421	1.248.056	1.255.477
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		275	1.438.304	1.438.579	5.000	1.116.818	1.121.818
1.3.1.	Documentary letters of credit		275	1.269.717	1.269.992	5.000	1.084.124	1.089.124
1.3.2.	Other letters of credit		-	168.587	168.587	-	32.694	32.694
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	-	-	-	-	-
1.9.	Other collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(1)	46.540.011	5.322.229	51.862.240	39.756.441	2.310.737	42.067.178
2.1.	Irrevocable commitments		45.429.513	4.749.477	50.178.990	39.371.199	1.954.418	41.325.617
2.1.1.	Forward asset purchase commitments		2.000.705	2.701.556	4.702.261	355.574	860.966	1.216.540
2.1.2.	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries		-	-	-	30.000	-	30.000
2.1.4.	Loan granting commitments		23.240.431	351	23.240.782	19.364.771	353	19.365.124
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		2.726.919	-	2.726.919	2.707.388	-	2.707.388
2.1.8.	Tax and fund liabilities from export commitments		11.414	-	11.414	10.267	-	10.267
2.1.9.	Commitments for credit card expenditure limits		16.951.894	-	16.951.894	16.396.189	-	16.396.189
2.1.10.	Commitments for promotions related with credit cards and banking activities		25.268	-	25.268	19.721	-	19.721
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		472.882	2.047.570	2.520.452	487.289	1.093.099	1.580.388
2.2.	Revocable commitments		1.110.498	572.752	1.683.250	385.242	356.319	741.561
2.2.1.	Revocable loan granting commitments		973.323	-	973.323	240.800	-	240.800
2.2.2.	Other revocable commitments		137.175	572.752	709.927	144.442	356.319	500.761
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)	74.031.806	105.271.185	179.302.991	60.970.790	92.339.720	153.310.510
3.1.	Derivative financial instruments for hedging purposes		22.746.918	26.873.972	49.620.890	16.730.698	21.068.526	37.799.224
3.1.1.	Fair value hedge		4.025.686	11.849.978	15.875.664	3.456.411	11.638.573	15.094.984
3.1.2.	Cash flow hedge		18.721.232	15.023.994	33.745.226	13.274.287	9.429.953	22.704.240
3.1.3.	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2.	Held for trading transactions		51.284.888	78.397.213	129.682.101	44.240.092	71.271.194	115.511.286
3.2.1.	Forward foreign currency buy/sell transactions		2.329.477	2.871.718	5.201.195	4.118.082	6.261.366	10.379.448
3.2.1.1.	Forward foreign currency transactions-buy		1.631.706	1.000.739	2.632.445	2.683.949	2.467.023	5.150.972
3.2.1.2.	Forward foreign currency transactions-sell		697.771	1.870.979	2.568.750	1.434.133	3.794.343	5.228.476
3.2.2.	Swap transactions related to foreign currency and interest rates		45.690.790	71.082.411	116.773.201	35.619.409	58.965.219	94.584.628
3.2.2.1.	Foreign currency swap-buy		18.602.617	31.916.182	50.518.799	15.510.246	23.802.355	39.312.601
3.2.2.2.	Foreign currency swap-sell		27.088.173	23.304.933	50.393.106	18.569.163	20.441.802	39.010.965
3.2.2.3.	Interest rate swaps-buy		-	7.930.648	7.930.648	770.000	7.360.531	8.130.531
3.2.2.4.	Interest rate swaps-sell		-	7.930.648	7.930.648	770.000	7.360.531	8.130.531
3.2.3.	Foreign currency, interest rate and securities options		3.263.878	3.719.320	6.983.198	4.502.601	5.087.199	9.589.800
3.2.3.1.	Foreign currency options-buy		1.427.693	2.065.221	3.492.914	2.355.495	2.402.267	4.757.762
3.2.3.2.	Foreign currency options-sell		1.836.185	1.654.099	3.490.284	2.147.106	2.684.932	4.832.038
3.2.3.3.	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4.	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5.	Securities options-buy		-	-	-	-	-	-
3.2.3.6.	Securities options-sell		-	-	-	-	-	-
3.2.4.	Foreign currency futures		743	145.092	145.835	-	74.460	74.460
3.2.4.1.	Foreign currency futures-buy		743	72.195	72.938	-	37.230	37.230
3.2.4.2.	Foreign currency futures-sell		-	72.897	72.897	-	37.230	37.230
3.2.5.	Interest rate futures		-	-	-	-	-	-
3.2.5.1.	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2.	Interest rate futures-sell		-	-	-	-	-	-
3.2.6.	Other		-	578.672	578.672	-	882.950	882.950
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		618.227.130	97.022.931	715.250.061	552.759.553	90.204.038	642.963.591
IV.	ITEMS HELD IN CUSTODY		47.257.429	3.386.331	50.643.760	43.231.414	3.728.678	46.960.092
4.1.	Assets under management		3.564.604	5.966	3.570.570	4.935.464	2.218	4.937.682
4.2.	Investment securities held in custody		20.563.409	677.046	21.240.455	18.642.053	1.348.273	19.990.326
4.3.	Checks received for collection		3.992.720	419.551	4.412.271	3.452.693	463.821	3.916.514
4.4.	Commercial notes received for collection		951.714	190.547	1.142.261	938.785	213.474	1.152.259
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		18.184.982	2.093.221	20.278.203	15.262.419	1.700.892	16.963.311
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGED ITEMS		348.919.480	53.726.720	402.646.200	319.890.014	47.175.906	367.065.920
5.1.	Marketable securities		1.007.123	5.888.863	6.895.986	819.315	3.186.362	4.005.677
5.2.	Guarantee notes		346.289	112.492	458.781	201.294	76.487	277.781
5.3.	Commodity		62.983	-	62.983	61.743	-	61.743
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		80.188.426	29.126.754	109.315.180	78.296.557	25.750.041	104.046.598
5.6.	Other pledged items		267.314.659	18.598.611	285.913.270	240.511.105	18.163.016	258.674.121
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		222.050.221	39.909.880	261.960.101	189.638.125	39.299.454	228.937.579
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			747.081.711	215.444.332	962.526.043	660.657.790	190.867.499	851.525.289

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

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

**FİNANS BANK ANONİM ŞİRKETİ**

**CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017  
(STATEMENT OF INCOME/LOSS)**

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

**III. CONSOLIDATED INCOME STATEMENT**

		<b>Section 5 Part IV.</b>	<b>Reviewed 01.01 - 30.06.2017</b>	<b>Reviewed 01.01 - 30.06.2016</b>	<b>Reviewed 01.04 - 30.06.2017</b>	<b>Reviewed 01.04 - 30.06.2016</b>
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>5.184.524</b>	<b>4.342.317</b>	<b>2.726.988</b>	<b>2.217.209</b>
1.1	Interest on loans		4.275.422	3.735.129	2.262.809	1.913.514
1.2	Interest received from reserve deposits		45.759	25.353	25.475	12.768
1.3	Interest received from banks		78.217	5.633	42.206	3.620
1.4	Interest received from money market placements		47.225	24.746	17.937	11.491
1.5	Interest received from marketable securities portfolio		528.159	399.970	265.879	198.964
1.5.1	Held-for-trading financial assets		1.784	2.666	821	571
1.5.2	Financial assets at fair value through profit and loss		1.206	2.627	541	1.174
1.5.3	Available-for-sale financial assets		266.709	227.947	132.868	115.199
1.5.4	Investments held-to-maturity		258.460	166.730	131.649	82.020
1.6	Finance lease income		139.329	99.255	76.140	51.079
1.7	Other interest income		70.413	52.231	36.542	25.773
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(2)</b>	<b>2.342.913</b>	<b>2.157.432</b>	<b>1.268.083</b>	<b>1.066.011</b>
2.1	Interest on deposits		1.693.506	1.694.117	940.626	832.109
2.2	Interest on funds borrowed		344.883	185.269	186.686	98.302
2.3	Interest on money market borrowings		75.490	104.099	31.800	54.671
2.4	Interest on securities issued		212.875	163.639	106.287	79.438
2.5	Other interest expense		16.159	10.308	2.684	1.491
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>2.841.611</b>	<b>2.184.885</b>	<b>1.458.905</b>	<b>1.151.198</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>861.267</b>	<b>701.985</b>	<b>430.224</b>	<b>363.832</b>
4.1	Fees and commissions received		1.011.120	868.213	505.912	449.542
4.1.1	Non-cash loans		39.251	33.634	20.043	17.518
4.1.2	Other		971.869	834.579	485.869	432.024
4.2	Fees and commissions paid		149.853	166.228	75.688	85.710
4.2.1	Non-cash loans		1.114	935	615	463
4.2.2	Other		148.739	165.293	75.073	85.247
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>356</b>	<b>81</b>	<b>304</b>	<b>79</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	<b>(4)</b>	<b>(599.843)</b>	<b>(362.028)</b>	<b>(340.831)</b>	<b>(201.096)</b>
6.1	Securities trading gains/ (losses)		5.343	15.424	2.737	3.687
6.2	Gains / (losses) Financial derivative transactions		(597.665)	(391.546)	(301.619)	(239.091)
6.3	Foreign exchange gains/ (losses)		(7.521)	14.094	(41.949)	34.308
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>35.324</b>	<b>283.193</b>	<b>19.913</b>	<b>258.629</b>
<b>VIII.</b>	<b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>3.138.715</b>	<b>2.808.116</b>	<b>1.568.515</b>	<b>1.572.642</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(6)</b>	<b>520.947</b>	<b>622.949</b>	<b>242.865</b>	<b>339.444</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>1.519.651</b>	<b>1.475.861</b>	<b>784.939</b>	<b>743.809</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1.098.117</b>	<b>709.306</b>	<b>540.711</b>	<b>489.389</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XIII.</b>	<b>GAIN / (LOSS) ON EQUITY METHOD</b>		<b>25.336</b>	<b>(6.568)</b>	<b>26.807</b>	<b>(3.113)</b>
<b>XIV.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	<b>(8)</b>	<b>1.123.453</b>	<b>702.738</b>	<b>567.518</b>	<b>486.276</b>
<b>XVI.</b>	<b>TAX CHARGE FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(227.952)</b>	<b>(131.887)</b>	<b>(118.082)</b>	<b>(86.861)</b>
16.1	Current income tax charge		(203.581)	(28.521)	(74.698)	(23.876)
16.2	Deferred tax charge / benefit		(24.371)	(103.366)	(43.384)	(62.985)
<b>XVII.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(10)</b>	<b>895.501</b>	<b>570.851</b>	<b>449.436</b>	<b>399.415</b>
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1	Income on assets held for sale		-	-	-	-
18.2	Income on sale of associates, subsidiaries and entities under common control		-	-	-	-
18.3	Income on other discontinued operations		-	-	-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
19.1	Loss from assets held for sale		-	-	-	-
19.2	Loss on sale of associates, subsidiaries and entities under common control		-	-	-	-
19.3	Loss from other discontinued operations		-	-	-	-
<b>XX.</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	<b>(8)</b>	-	-	-	-
<b>XXI.</b>	<b>TAX CHARGE FOR DISCONTINUED OPERATIONS (±)</b>	<b>(9)</b>	-	-	-	-
21.1	Current income tax charge		-	-	-	-
21.2	Deferred tax charge / benefit		-	-	-	-
<b>XXII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	<b>(10)</b>	-	-	-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	<b>(11)</b>	<b>895.501</b>	<b>570.851</b>	<b>449.436</b>	<b>399.415</b>
23.1	Group's profit/loss		895.188	569.193	449.298	399.303
23.2	Minority shares		313	1.658	138	112
	Earnings per share		0,02842	0,01807	0,01426	0,01268

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

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

**FİNANS BANK ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER SHAREHOLDERS'  
EQUITY FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017  
(STATEMENT OF OTHER COMPREHENSIVE INCOME/LOSS)**

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

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

	Reviewed 01.01 – 30.06.2017	Reviewed 01.01 – 30.06.2016
<b>I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>255.216</b>	<b>77.252</b>
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	-	-
<b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)</b>	<b>(22.288)</b>	<b>(304.503)</b>
<b>VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)</b>	-	-
<b>VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES</b>	-	-
<b>VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED FOR UNDER EQUITY AS PER TURKISH ACCOUNTING STANDARDS</b>	-	-
<b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>	<b>(45.232)</b>	<b>44.905</b>
<b>X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)</b>	<b>187.696</b>	<b>(182.346)</b>
<b>XI. PROFIT/LOSS</b>	<b>895.501</b>	<b>570.851</b>
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	3.359	144.486
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	(1.594)	2.848
11.3 Transfer of hedge of net investments in foreign operations recycled to Income Statement	-	-
11.4 Other	893.736	423.517
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)</b>	<b>1.083.197</b>	<b>388.505</b>

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

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

**FİNANS BANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

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

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

Reviewed	Section 5 Part 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 attributable to the parent shareholders	Minority shares	Total shareholders' equity
<b>Prior period – 01.01.-30.06.2016</b>																			
I. Beginning Balance		3,000,000	-	714	-	451,979	-	5,169,582	(45,674)	-	802,739	(244,259)	-	-	81,175	-	9,216,256	189,229	9,405,485
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		3,000,000	-	714	-	451,979	-	5,169,582	(45,674)	-	802,739	(244,259)	-	-	81,175	-	9,216,256	189,229	9,405,485
Changes in Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	61,256	-	-	-	-	61,256	-	61,256
V. Hedging funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(243,602)	-	(243,602)
VI. Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(243,602)	-	(243,602)	-	(243,602)
6.1 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Bonus shares obtained from associates, subsidiaries and entities under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Other <sup>(*)</sup>		-	-	-	-	-	-	-	-	-	54,204	-	-	-	-	-	54,204	(183,573) <sup>(*)</sup>	(129,369)
XVIII. Period net income/(loss)		-	-	-	-	-	-	-	-	569,193	-	-	-	-	-	-	569,193	1,658	570,851
XIX. Profit distribution		-	-	-	-	35,443	-	766,847	-	-	(802,290)	-	-	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	35,443	-	766,847	-	-	(802,290)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance (I+II+III+.....+XVI+XVII+XVIII)		3,000,000	-	714	-	487,422	-	5,936,429	(45,674)	569,193	54,653	(183,003)	-	-	(162,427)	-	9,657,307	7,314	9,664,621

(\*) The Group's share in Finans Finansal Kiralama Anonim Şirketi increased from 69,00% to 99,13% in the previous period.

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

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

**FİNANS BANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

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

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

Reviewed	Section 5 Part 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 attributable to the parent shareholders	Non- controlling interest	Total shareholders' equity
<b>I. Current period – 01.01.-30.06.2017</b>																			
<b>Beginning Balance</b>		3.150.000	-	714	-	487.422	-	5.841.760	(43.654)	-	1.236.405	(420.153)	-	-	45.551	-	10.298.045	5.734	10.303.779
Changes in period																			
<b>II. Increase/decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Marketable securities valuation differences</b>		-	-	-	-	-	-	-	-	-	-	205.526	-	-	-	-	205.526	-	205.526
<b>IV. Hedging funds (effective portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	(17.830)	-	(17.830)	-	(17.830)
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(17.830)	-	(17.830)	-	(17.830)
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Tangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Intangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Bonus shares obtained from associates, subsidiaries and entities under common control</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Foreign exchange differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Effect of change in associates' equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Capital increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Share premium</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Share cancellation profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Inflation adjustment to paid-in capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Period net income/(loss)</b>		-	-	-	-	-	-	-	-	895.188	-	-	-	-	-	-	895.188	313	895.501
<b>XVIII. Profit distribution</b>		-	-	-	-	62.637	-	1.173.768	-	-	(1.236.405)	-	-	-	-	-	-	-	-
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	62.637	-	1.173.768	-	-	(1.236.405)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>																			
<b>(I+II+III+.....+XVI+XVII+XVIII)</b>		3.150.000	-	714	-	550.059	-	7.015.528	(43.654)	895.188	-	(214.627)	-	-	27.721	-	11.380.929	6.047	11.386.976

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



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

**FİNANS BANK ANONİM ŞİRKETİ**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017**

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

**VI. CONSOLIDATED CASH FLOW STATEMENT**

	<b>Section 5 Part V.</b>	<b>Reviewed 01.01 – 30.06.2017</b>	<b>Reviewed 01.01 – 30.06.2016</b>
<b>A. CASH FLOWS FROM / (TO) BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities (+)</b>		<b>5.799.804</b>	<b>1.656.823</b>
1.1.1 Interest received (+)		4.719.130	4.207.067
1.1.2 Interest paid (-)		(2.131.537)	(2.105.807)
1.1.3 Dividend received (+)		356	81
1.1.4 Fees and commissions received (+)		992.533	836.256
1.1.5 Other income (+)		28.439	255.064
1.1.6 Collections from previously written off loans (+)		460.063	429.927
1.1.7 Payments to personnel and service suppliers (-)		(1.227.703)	(1.079.423)
1.1.8 Taxes paid (-)		(245.821)	(311.786)
1.1.9 Other (+/-)		3.204.344	(574.556)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(5.239.383)</b>	<b>1.249.400</b>
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(38.334)	6.759
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		28.897	114.656
1.2.3 Net (increase) decrease in due from banks (+/-)		(1.342.477)	(2.522.836)
1.2.4 Net (increase) decrease in loans (+/-)		(8.438.620)	(2.760.699)
1.2.5 Net (increase) decrease in other assets (+/-)		(765.584)	(467.731)
1.2.6 Net increase (decrease) in bank deposits (+/-)		4.471.425	677.108
1.2.7 Net increase (decrease) in other deposits (+/-)		1.689.228	3.943.566
1.2.8 Net increase (decrease) in funds borrowed (+/-)		812.673	1.395.101
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		(1.656.591)	863.476
<b>I. Net cash provided from / (used in) banking operations (+/-)</b>		<b>560.421</b>	<b>2.906.223</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from / (used in) investing activities (+/-)</b>		<b>(417.595)</b>	<b>(1.455.650)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		-	-
2.3 Fixed assets purchases (-)		(40.404)	(19.354)
2.4 Fixed assets sales (+)		2.663	9.101
2.5 Cash paid for purchase of financial assets available for sale (-)		(613.195)	(1.508.073)
2.6 Cash obtained from sale of financial assets available for sale (+)		1.003.366	622.676
2.7 Cash paid for purchase of investment securities (-)		(829.914)	(499.802)
2.8 Cash obtained from sale of investment securities (+)		140.075	-
2.9 Other (+/-)		(80.186)	(60.198)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from / (used in) financing activities (+/-)</b>		<b>2.169.604</b>	<b>(1.015.955)</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		3.349.252	548.293
3.2 Cash used for repayment of funds borrowed and securities issued (-)		(1.149.648)	(1.436.136)
3.3 Capital increase (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for finance leases (-)		-	-
3.6 Other (+/-)		(30.000)	(128.112)
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)</b>		<b>(33.967)</b>	<b>(13.313)</b>
<b>V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>2.278.463</b>	<b>421.305</b>
<b>VI. Cash and cash equivalents at the beginning of the period (+)</b>		<b>5.909.944</b>	<b>3.731.536</b>
<b>VII. Cash and cash equivalents at end of the period (V+VI)</b>		<b>8.188.407</b>	<b>4.152.841</b>

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

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

**FİNANS BANK ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017**

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**SECTION THREE**  
**ACCOUNTING POLICIES**

**I. Basis of Presentation**

**1. Preparation of the consolidated 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 Parent Bank maintains its books of account in accordance with the Banking Law No. 5411, which was published in the Official Gazette No. 25983 dated November 1, 2005. The Bank prepared the accompanying consolidated 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 consolidated 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.

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

**Explanation for Convenience Translation to English**

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

**2. 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 Group's accounting policies, financial position and performance. The aforementioned accounting policies and valuation principles are explained in Notes II to XXVI below.

The consolidated 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, 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.

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The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Group 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 Group. TFRS 9 Financial Instruments Standard will mainly effect Group'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 Group 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 Parent 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 accordance with their 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 repriced at an average period of 3-6 months. The Parent Bank diverts its placements to assets with high return, sufficient collaterals. The Parent 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 Parent 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 Parent Bank converts the foreign currency liquidity obtained from the international markets to TL liquidity using long term swap transactions (fixed TL interest rate and floating FC interest rate). Thus, the Parent Bank generates TL denominated resources for funding long term loans with fixed interest rates.

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

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

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**2. Foreign currency transactions**

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

The Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses arising from transactions that are completed as of June 30, 2017 are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TL by using foreign currency exchange rates of the Parent Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency nonmonetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement. The Bank’s foreign currency exchange rates for the related period ends are as follows:

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

**2.2. Total exchange rate differences that are included in net profit or loss for the year**

The net exchange loss for the period that ended at June 30, 2017 is TL 7.521 (June 30, 2016 – TL 14.094 net exchange gain).

**2.3. Foreign Associates**

None.

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

The accompanying consolidated financial statements are prepared in accordance with TFRS 10 “Turkish Financial Reporting Standard in regards to Consolidated Financial Statements” and BRSA’s “Regulation on Preparation of Consolidated Financial Statements of Banks” published on the Official Gazette numbered 26340 and dated November 8, 2006.

The corporations included in consolidation and their places of incorporation, nature of activities and shareholding percentages are as follows:

		<b>Consolidation Method</b>	<b>Place of Establishment</b>	<b>Subject of Operations</b>	<b>Effective Share of the Group (%)</b>	
					<b>June 30, 2017</b>	<b>December 31, 2016</b>
1.	Finans Yatırım Menkul Değerler A.Ş. (Finans Yatırım)	Full consolidation	Turkey	Securities Intermediary Services	100,00	100,00
2.	Finans Portföy Yönetimi A.Ş. (Finans Portföy)	Full consolidation	Turkey	Portfolio Management	100,00	100,00
3.	Hemenal Finansman A.Ş. (Tüketici Finansman)	Full consolidation	Turkey	Consumer Financing	100,00	100,00
4.	Finans Finansal Kiralama A.Ş. (Finans Leasing)	Full consolidation	Turkey	Financial Leasing	99,40	99,40
5.	Finans Faktoring A.Ş. (Finans Faktoring)	Full consolidation	Turkey	Factoring Services	100,00	100,00
6.	Cigna Finans Emeklilik ve Hayat A.Ş. (Cigna Finans Emeklilik)	Equity Method	Turkey	Private Pension and Insurance	49,00	49,00

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Subsidiaries maintain their books of accounts and prepare their financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the accounting standards promulgated by the Turkish Commercial Code, Financial Leasing Law and Turkish Capital Markets Board ("CMB") regulations. Certain adjustments and reclassifications were made on the financial statements of the subsidiaries for the purpose of fair presentation in accordance with the prevailing regulations and accounting standards according to 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, in accordance with Turkish Accounting Standards ("TMS") and Turkish Reporting Standards ("TFRS") and related additions and interpretations published by Public Accounting and Auditing Oversight Authority ("KGK").

Differences between the accounting policies of subsidiaries and entities under common control and those of the Parent Bank are adjusted, if material. The financial statements of the subsidiaries and entities under common control are prepared as of June 30, 2017.

**1. Subsidiaries**

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank's returns.

Subsidiaries are consolidated using the full consolidation method based on the size of their asset equity, and result of operations. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Bank and are put out of consolidation's scope as soon as control is removed. Accounting policies applied by subsidiaries that are included in consolidated financial statements are not different from Parent Bank's accounting policies.

According to full consolidation method, 100% of subsidiaries' asset, liability, income, expense and off balance sheet items are consolidated with the Parent Bank's asset, liability, income, expense and off balance sheet items. Book value of the Group's investment in each subsidiary is netted off with Group's equity shares. Unrealized gains and losses and balances that arise due to transactions between subsidiaries within consolidation scope, have been net off. Non-controlling interests are shown separately from earnings per share on consolidated balance sheet and income statement.

**2. Associates and entities under common control**

The Parent Bank does not have any financial associates that are consolidated in the accompanying financial statements.

The joint venture is established locally, has its primary operations in private pension and insurance, is controlled jointly with another group with a partnership agreement, and is included in Parent Bank's capital. Subject joint venture is included in consolidated financial statements by using equity method.

Equity method is a method of accounting whereby the book value of the investor's share capital in the subsidiary or the joint venture is either added to or subtracted in proportion with investor's share from the change in the subsidiary's or joint venture's equity within the period. The method also foresees that profit will be deducted from the subsidiary's or joint venture's accordingly recalculated value.

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**IV. Explanations on Forwards, Option Contracts and Derivative Instruments**

The Group 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 Group also carries out currency and interest options and credit default swap and futures agreements.

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

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

Fair values of forward foreign currency purchase and sales contracts, currency and interest rate swap transactions are calculated by using internal pricing models based on market data.

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

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

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

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

**In cash flow hedge accounting:**

The Parent Bank applies cash flow hedge accounting using interest rate swaps to hedge itself against the changes related to interest rate fluctuations of TL and FC customer deposits that are renewed as cyclical in short term and subordinated loans which have floating interest payments. 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.

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**In fair value hedge accounting:**

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

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

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

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swap transactions as hedging instruments.

Finans Finansal Kiralama AŞ., the subsidiary of the bank, applies fair value hedge accounting to hedge itself against changes in interest rates related to fixed rate TL securities issued.

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

Finans Finansal Kiralama AŞ., the subsidiary of the bank, applies fair value hedge accounting through interest rate swaps to hedge itself against changes in interest rates related to TL borrowings.

At each balance sheet date the Parent Bank and Finans Finansal Kiralama AŞ., the subsidiary of the bank, apply 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.

**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 accruals of non-performing loans are cancelled and not recorded as interest income until collected.

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

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

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

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

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

**1.1. Trading securities**

The Group 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 Parent 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”. 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 Parent Bank has inflation indexed (CPI) government bonds in its available for sale and held-to-maturity portfolios. CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate as disclosed by the Turkish Treasury. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

Some portion of the Eurobond portfolio which has been recognized as available for sale securities are designated as fair value hedged items, hedged against interest rate fluctuations, starting from March and April 2009 and some portion of the TL government bond portfolio 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 hedge 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, fair 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.



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**3. Investments 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.

The Parent Bank does not have any 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.

As mentioned in note “Note IV- Section III on Forward, Option Contracts and Derivative Instruments”, the Group 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 Parent Bank accounted for the hedged part of the loan portfolio at fair value, together with the swap transactions used as the hedging instrument and the related net gain or loss was included in 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. 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 might be doubtful and amount is charged in the current period income statement.

In the case where there is an evidence for the possibility of uncollectability of loans, the Parent 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 “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”. 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 Parent Bank provides general provisions in accordance with the Communiqué dated November 1, 2006, published on the Official Gazette No: 28789 “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” and accounts such provision at the liability side of the balance sheet under general loan loss provision.

The Parent Bank also provides specific provisions for the closely monitored loans as a result of risk assessment. These provisions accounted for in liabilities under other provisions.

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

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

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**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 III

**IX. Explanations on Netting of Financial Instruments and Derecognition of Financial Assets**

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, 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 sheet 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 Group 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 5.339.029 (December 31, 2016 - TL 5.837.963).

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. Amortisation 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.

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A discontinued operation is a part of the Parent 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 Parent Bank has no discounting operations.

The Parent Bank classifies tangible assets that were acquired due to non-performing receivables as other assets.

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

The Group's intangible assets consist of software, intangible rights and goodwill.

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.

**XIII. Explanations on Tangible Assets**

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:

Properties	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 the 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, which could have a significant impact on the current and future financial statements. There are no pledges, mortgages or other restrictions on the tangible assets. There is no purchase commitments related to the fixed assets.

**XIV. Explanations on Leasing Transactions**

Fixed assets acquired under finance lease contracts are presented under "Tangible Fixed Assets" on the asset side and under "Financial Lease Payables" on the liability side at the initial date of the lease. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset.

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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 gross lease receivables including interest and principal amounts regarding the Group's financial leasing activities as "Lessor" are stated under the "Finance Lease Receivables". The difference between the total of rental payments and the cost of the related fixed assets is reflected to the "Unearned Income" account. The interest income is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

The provisions for lease receivables are set as per BRSA communiqué numbered 28861 and dated December 24, 2013 "Communique on Accounting Principles and Financial Statements of Leasing, Factoring and Financing Companies". Those provisions are accounted under "Lease Receivables" at the accompanying financial statements.

**XV. Explanations on Factoring Receivables**

Factoring receivables are carried at amortized cost by using the effective interest rate method after unearned interest income is deducted and specific provisions for impairments are provided, if any. These provisions are accounted for under "Factoring Receivables" at the accompanying financial statements. The provisions for lease receivables are set as per BRSA communiqué numbered 28861 and dated December 24, 2013 "Communique on Accounting Principles and Financial Statements of Leasing, Factoring and Financing Companies". Those provisions are accounted for under "Factoring Receivables" at the accompanying financial statements.

**XVI. 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.

**XVII. Explanations on Obligations of the Group for Employees Benefits**

Provision for employee severance benefits of the Group has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Group 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 Group. The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to IAS 19, The Group recognizes all actuarial gains and losses immediately through other comprehensive income.

The Group 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 trusts or similar associations of which the Group employees are members.

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**XVIII. Explanations on Taxation**

**1. Corporate Tax**

Turkish Tax Legislation does not allow the Group to prepare tax declaration from the financial statements which subsidiaries and investment associates are consolidated into. Therefore, tax provision in accompanying consolidated financial statements is determined by calculating tax provision for each corporation in consolidation scope separately.

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 deducted from the corporate taxes of the current year and shown in “ Current Tax Asset and Current Tax Liabilities ”.

75% of gains on disposal of subsidiary shares and real estates held in Parent Bank assets for more than two years are excepted from tax, according to Corporate Tax Law under the condition with adding these gains into equity or allocating into a specific fund account as liability for five years.

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

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

Taxes that are not been levied or notified to tax payer in five years, starting from the beginning of the year following the calendar year that the tax asset emerged are prescribed. Therefore, the tax authority can perform tax audit up to five years backwards. Besides, in case of benefiting from the decision of the document that is subject to stamp duty, yet the tax and the penalty is prescribed, after period of limitation is expired, tax asset of aforementioned document is emerged again. The provision for corporate and income taxes for the period is recognized as “Current Tax Charge” in the income statement and current tax effect related to transactions directly recognized in equity are reflected to equity.

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

**2. Deferred Taxes**

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

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

Deferred tax effects of transactions directly accounted in equity are reflected in equity.

According to TAS 12, deferred taxes and liabilities resulting from different subsidiaries subject to consolidation are not presented as net; rather they are presented separately as assets and liabilities in the financial statements.

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**3. Transfer Pricing**

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

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

**XIX. Additional Explanations on Borrowings**

The Parent Bank and consolidated Group companies generate 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.

**XX. Explanation on Share Issues**

During current period, there has been no change in the Bank’s paid in capital. ( January 1 - December 31, 2016 the Parent Bank’s paid in capital has been increased by TL 150.000 from first dividend with bonus shares.)

**XXI. 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.

**XXII. Explanations on Government Incentives**

As of June 30, 2017, the Group does not have any governmental incentives or support. (As of December 31, 2016 – None.)

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**XXIII. Explanation on Segment Reporting**

In addition to corporate banking, retail banking and commercial banking services, the Group also provides private banking, SME banking, treasury operations and credit card services through branches and alternative channels. The Group serves its retail banking clients with time, demand deposits, also overdraft services, automatic account services, consumer loans, vehicle loans, housing loans and investment fund services. The Group provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. Other than those mentioned above, the Group also serves in trading financial instruments, treasury operations, and performs insurance, factoring, and domestic and abroad finance lease operations.

The calculations based on the income statement for retail banking (consumer banking and plastic cards), corporate and commercial banking that 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 Parent Bank's senior management and which are updated periodically. In this pricing method, general market conditions and the Parent 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 - 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 Parent Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail, SME and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Parent Bank.

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	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
<b>Current Period (January 1 – June 30, 2017)</b>				
Net Interest Income	872.500	934.525	1.034.586	2.841.611
Net Fees and Commissions Income	522.481	314.281	24.505	861.267
Other Operating Income and Net Trading Income	18.153	46.720	(629.392)	(564.519)
Dividend Income	-	-	356	356
<b>Operating Income</b>	<b>1.413.134</b>	<b>1.295.526</b>	<b>430.055</b>	<b>3.138.715</b>
Other Operating Expenses	788.827	575.253	155.571	1.519.651
Provision for Loan Losses and Other Receivables	249.245	295.903	(24.201)	520.947
Gain / Loss on joint venture accounted for at equity method	-	-	25.336	25.336
<b>Profit Before Taxes</b>	<b>375.062</b>	<b>424.370</b>	<b>324.021</b>	<b>1.123.453</b>
<b>Provision for Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(227.952)</b>
<b>Net Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>895.501</b>
<b>Total Assets</b>	<b>24.279.823</b>	<b>53.690.746</b>	<b>36.357.516</b>	<b>120.131.848</b>
Segment Assets	24.279.823	53.690.746	36.357.516	114.328.085
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	131.834
Undistributed Assets	-	-	-	5.671.929
<b>Total Liabilities</b>	<b>37.267.523</b>	<b>20.715.823</b>	<b>40.074.867</b>	<b>120.131.848</b>
Segment Liabilities	37.267.523	20.715.823	40.074.867	98.058.213
Undistributed Liabilities	-	-	-	10.686.659
Equity	-	-	-	11.386.976
<b>Other Segment Accounts</b>	<b>114.069</b>	<b>77.384</b>	<b>22.141</b>	<b>213.594</b>
Capital Expenditures	44.673	30.306	11.425	86.404
Depreciation and Amortization	69.396	47.078	10.716	127.190
Value Decrease/ (Increase)	-	-	-	-
<b>Prior Period (January 1 - June 30, 2016)</b>				
Net Interest Income	781.723	787.750	615.412	2.184.885
Net Fees and Commissions Income	465.834	212.447	23.704	701.985
Other Operating Income and Net Trading Income	83.548	19.952	(182.335)	(78.835)
Dividend Income	-	-	81	81
<b>Operating Income</b>	<b>1.331.105</b>	<b>1.020.149</b>	<b>456.862</b>	<b>2.808.116</b>
Other Operating Expenses	819.884	506.174	149.803	1.475.861
Provision for Loan Losses and Other Receivables	307.323	332.975	(17.349)	622.949
Gain / Loss on joint venture accounted for at equity method	-	-	(6.568)	(6.568)
<b>Profit Before Taxes</b>	<b>203.898</b>	<b>181.000</b>	<b>317.840</b>	<b>702.738</b>
<b>Provision for Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(131.887)</b>
<b>Net Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>570.851</b>
<b>Other Segment Accounts</b>	<b>153.190</b>	<b>88.367</b>	<b>28.561</b>	<b>270.118</b>
Capital Expenditures	80.608	46.498	16.680	143.786
Depreciation and Amortization	72.582	41.869	11.881	126.332
Value Decrease/ (Increase)	-	-	-	-
<b>Prior Period (December 31, 2016)</b>				
<b>Total Assets</b>	<b>23.735.540</b>	<b>42.338.771</b>	<b>33.220.193</b>	<b>104.325.834</b>
Segment Assets	23.735.540	42.338.771	33.220.193	99.294.504
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	116.091
Undistributed Assets	-	-	-	4.915.239
<b>Total Liabilities</b>	<b>35.177.287</b>	<b>16.714.270</b>	<b>32.352.884</b>	<b>104.325.834</b>
Segment Liabilities	35.177.287	16.714.270	32.352.884	84.244.441
Undistributed Liabilities	-	-	-	9.777.614
Equity	-	-	-	10.303.779



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**XXIV. Profit Reserves and profit distribution**

The Ordinary General Assembly Meeting of the Parent Bank was held on March 30, 2017. It was decided net income from 2016 operations to be distributed as follows,

**Statement of Profit Distribution, 2016**

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

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

**XXV. Earnings Per Share**

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

	<b>Current Period</b>	<b>Prior Period</b>
Group's Net Profit for the Period	895.188	569.193
Weighted Average Amount of Shares Issued (Thousands)	31.500.000	31.500.000
<b>Earnings per Share</b>	<b>0,02842</b>	<b>0,01807</b>

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

No bonus shares were issued in 2017 (2016: (1.500.000.000)).

**XXVI. Explanations on Other Matters**

None.

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**SECTION FOUR**

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

**I. Explanations on Consolidated Equity:**

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks.” As of June 30, 2017 Group’s total capital has been calculated as TL 13.306.132 (December 31, 2016: TL 11.441.004), capital adequacy ratio is 15,35% (December 31, 2016: 14,27% ) calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

**a. Components of consolidated shareholders’ equity items:**

	Current Period June 30, 2017	Amounts subject to treatment before 1/1/2014(*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.150.000	
Share issue premiums	714	
Reserves	7.565.587	
Gains recognized in equity as per TAS	8.938	
Profit	895.188	
Current Period Profit	895.188	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Minorities’ Share	6.047	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>11.626.474</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	267.219	
Improvement costs for operating leasing	69.812	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	226.647	283.309
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>563.678</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>11.062.796</b>	

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	<b>Current Period June 30, 2017</b>	<b>Amounts subject to treatment before 1/1/2014(*)</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	113.324	
Net deferred tax asset/liability which is not deducted from Common equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>10.949.472</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and premiums deemed suitable by the BRSA	-	
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	1.489.566	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	946.856	
<b>Tier II Capital Before Deductions</b>	<b>2.436.422</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>2.436.422</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital) ( Before deduction )</b>	<b>13.385.894</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	11.707	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	46.637	
Other items to be defined by the BRSA (-)	21.418	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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	Current Period June 30, 2017	Amounts subject to treatment before 1/1/2014(*)
<b>TOTAL CAPITAL</b>		
Total Capital	13.306.132	
Total risk weighted amounts	86.664.134	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	12,77%	
Tier I Capital Adequacy Ratio	12,63%	
Capital Adequacy Ratio	15,35%	
<b>BUFFERS</b>		
Bank specific total common equity tier 1 capital ratio	1,75%	
a) Capital conservation buffer requirement	1,25%	
b) Bank specific counter-cyclical buffer requirement	-	
c) Systemic significant bank buffer ratio	0,50%	
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	6,77%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	107.214	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	24.744	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.361.134	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	946.856	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	1.489.566	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	1.701.895	

(\*) Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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**Components of consolidated shareholders' equity items:**

	Prior Period December 31, 2016 (*)	Amounts subject to treatment before 1/1/2014(*)
<b>COMMON EQUITY</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank's	3.150.000	
Share issue premiums	714	
Reserves	6.329.182	
Gains recognized in equity as per TAS	372	
Profit	1.236.405	
Current Period Profit	1.236.405	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
Minority shares	5.734	
<b>Common Equity Before Deductions</b>	<b>10.722.407</b>	
<b>Common Equity Tier 1 Capital Before Deductions</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	464.179	
Improvement costs for operating leasing	77.709	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	155.065	258.441
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss	-	
amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>696.953</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>10.025.454</b>	

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	Prior Period December 31, 2016	Amounts subject to treatment before 1/1/2014(*)
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	103.376	
Net deferred tax asset/liability which is not deducted from Common equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>9.922.078</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and premiums deemed suitable by the BRSA	-	
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	693.264	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	889.344	
<b>Tier II Capital Before Deductions</b>	<b>1.582.608</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>1.582.608</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital) ( Before deduction )</b>	<b>11.504.686</b>	
<b>Deductions from Total Capital</b>		
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	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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

	<b>Prior Period December 31, 2016</b>	<b>Amounts subject to treatment before 1/1/2014<sup>(*)</sup></b>
<b>TOTAL CAPITAL</b>		
Total Capital	11.441.004	
Total risk weighted amounts	80.174.960	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	12,50%	
Tier 1 Capital Adequacy Ratio	12,38%	
Capital Adequacy Ratio	14,27%	
<b>BUFFERS</b>		
Bank specific total common equity tier 1 capital ratio	5,38%	
Capital conservation buffer requirement	0,63%	
Bank specific counter-cyclical buffer requirement	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,50%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	91.471	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	66.967	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.288.412	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	889.344	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	693.264	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	2.520.674	

(\*) Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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

	1	2	3	4
Issuer (*)	QATAR NATIONAL BANK S.A.Q	QATAR NATIONAL BANK S.A.Q	QATAR NATIONAL BANK S.A.Q	QATAR NATIONAL BANK S.A.Q
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	Yes	Yes	Yes	No
Eligible at stand-alone / consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	289	178	111	912
Par value of instrument (Currency in million)	1.140	701	438	912
Accounting classification	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost
Original date of issuance	April 24, 2008	October 06, 2009	December 28, 2009	May 22, 2017
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	12 years	12 years	12 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends	6 months	6 months	6 months	6 months
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	LIBOR +4,50%	LIBOR + 4,34%	LIBOR + 4,34%	LIBOR + 3,88%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-



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

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

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

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

**II. Explanations on Consolidated 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 October 23, 2015 and became effective as of March 31, 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Parent Bank, the following tables have not been presented as of June 30, 2017:

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

**1. Overview of RWA**

		<b>Risk Weighted Assets</b>		<b>Minimum Capital Requirements</b>	
		<b>30.06.2017</b>	<b>31.12.2016</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
1	Credit risk (excluding counterparty credit risk)	74.154.643	69.631.556	5.932.371	5.570.524
2	Standardised approach	74.154.643	69.631.556	5.932.371	5.570.524
3	Internal rating-based approach	-	-	-	-
4	Counterparty credit risk	1.593.825	1.515.928	127.506	121.274
5	Standardised approach for counterparty credit risk	1.593.825	1.515.928	127.506	121.274
6	Internal model method	-	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-	-
11	Settlement risk	-	-	-	-
12	Securitisation exposures in banking accounts	-	-	-	-
13	IRB ratings-based approach	-	-	-	-
14	IRB Supervisory Formula Approach	-	-	-	-
15	SA/simplified supervisory formula approach	-	-	-	-
16	Market risk	1.690.075	1.009.013	135.206	80.721
17	Standardised approach	1.690.075	1.009.013	135.206	80.721
18	Internal model approaches	-	-	-	-
19	Operational risk	9.225.591	8.018.463	738.048	641.477
20	Basic Indicator Approach	9.225.591	8.018.463	738.048	641.477
21	Standardised Approach	-	-	-	-
22	Advanced Measurement Approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24	Floor adjustment	-	-	-	-
<b>25</b>	<b>TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>86.664.134</b>	<b>80.174.960</b>	<b>6.933.131</b>	<b>6.413.996</b>

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**2. Credit Risk Disclosures**

**a) CR1 – Credit quality of assets**

Current Period	Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	4.326.130	73.137.165	3.712.513	73.750.782
2 Debt Securities	-	13.594.195	-	13.594.195
3 Off-balance sheet exposures	-	61.587.480	42.956	61.544.524
<b>4 Total</b>	<b>4.326.130</b>	<b>148.318.840</b>	<b>3.755.469</b>	<b>148.889.501</b>

Credit receivables defined as illiquid claim are mentioned as default credit receivables in 1-a section in accordance with the “Comminuque Related to Principles and Procedures on Determining the Qualification of Banks’ Loans and Other Receivables and the Provisions for These Loans and Receivables”, published in the Official Gazette No. 26333 dated November 1, 2006. Off-balance receivables of customers having default credit are mentioned as off-balance receivables in 3-a section.

Prior Period	Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	3.874.148	62.014.679	3.251.763	62.637.064
2 Debt Securities	-	12.883.567	-	12.883.567
3 Off-balance sheet exposures	-	53.293.087	41.241	53.251.846
<b>4 Total</b>	<b>3.874.148</b>	<b>128.191.333</b>	<b>3.293.004</b>	<b>128.772.477</b>

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

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	3.874.148	3.814.659
2 Loans and debt securities that have defaulted since the last reporting period	907.753	2.012.711
3 Returned to non-defaulted status	-	-
4 Amounts written off <sup>(*)</sup>	3.512	1.198.493 <sup>(*)</sup>
5 Other changes <sup>(**)</sup>	452.259	754.729
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>4.326.130</b>	<b>3.874.148</b>

(\*) It includes sales of credit receivables which are in legal proceedings in prior period at an amount of TL 1.195.218.

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

**c) CR3 – Credit risk mitigation techniques – overview**

Current Period	Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 Loans	71.079.947	2.670.835	1.365.845	-	-	-	-
2 Debt Securities	13.594.195	-	-	-	-	-	-
<b>3 Total</b>	<b>84.674.142</b>	<b>2.670.835</b>	<b>1.365.845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4 Of which defaulted	613.298	319	165	-	-	-	-
Prior Period	Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 Loans	60.562.016	2.075.048	1.235.606	-	-	-	-
2 Debt Securities	12.883.567	-	-	-	-	-	-
<b>3 Total</b>	<b>73.445.583</b>	<b>2.075.048</b>	<b>1.235.606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4 Of which defaulted	620.142	2.243	247	-	-	-	-

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

Current Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Exposure Categories							
1	Exposures to central governments or central banks	28.166.944	-	37.484.255	-	5.288.293	14%
2	Exposures to regional governments or local authorities	9.659	231	9.209	29	4.619	50%
3	Exposures to public sector entities	20.708	94.231	20.709	35.398	56.105	100%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	3.899.376	786.059	3.891.342	474.690	2.201.148	50%
7	Exposures to corporates	26.921.601	21.687.194	23.859.314	7.808.386	31.667.700	100%
8	Retail exposures	40.860.586	44.350.097	33.247.507	2.563.101	26.857.957	75%
9	Exposures secured by residential property	5.223.740	406.679	5.223.739	33.536	1.840.047	35%
10	Exposures secured by commercial real estate	3.612.876	187.923	3.612.876	94.420	1.853.648	50%
11	Past-due loans	686.022	-	685.857	-	549.232	80%
12	Higher-risk categories by the Agency Board	84.517	30.886	84.517	14.609	148.690	150%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	4.834.038	-	4.834.038	-	3.626.983	75%
17	Investments in equities	60.221	-	60.221	-	60.221	100%
<b>18</b>	<b>Total</b>	<b>114.380.288</b>	<b>67.543.300</b>	<b>113.013.584</b>	<b>11.024.169</b>	<b>74.154.643</b>	<b>60%</b>

Prior Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Exposure Categories							
1	Exposures to central governments or central banks	24.088.287	-	24.088.287	-	7.663.203	32%
2	Exposures to regional governments or local authorities	12.888	198	12.888	27	6.457	50%
3	Exposures to public sector entities	15.817	94.286	15.817	34.545	50.362	100%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	2.641.934	696.048	2.634.526	457.102	1.202.693	39%
7	Exposures to corporates	21.048.997	13.980.397	20.239.217	5.658.222	25.897.439	100%
8	Retail exposures	34.309.408	39.914.526	33.935.906	2.398.711	27.250.963	75%
9	Exposures secured by residential property	5.636.165	333.580	5.636.165	26.905	1.982.075	35%
10	Exposures secured by commercial real estate	3.474.396	183.132	3.474.396	91.030	1.782.713	50%
11	Past-due loans	653.487	-	653.240	-	482.861	74%
12	Higher-risk categories by the Agency Board	65.651	49.021	65.651	12.589	117.360	150%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	4.210.520	-	4.210.520	-	3.148.019	75%
17	Investments in equities	47.411	-	47.411	-	47.411	100%
<b>18</b>	<b>Total</b>	<b>96.204.961</b>	<b>55.251.188</b>	<b>95.014.024</b>	<b>8.679.131</b>	<b>69.631.556</b>	<b>67%</b>

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

Current Period										Total Credit Risk Exposure Amount <sup>(*)</sup>
Exposure Categories/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	
1 Exposures to central governments or central banks	32.195.962	-	-	-	-	-	5.288.293	-	-	37.484.255
2 Exposures to regional governments or local authorities	-	-	-	-	9.238	-	-	-	-	9.238
3 Exposures to public sector entities	-	-	-	-	-	-	56.106	-	-	56.106
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	1.993.751	-	1.139.767	-	1.232.514	-	-	4.366.032
7 Exposures to corporates	-	-	-	-	-	-	31.667.701	-	-	31.667.701
8 Retail exposures	-	-	-	-	-	35.810.607	-	-	-	35.810.607
9 Exposures secured by residential property	-	-	-	5.257.275	-	-	-	-	-	5.257.275
10 Exposures secured by commercial real estate	-	-	-	-	3.707.296	-	-	-	-	3.707.296
11 Past-due loans	-	-	-	-	273.251	-	412.606	-	-	685.857
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	99.127	-	99.127
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16 Other assets	-	-	-	-	-	-	60.221	-	-	60.221
17 Investments in equities	1.207.055	-	-	-	-	-	3.626.983	-	-	4.834.038
<b>18 Total</b>	<b>33.403.017</b>	<b>-</b>	<b>1.993.751</b>	<b>5.257.275</b>	<b>5.129.552</b>	<b>35.810.607</b>	<b>42.344.424</b>	<b>99.127</b>	<b>-</b>	<b>124.037.753</b>

<sup>(\*)</sup>Exposures post- Credit Conversion Factor (CCF) and Credit Risk Mitigation(CRM)

Prior Period										Total Credit Risk Exposure Amount <sup>(*)</sup>
Exposure Categories/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	
1 Exposures to central governments or central banks	8.761.880	-	-	-	15.326.407	-	-	-	-	24.088.287
2 Exposures to regional governments or local authorities	-	-	-	-	12.915	-	-	-	-	12.915
3 Exposures to public sector entities	-	-	-	-	-	-	50.363	-	-	50.363
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	1.156.427	-	1.927.586	-	7.614	-	-	3.091.627
7 Exposures to corporates	-	-	-	-	-	-	25.897.437	-	-	25.897.437
8 Retail exposures	-	-	-	-	-	36.334.617	-	-	-	36.334.617
9 Exposures secured by residential property	-	-	-	5.663.071	-	-	-	-	-	5.663.071
10 Exposures secured by commercial real estate	-	-	-	-	3.565.426	-	-	-	-	3.565.426
11 Past-due loans	-	-	-	-	340.758	-	312.482	-	-	653.240
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	78.241	-	78.241
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16 Other assets	-	-	-	-	-	-	47.411	-	-	47.411
17 Investments in equities	1.062.501	-	-	-	-	-	3.148.019	-	-	4.210.520
<b>18 Total</b>	<b>9.824.381</b>	<b>-</b>	<b>1.156.427</b>	<b>5.663.071</b>	<b>21.173.092</b>	<b>36.334.617</b>	<b>29.463.326</b>	<b>78.241</b>	<b>-</b>	<b>103.693.155</b>

<sup>(\*)</sup>Exposures post- Credit Conversion Factor (CCF) and Credit Risk Mitigation(CRM)

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**3. Counterparty Credit Risk Disclosures**

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

<b>Current Period</b>	<b>Revaluation Cost</b>	<b>Potential credit risk exposure</b>	<b>EEPE</b>	<b>Alpha</b>	<b>Exposure after credit risk mitigation</b>	<b>Risk Weighted Amounts</b>
1 Standard Approach-CCR	2.969.328	994.167		1,4	1.644.774	924.182
2 Internal Model Approach	-	-	-	-	-	-
3 Simplified Standardized Approach for Credit Risk Mitigation	-	-	-	-	-	-
4 Comprehensive Method for Credit Risk Mitigation	-	-	-	-	1.207.903	396.902
5 Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
<b>6 Total</b>	-	-	-	-	-	<b>1.321.084</b>

<b>Prior Period</b>	<b>Revaluation Cost</b>	<b>Potential credit risk exposure</b>	<b>EEPE</b>	<b>Alpha</b>	<b>Exposure after credit risk mitigation</b>	<b>Risk Weighted Amounts</b>
1 Standard Approach-CCR	3.878.625	827.576	-	1,4	1.607.363	900.037
2 Internal Model Approach	-	-	-	-	-	-
3 Simplified Standardized Approach for Credit Risk Mitigation	-	-	-	-	-	-
4 Comprehensive Method for Credit Risk Mitigation	-	-	-	-	995.867	349.591
5 Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
<b>6 Total</b>	-	-	-	-	-	<b>1.249.628</b>

**b) CCR2- Credit valuation adjustment (CVA) capital charge**

	<b>Exposure (After credit risk mitigation methods)</b>		<b>Risk Weighted Amounts</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
Total portfolio value with comprehensive approach				
CVA capital adequacy	-	-	-	-
(i) Value at risk component (3*multiplier included)	-	-	-	-
(ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
Total portfolio value with simplified approach CVA capital adequacy	1.644.774	1.607.363	272.741	266.300
<b>Total amount of CVA capital adequacy</b>	<b>1.644.774</b>	<b>1.607.363</b>	<b>272.741</b>	<b>266.300</b>

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

<b>Current Period</b>										<b>Total Credit Risk</b>
<b>Exposure Categories/ Risk Weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>		
1 Exposures from central governments or central banks	10.178	-	-	-	-	-	-	-	-	10.178
2 Exposures from regional or local governments	-	-	-	-	-	-	-	-	-	-
3 Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	1	-	-	-	1
4 Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures from international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures from banks and brokerage houses	-	-	765.809	1.815.250	-	25.426	-	-	-	2.606.485
7 Exposures from corporates	-	-	-	-	-	230.182	-	-	-	230.182
8 Retail receivables	-	-	-	-	5.410	-	-	-	-	5.410
9 Mortgage receivables	-	-	-	-	-	-	-	-	-	-
10 Non performing receivables	-	-	-	-	-	-	-	-	-	-
11 High risk defined receivables	-	-	-	-	-	-	421	-	-	421
12 Mortgage backed securities	-	-	-	-	-	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-	-	-	-	-	-
14 Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-	-
15 Collective investment undertaking investments	-	-	-	-	-	-	-	-	-	-
16 Equity Investments	-	-	-	-	-	-	-	-	-	-
17 Other Receivables	-	-	-	-	-	-	-	-	-	-
18 Other Assets	-	-	-	-	-	-	-	-	-	-
<b>19 Total</b>	<b>10.178</b>	<b>-</b>	<b>765.809</b>	<b>1.815.250</b>	<b>5.410</b>	<b>255.609</b>	<b>421</b>	<b>-</b>	<b>-</b>	<b>2.852.677</b>

  

<b>Prior Period</b>										<b>Total Credit Risk</b>
<b>Exposure Categories/ Risk Weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>		
1 Exposures from central governments or central banks	24.144	-	-	-	-	-	-	-	-	24.144
2 Exposures from regional or local governments	-	-	-	-	-	-	-	-	-	-
3 Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-
4 Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures from international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures from banks and brokerage houses	-	-	479.410	1.886.979	-	-	-	-	-	2.366.389
7 Exposures from corporates	-	-	-	-	-	201.663	-	-	-	201.663
8 Retail receivables	-	-	-	-	10.610	-	-	-	-	10.610
9 Mortgage receivables	-	-	-	-	-	-	-	-	-	-
10 Non performing receivables	-	-	-	-	-	-	-	-	-	-
11 High risk defined receivables	-	-	-	-	-	-	424	-	-	424
12 Mortgage backed securities	-	-	-	-	-	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-	-	-	-	-	-
14 Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-	-
15 Collective investment undertaking investments	-	-	-	-	-	-	-	-	-	-
16 Equity Investments	-	-	-	-	-	-	-	-	-	-
17 Other Receivables	-	-	-	-	-	-	-	-	-	-
18 Other Assets	-	-	-	-	-	-	-	-	-	-
<b>19 Total</b>	<b>24.144</b>	<b>-</b>	<b>479.410</b>	<b>1.886.979</b>	<b>10.610</b>	<b>201.663</b>	<b>424</b>	<b>-</b>	<b>-</b>	<b>2.603.230</b>

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

Related table is not presented due to standard method is used for calculation of capital adequacy ( December 31, 2016 – None).

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**e) CCR5 – Composition of collateral for CCR exposure:**

	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
<b>Current Period</b>						
Cash-Local Currency	-	-	-	-	435.734	-
Cash - Foreign Currency	-	2.503.864	-	481.833	3.905.835	-
Government bond-domestic	-	-	-	-	-	-
Government bond-other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
<b>Total</b>	-	<b>2.503.864</b>	-	<b>481.833</b>	<b>4.341.569</b>	-

  

	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
<b>Prior Period</b>						
Cash-Local Currency	-	-	-	-	1.495.044	-
Cash - Foreign Currency	-	3.272.578	-	377.338	3.525.142	-
Government bond-domestic	-	-	-	-	-	-
Government bond-other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
<b>Total</b>	-	<b>3.272.578</b>	-	<b>377.338</b>	<b>5.020.186</b>	-

**f) CCR6 – Credit derivatives exposures**

Related table is not presented due to the Parent Bank has no risk arrived from derivative credit received or sold. ( December 31, 2016 – None).

**g) CCR8 – Exposures to central counterparties**

Related table is not presented due to the Parent Bank has no risk against to counterparty.( December 31, 2016 – None).

**4. Securitization exposures:**

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

**5. Market risk under standardised approach**

		<b>RWA <sup>(**)</sup></b>	
		<b>Current Period</b>	<b>Prior Period</b>
	Outright products (*)	1.669.400	998.313
1	Interest rate risk (general and specific)	1.265.925	639.388
2	Equity risk (general and specific)	49.425	13.050
3	Foreign exchange risk	351.500	343.113
4	Commodity risk	2.550	2.762
	Options	20.675	10.700
5	Simplified approach	-	-
6	Delta-plus method	20.675	10.700
7	Scenario approach	-	-
8	Securitization	-	-
<b>9</b>	<b>Total</b>	<b>1.690.075</b>	<b>1.009.013</b>

(\*) Outright products refer to position in products that are not optional.

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



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**III. Explanations on Consolidated Foreign Exchange Risk**

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

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

Board of Directors has determined 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 Group 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 Group hedges foreign currency borrowings with derivative instruments. The Group does not hedge net foreign currency investments with derivative instruments.

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

US Dollars purchase rate in the balance sheet date	TL 3,5071
Euro purchase rate in the balance sheet date	TL 4,0030

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

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

The arithmetical average of the Parent Bank's US Dollar and Euro purchase rates for June 2017 are TL 3,5190 and TL 3,9487; respectively.

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**5. Information on the consolidated foreign exchange risk of the Group (Thousands of TL)**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R.Central Bank <sup>(1)</sup>	2.139.823	8.788.060	2.075.987	13.003.870
Due From Banks	126.658	1.620.923	19.676	1.767.257
Financial Assets at Fair Value through Profit/Loss <sup>(2)</sup>	71.948	132.105	250	204.303
Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	347.670	2.639.317	-	2.986.987
Loans and Receivables <sup>(3)</sup>	9.715.629	8.816.554	100.118	18.632.301
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Securities Held-to-Maturity	17.135	3.146.086	-	3.163.221
Derivative Financial Assets Hedging Purposes	5.431	23.862	-	29.293
Tangible Assets	-	-	53	53
Intangible Assets	-	7.282	-	7.282
Other Assets <sup>(4)</sup>	1.786.178	893.946	17.845	2.697.969
<b>Total Assets</b>	<b>14.210.472</b>	<b>26.068.135</b>	<b>2.213.929</b>	<b>42.492.536</b>
<b>Liabilities</b>				
Bank Deposits	551.749	5.067.995	205.300	5.825.044
Foreign Currency Deposits <sup>(5)</sup>	5.560.693	17.428.433	1.335.667	24.324.793
Money Market Borrowings	193.098	3.697.435	-	3.890.533
Funds Provided from Other Financial Institutions	3.576.611	10.622.692	2.062.312	16.261.615
Securities Issued <sup>(6)</sup>	177.624	6.733.867	-	6.911.491
Sundry Creditors <sup>(7)</sup>	2.386.168	2.003.057	8.101	4.397.326
Derivative Fin. Liabilities Hedging Purposes	51.342	198.488	-	249.830
Other Liabilities <sup>(8)</sup>	131.976	275.945	269	408.190
<b>Total Liabilities</b>	<b>12.629.261</b>	<b>46.027.912</b>	<b>3.611.649</b>	<b>62.268.822</b>
<b>Net Balance Sheet Position</b>	<b>1.581.211</b>	<b>(19.959.777)</b>	<b>(1.397.720)</b>	<b>(19.776.286)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(1.658.188)</b>	<b>18.306.440</b>	<b>1.481.811</b>	<b>18.130.063</b>
Financial Derivative Assets	5.446.766	54.504.311	1.549.004	61.500.081
Financial Derivative Liabilities	7.104.954	36.197.871	67.193	43.370.018
Non-Cash Loans <sup>(9)</sup>	3.160.067	4.566.626	101.294	7.827.987
<b>Prior Period</b>				
Total Assets	12.375.388	21.706.843	1.644.362	35.726.593
Total Liabilities	12.760.272	33.755.504	2.765.686	49.281.462
<b>Net Balance Sheet Position</b>	<b>(384.884)</b>	<b>(12.048.661)</b>	<b>(1.121.324)</b>	<b>(13.554.869)</b>
<b>Net Off-Balance Sheet Position</b>	<b>448.647</b>	<b>10.341.525</b>	<b>1.119.800</b>	<b>11.909.972</b>
Financial Derivative Assets	5.950.109	43.105.601	1.221.052	50.276.762
Financial Derivative Liabilities	5.501.462	32.764.076	101.252	38.366.790
Non-Cash Loans <sup>(9)</sup>	2.203.845	3.737.029	72.130	6.013.004

(1) Cash and Balances with TR Central; Other FC include TL 2.053.599 (December 31, 2016 – TL 1.554.973) precious metal deposit account.

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

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

(4) Does not include FC prepaid expenses amounting to TL 10.153 (December 31, 2016 – TL 3.375) as per BRSA's Communique published in Official Gazette no 26085 on February 19, 2006. Does not include repealed financial leasing receivables amounting to TL 10.254 (December 31, 2016 – TL 5.416) accounted as FC in balance sheet. Includes FC indexed factoring receivables amounting to TL 56.842 (December 31, 2016 – TL 41.327) accounted as TL in balance sheet.

(5) Other foreign currency includes TL 1.002.817 (December 31, 2016 – TL 778.428) of precious metal deposit account.

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

(7) Sundry Creditors do not include the Foreign Exchange Loan Factoring payables amounting to TL 252.

(8) Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TL 36.955 (December 31, 2016 – TL 41.958)

(9) Does not have an effect on Net Off-balance Sheet Position.

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As of June 30, 2017, the net foreign currency exposure of the Group is TL 1.646.223 short position (December 31, 2016 – TL 1.644.897 short) resulting from on balance sheet short position amounting to TL 19.776.286 (December 31, 2016 – TL 13.554.869 short) and long off balance sheet position amounting to TL 18.130.063 (December 31, 2016 – TL 11.909.972 long). As it is stated in note numbered III.5.1.d in Section Five, net foreign currency open position of the Group is TL 313.525 following the fair value hedge accounting since the debt instrument at amount of USD 380 million (TL 1.332.698) included in issued securities recorded as foreign currency in balance sheet in order to ensure currency hedging of immovable which has recorded in TL in accordance with TAS but whose fair value forms in foreign currency in market.

**IV. Explanations on Consolidated Interest Rate Risk**

Interest rate risk that would arise from the changes in interest rates depending on the Parent Bank's position is managed by the Asset/Liability Committee of the Parent 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 two weeks by taking the market developments into consideration. The management of the Parent Bank follows the interest rates in the market on a daily basis and revises interest rates of the Parent Bank when necessary. Parent Bank's asset and liabilities carry positive interest rate income and are repriced every nine months. Therefore the Parent Bank holds limited amount of interest rate risk.

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

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

(Based on repricing dates)

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non Interest Bearing <sup>(*)</sup></b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	9.711.218	-	-	-	-	6.875.640	16.586.858
Due from Banks	1.461.341	2.129	4.255	-	-	317.359	1.785.084
Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>	1.244	441	16.739	55.875	23.324	5.137.563	5.235.186
Money Market Placements	320.675	-	-	-	-	-	320.675
Inv. Securities Available for Sale	1.177.459	317.738	2.038.080	702.573	2.617.419	109.364	6.962.633
Loans and Receivables	14.117.436	6.596.805	24.802.183	23.646.066	2.834.064	1.739.043	73.735.597
Inv. Securities Held to Maturity	184.103	1.140.075	1.986.702	975.132	2.260.907	142.400	6.689.319
Other Assets	543.210	334.327	1.035.585	1.947.416	118.864	4.837.094	8.816.496
<b>Total Assets</b>	<b>27.516.686</b>	<b>8.391.515</b>	<b>29.883.544</b>	<b>27.327.062</b>	<b>7.854.578</b>	<b>19.158.463</b>	<b>120.131.848</b>
<b>Liabilities</b>							
Bank Deposits	5.663.193	320.184	74.247	-	-	427.509	6.485.133
Other Deposits	30.924.462	12.559.867	2.999.460	96.574	-	11.403.745	57.984.108
Money Market Borrowings	2.064.153	1.615.258	959.764	-	27.749	9.890	4.676.814
Sundry Creditors	4.259.659	-	-	-	-	2.373.105	6.632.764
Securities Issued	389.625	2.036.614	1.601.038	4.366.438	-	53.381	8.447.096
Funds Borrowed	3.089.144	3.445.534	10.065.027	772.183	92.377	93.296	17.557.561
Other Liabilities <sup>(***)</sup>	5.589	-	-	-	-	18.342.783	18.348.372
<b>Total Liabilities</b>	<b>46.395.825</b>	<b>19.977.457</b>	<b>15.699.536</b>	<b>5.235.195</b>	<b>120.126</b>	<b>32.703.709</b>	<b>120.131.848</b>
On Balance Sheet Long Position	-	-	14.184.008	22.091.867	7.734.452	-	44.010.327
On Balance Sheet Short Position	(18.879.139)	(11.585.942)	-	-	-	(13.545.246)	(44.010.327)
Off-Balance Sheet Long Position	6.570.775	13.111.772	695.544	-	-	-	20.378.091
Off-Balance Sheet Short Position	-	-	-	(14.535.365)	(3.020.467)	-	(17.555.832)
<b>Total Position</b>	<b>(12.308.364)</b>	<b>1.525.830</b>	<b>14.879.552</b>	<b>7.556.502</b>	<b>4.713.985</b>	<b>(13.545.246)</b>	<b>2.822.259</b>

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

<sup>(\*\*)</sup> Financial Assets at Fair Value Through Profit/Loss include TL 2.647.214 derivative financial assets used for hedging purposes.

<sup>(\*\*\*)</sup> Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 749.525.

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

(Based on repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non Interest Bearing <sup>(*)</sup>	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	7.541.319	-	-	-	-	5.562.565	13.103.884
Due from Banks	75.512	-	12.182	-	-	224.372	312.066
Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>	762	8.370	2.147	12.766	31.198	6.235.788	6.291.031
Money Market Placements	1.667.618	-	-	-	-	-	1.667.618
Inv. Securities Available for Sale	1.540.616	403.471	1.609.451	847.566	2.787.198	(156.189)	7.032.113
Loans and Receivables	13.430.498	7.611.418	21.746.543	15.606.797	2.672.475	1.546.362	62.614.093
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	542.660	287.328	860.692	1.528.411	86.391	4.099.040	7.404.522
<b>Total Assets</b>	<b>24.977.358</b>	<b>9.491.841</b>	<b>25.857.036</b>	<b>19.297.038</b>	<b>7.093.985</b>	<b>17.608.576</b>	<b>104.325.834</b>
<b>Liabilities</b>							
Bank Deposits	1.193.196	572.973	67.578	-	-	139.238	1.972.985
Other Deposits	30.613.782	9.899.613	1.874.874	47.910	-	9.456.085	51.892.264
Money Market Borrowings	4.842.526	914.488	824.886	-	27.944	9.989	6.619.833
Sundry Creditors	4.389.726	-	-	-	-	2.331.160	6.720.886
Securities Issued	708.413	2.280.490	1.551.647	1.750.319	-	40.708	6.331.577
Funds Borrowed	2.295.865	2.471.838	9.333.096	231.261	351	66.927	14.399.338
Other Liabilities <sup>(***)</sup>	4.200	-	-	-	-	16.384.751	16.388.951
<b>Total Liabilities</b>	<b>44.047.708</b>	<b>16.139.402</b>	<b>13.652.081</b>	<b>2.029.490</b>	<b>28.295</b>	<b>28.428.858</b>	<b>104.325.834</b>
On Balance Sheet Long Position	-	-	12.204.955	17.267.548	7.065.690	-	36.538.193
On Balance Sheet Short Position	(19.070.350)	(6.647.561)	-	-	-	(10.820.282)	(36.538.193)
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)
<b>Total Position</b>	<b>(13.932.134)</b>	<b>5.109.288</b>	<b>10.862.926</b>	<b>7.916.151</b>	<b>4.685.849</b>	<b>(10.820.282)</b>	<b>3.821.798</b>

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

(\*\*) Financial Assets at Fair Value Through Profit/Loss include TL 3.443.338 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	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	1,25	-	4,00
Due from Banks	0,60	2,46	-	12,67
Financial Assets at Fair Value Through Profit/Loss	2,41	5,06	-	9,34
Money Market Placements	-	-	-	13,20
Investment Securities Available for Sale	3,47	4,82	-	10,81
Loans and Receivables	4,09	5,55	2,60	15,04
Investment Securities Held for Trading	2,96	5,22	-	11,34
<b>Liabilities</b>				
Bank Deposits	0,23	1,36	-	9,40
Other Deposits	1,52	3,25	1,50	12,92
Money Market Borrowings	0,17	1,62	-	12,03
Sundry Creditors	0,18	0,01	-	-
Securities Issued	-	5,54	-	9,23
Funds Borrowed	1,64	3,23	-	12,14

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

Prior Period	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	0,75	-	3,31
Due from Banks	0,48	1,81	-	9,26
Financial Assets at Fair Value Through Profit/Loss	2,41	5,17	-	9,99
Money Market Placements	-	-	-	9,18
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
<b>Liabilities</b>				
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	-	11,34
Funds Borrowed	2,05	3,41	-	11,19

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

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value	Market Value
<b>1. Equity Investments Group A</b>	<b>20.559</b>	-	<b>20.559</b>
Quoted Securities	20.559	-	20.559
<b>2. Equity Investments Group B</b>	-	-	-
Quoted Securities	-	-	-
<b>3. Equity Investments Group C</b>	-	-	-
Quoted Securities	-	-	-
<b>4. Equity Investments Group Other<sup>(*)</sup></b>	<b>130.209<sup>(*)</sup></b>	<b>126.644<sup>(**)</sup></b>	-

<sup>(\*)</sup> Associates and subsidiaries not quoted to BIST and not classified as investment in shares by CMB.

<sup>(\*\*)</sup> Refers to entity under common control accounted at fair value but not traded at the quoted markets.

Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
		Total	Amount under Core Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	705	-	-	(61)	-	(27)
3. Other Shares	-	-	-	-	-	-
<b>4. Total</b>	<b>705</b>	<b>-</b>	<b>-</b>	<b>(61)</b>	<b>-</b>	<b>(27)</b>

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**VI. Explanations on Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio**

Liquidity Risk of the Parent 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 Parent 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 Parent Bank in order to monitor related limits. Senior management of The Parent Bank is informed periodically regarding current liquidity risk amount exposed in order to ensure being under the approved limits of the Parent 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 Parent Bank monthly in addition to aforementioned meetings and informs Board of Directors. The Parent Bank reviews its liquidity position daily. Internal and legal reports related to liquidity positions are examined in ALC meetings monthly with the participation of senior management. Several decisions are taken related to management of short and long term liquidity in this scope. Internal metrics such as reserve liquidity and deposit concentration are monitored daily besides liquidity coverage rate related to measurement of liquidity coverage. Internal limit and warning level are periodically monitored and reported to related parties by the Board of Directors.

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

It is essential for the Parent Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Parent 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 Parent Bank.

A large part of the Parent 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 FX swap and FX forward.

The Parent 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 Parent 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 Parent 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 Parent Bank regulates funding activities to be used in liquidity crisis periods specific to the Parent 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 Parent Bank against cash and guarantee need. In addition to aforementioned issues, EMP determines duties and responsibilities in performing actions in a liquidity crisis included in risk management and emergency funding plan.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**Liquidity Coverage Ratio**

<b>Current Period - June 30, 2017</b>	<b>Unweighted Amounts<sup>(*)</sup></b>		<b>Weighted Amounts<sup>(*)</sup></b>	
	<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>HIGH QUALITY LIQUID ASSETS</b>	-	-	<b>18.862.834</b>	<b>9.809.650</b>
1. High Quality Liquid Assets	21.331.425	12.278.242	18.862.834	9.809.650
<b>CASH OUTFLOWS</b>				
2. Retail and Small Business Customers Deposits	42.494.179	18.632.148	3.742.739	1.863.215
3. Stable deposits	10.133.578	-	506.679	-
4. Less stable deposits	32.360.601	18.632.148	3.236.060	1.863.215
5. Unsecured Funding other than Retail and Small Business Customers Deposits	21.937.235	12.315.667	15.858.899	9.616.582
6. Operational deposits	490.296	31.181	122.574	7.795
7. Non-Operational Deposits	15.823.575	9.180.319	10.671.115	6.504.620
8. Other Unsecured Funding	5.623.364	3.104.167	5.065.210	3.104.167
9. Secured funding	-	-	585.856	585.856
10. Other Cash Outflows	18.755.992	10.111.915	18.755.992	10.111.915
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	18.755.992	10.111.915	18.755.992	10.111.915
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	755.950	-	37.798	-
15. Other irrevocable or conditionally revocable commitments	60.255.316	9.490.191	4.061.650	798.653
<b>16. TOTAL CASH</b>	<b>-</b>	<b>-</b>	<b>43.042.934</b>	<b>22.976.221</b>
<b>CASH INFLOWS</b>				
17. Secured Lending Transactions	285.296	-	-	-
18. Unsecured Lending Transactions	7.278.832	1.591.141	4.713.149	1.300.912
19. Other contractual cash inflows	17.328.914	13.028.905	17.328.915	13.028.905
<b>20. TOTAL CASH INFLOWS</b>	<b>24.893.042</b>	<b>14.620.046</b>	<b>22.042.064</b>	<b>14.329.817</b>
<b>Capped Amounts</b>				
<b>21. TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>18.862.834</b>	<b>9.809.650</b>
<b>22. TOTAL NET CASH OUTFLOWS</b>			<b>21.000.870</b>	<b>8.646.404</b>
<b>23. LIQUIDITY COVERAGE RATIO (%)</b>			<b>89,82%</b>	<b>113,45%</b>

(\*) Simple arithmetic average calculated for the last three months of values calculated by taking the monthly simple arithmetic average.



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

<b>Prior Period- December 31, 2016</b>	<b>Unweighted Amounts<sup>(*)</sup></b>		<b>Weighted Amounts<sup>(*)</sup></b>	
	<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>HIGH QUALITY LIQUID ASSETS</b>			<b>14.875.566</b>	<b>8.053.418</b>
1. High Quality Liquid Assets	16.972.402	10.150.254	14.875.566	8.053.418
<b>CASH OUTFLOWS</b>				
2. Retail and Small Business Customers Deposits	37.412.200	14.015.648	3.329.691	1.401.565
3. Stable deposits	8.230.580	-	411.529	-
4. Less stable deposits	29.181.620	14.015.648	2.918.162	1.401.565
5. Unsecured Funding other than Retail and Small Business Customers Deposits	19.664.517	9.303.850	13.592.611	6.651.680
6. Operational deposits	727.093	20.408	181.773	5.101
7. Non-Operational Deposits	13.106.651	6.148.072	8.119.375	3.511.209
8. Other Unsecured Funding	5.830.773	3.135.370	5.291.463	3.135.370
9. Secured funding			744.683	744.683
10. Other Cash Outflows	15.940.082	9.989.012	15.940.082	9.989.012
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	15.940.082	9.989.012	15.940.082	9.989.012
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	234.867	-	11.743	-
15. Other irrevocable or conditionally revocable commitments	52.321.533	6.971.923	3.546.844	604.728
<b>16. TOTAL CASH OUTFLOWS</b>			<b>37.165.654</b>	<b>19.391.668</b>
<b>CASH INFLOWS</b>				
17. Secured Lending Transactions	542.994	-	-	-
18. Unsecured Lending Transactions	7.108.042	1.993.846	4.562.997	1.753.188
19. Other contractual cash inflows	14.464.815	9.621.128	14.464.815	9.621.128
<b>20. TOTAL CASH INFLOWS</b>	<b>22.115.851</b>	<b>11.614.974</b>	<b>19.027.812</b>	<b>11.374.316</b>
			<b>Capped Amount</b>	
<b>21. TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>14.875.566</b>	<b>8.053.418</b>
<b>22. TOTAL NET CASH OUTFLOWS</b>			<b>18.137.842</b>	<b>8.017.352</b>
<b>23. LIQUIDITY COVERAGE RATIO (%)</b>			<b>82,01%</b>	<b>100,45%</b>

(\*) Simple arithmetic average calculated for the last three months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three months.

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Minimum, maximum and average liquidity coverage ratios calculated in accordance with the “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette no. 28948, dated March 21, 2014 for the first six months are explained in the table below.

	<b>Maximum</b>	<b>Week</b>	<b>Minimum</b>	<b>Week</b>	<b>Average</b>
<b>TL+FC</b>	96,23	31.05.2017	84,50	30.06.2017	90,19
<b>FC</b>	180,87	31.05.2017	85,89	30.06.2017	125,73

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 the Parent 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 Parent Bank mainly consist of deposits which constitute 54% of total liabilities of the Group (December 31, 2016 – 52%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

The Parent 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 one 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 of repo and secured loan 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 Parent 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 Parent Bank are included in liquidity coverage ratio tables above.

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

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Unallocated<sup>(1)</sup></b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	6.171.380	10.415.478	-	-	-	-	-	16.586.858
Due from Banks	317.359	1.461.341	2.129	4.255	-	-	-	1.785.084
Financial Assets at Fair Value Through Profit/Loss <sup>(2)</sup>	-	295.838	334.470	1.835.312	2.591.892	177.674	-	5.235.186
Money Market Placements	-	320.675	-	-	-	-	-	320.675
Investment Securities Available for Sale	57.757	229.211	-	576.620	2.502.173	3.596.872	-	6.962.633
Loans and Receivables	-	13.230.204	5.022.234	21.331.724	26.823.290	6.714.528	613.617	73.735.597
Investment Securities Held to Maturity	-	-	-	361.168	2.175.502	4.152.649	-	6.689.319
Other Assets	1.373	2.122.066	366.798	1.088.842	2.467.008	123.929	2.646.480	8.816.496
<b>Total Assets</b>	<b>6.547.869</b>	<b>28.074.813</b>	<b>5.725.631</b>	<b>25.197.921</b>	<b>36.559.865</b>	<b>14.765.652</b>	<b>3.260.097</b>	<b>120.131.848</b>
<b>Liabilities</b>								
Bank Deposits	422.402	5.667.720	320.633	74.378	-	-	-	6.485.133
Other Deposits	11.092.968	31.096.425	12.633.150	3.063.043	98.522	-	-	57.984.108
Funds Borrowed	-	2.279.601	2.199.891	6.872.703	5.057.199	1.148.167	-	17.557.561
Money Market Borrowings	-	2.066.911	723.637	913.596	150.507	822.163	-	4.676.814
Securities Issued	-	389.627	816.680	1.952.165	5.232.245	56.379	-	8.447.096
Sundry Creditors	-	4.230.573	204.408	661.007	1.424.683	112.093	-	6.632.764
Other Liabilities <sup>(3)</sup>	-	2.152.223	479.756	534.520	1.400.338	486.978	13.294.557	18.348.372
<b>Total Liabilities</b>	<b>11.515.370</b>	<b>47.883.080</b>	<b>17.378.155</b>	<b>14.071.412</b>	<b>13.363.494</b>	<b>2.625.780</b>	<b>13.294.557</b>	<b>120.131.848</b>
<b>Liquidity Gap</b>	<b>(4.967.501)</b>	<b>(19.808.267)</b>	<b>(11.652.524)</b>	<b>11.126.509</b>	<b>23.196.371</b>	<b>12.139.872</b>	<b>(10.034.460)</b>	<b>-</b>
<b>Net Off- Balance Sheet Position <sup>(4)</sup></b>								
Receivables from financial derivative instruments	-	17.281.937	14.415.409	23.382.598	28.602.590	7.105.460	-	90.787.994
Liabilities from derivative financial instruments	-	17.351.885	14.352.424	22.205.674	27.516.861	7.088.152	-	88.514.996
<b>Non Cash Loans <sup>(5)</sup></b>	<b>-</b>	<b>580.105</b>	<b>1.510.311</b>	<b>6.687.687</b>	<b>2.130.447</b>	<b>335.140</b>	<b>4.867.061</b>	<b>16.110.751</b>
<b>Prior period</b>								
Total Assets	4.282.532	25.559.000	7.212.351	21.682.278	28.376.477	14.014.655	3.198.541	104.325.834
Total Liabilities	9.358.456	43.573.109	13.557.037	13.023.285	11.245.832	1.454.395	12.113.720	104.325.834
<b>Liquidity Gap</b>	<b>(5.075.924)</b>	<b>(18.014.109)</b>	<b>(6.344.686)</b>	<b>8.658.993</b>	<b>17.130.645</b>	<b>12.560.260</b>	<b>(8.915.179)</b>	<b>-</b>
<b>Net Off- Balance Sheet Position <sup>(4)</sup></b>								
Receivables from financial derivative instruments	-	18.109.425	15.593.274	16.090.618	22.669.507	5.609.532	-	78.072.356
Liabilities from derivative financial instruments	-	17.855.544	15.382.758	15.540.490	20.867.498	5.591.864	-	75.238.154
<b>Non Cash Loans</b>	<b>-</b>	<b>682.951</b>	<b>1.432.264</b>	<b>4.438.990</b>	<b>2.025.020</b>	<b>325.772</b>	<b>4.279.013</b>	<b>13.184.010</b>

<sup>(1)</sup> The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified under this column.

Unallocated other liabilities include shareholders' equity amounting to TL 11.386.976, unallocated provisions and deferred tax liability amounting to TL 1.822.605.

<sup>(2)</sup> Financial Assets at Fair Value Through Profit/Loss include derivative financial assets held for hedging purposes amounting to TL 2.647.214.

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

<sup>(4)</sup> 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.

<sup>(5)</sup> Amounts related to letter of guarantees represent contractual maturities and amounts included in aforementioned maturities and they have on demand and optionally withdrawable nature.

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**VII. Explanations on Consolidated Leverage Ratio**

**a) Information in regards to the differences between current period and prior period leverage ratio:**

The Group's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5,95% (December 31, 2016: 6,28%). 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.

**b) Summary comparative table for total asset and total risk amount in consolidated financial statements prepared in accordance with TFRS:**

	Current Period <sup>(**)</sup>	Prior Period <sup>(**)</sup>
<b>1</b> Total asset amount in consolidated financial statements prepared in accordance with TFRS <sup>(*)</sup>	116.476.095	101.293.023
<b>2</b> Difference between total asset amount in consolidated financial statements prepared in accordance with TFRS and total asset amount in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements	373.868	381.390
<b>3</b> Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of derivative financial instruments and credit derivatives	995.206	773.474
<b>4</b> Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of investment securities or financial transaction that are commodity collateralized	-	-
<b>5</b> Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of off balance transactions	64.890.169	55.119.905
<b>6</b> Other differences between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements	(366.065)	(335.210)
<b>7 Total Risk Amount</b>	<b>182.369.273</b>	<b>157.232.582</b>

<sup>(\*)</sup> Consolidated financial statements prepared in accordance with the 5th clause and 6th subclause of Communiqué on the Preparation of Consolidated Financial Statements.

<sup>(\*\*)</sup> Amounts presented above represent the arithmetic average of the last three months

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**c) Leverage ratio public disclosure template**

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:

	<b>Book Value</b>	
	<b>Current Period (*)</b>	<b>Prior Period (*)</b>
<b>Assets on Balance sheet</b>		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	111.466.765	96.302.179
(Assets deducted from capital stock)	366.065	335.210
<b>Total risk amount related to Assets on Balance sheet</b>	<b>111.100.700</b>	<b>95.966.969</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost of derivative financial instruments and credit derivatives	5.383.198	5.372.234
Potential credit risk amount of derivative financial instruments and credit derivatives	995.206	773.474
<b>Total risk amount related to derivative financial instruments and credit derivatives</b>	<b>6.378.404</b>	<b>6.145.708</b>
<b>Financial transactions having security or commodity collateral</b>		
Risk amount of financial transactions having security or commodity collateral	-	-
Risk amount sourcing from transactions mediated	-	-
<b>Total risk amount related to financial transactions having security or commodity collateral</b>	<b>-</b>	<b>-</b>
<b>Off-Balance sheet Transaction</b>		
Gross nominal amount of off-balance sheet transactions	66.089.113	55.725.410
(Adjustment amount sourcing from multiplying to credit conversion rates)	(1.198.944)	(605.505)
<b>Total risk amount related to off-balance sheet transactions</b>	<b>64.890.169</b>	<b>55.119.905</b>
<b>Capital and Total Risk</b>		
Core Capital	10.844.068	9.867.630
Amount of total risk	182.369.273	157.232.582
<b>Financial leverage ratio</b>		
Financial leverage ratio	5,95%	6,28%

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

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations And Disclosures Related To Consolidated Assets**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	703.746	453.839	685.252	376.428
T.R. Central Bank	2.831.049	12.548.754	1.244.513	10.795.316
Others	48.193	1.277	96	2.279
<b>Total</b>	<b>3.582.988</b>	<b>13.003.870</b>	<b>1.929.861</b>	<b>11.174.023</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	650.181	2.133.276	1.244.513	1.697.337
Restricted Time Deposits	2.180.868	10.415.478	-	9.097.979
<b>Total</b>	<b>2.831.049</b>	<b>12.548.754</b>	<b>1.244.513</b>	<b>10.795.316</b>

As of June 30, 2017, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 4% to 10,5% depending on the maturity of deposits (December 31, 2016 – 4% to 10,5%) and the compulsory rates for the foreign currency liabilities are within an interval from 4% to 24% depending on the maturity of deposits and other liabilities (December 31, 2016 – 4,5% and 24,5%). In accordance with the “Communiqué Regarding the Reserve Requirements no. 2013/15”, the reserve requirements can be maintained as TL, USD, EUR and standard gold.

**2. Further information on financial assets at fair value through profit/loss (net amounts are expressed)**

**a) Information on Subject to repurchase agreements and given as Collateral /blocked Investment securities**

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral/blocked	48.086	2.931	23.752	2.831
Subject to repurchase agreement	6.394	-	7.092	-
<b>Total</b>	<b>54.480</b>	<b>2.931</b>	<b>30.844</b>	<b>2.831</b>

**b) Positive differences on trading derivative instruments**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	54.139	-	106.629	-
Swap Transactions	2.129.433	243.117	2.464.878	144.158
Futures	-	384	-	388
Options	622	54.561	3.393	54.465
Other	-	-	-	-
<b>Total</b>	<b>2.184.194</b>	<b>298.062</b>	<b>2.574.900</b>	<b>199.011</b>

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**3. a) Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	15.131	255	26.882	1.726
Foreign	2.696	1.767.002	21.268	262.190
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>17.827</b>	<b>1.767.257</b>	<b>48.150</b>	<b>263.916</b>

**b) Information on foreign bank accounts**

	Unrestricted Amount		Restricted Amount <sup>(**)</sup>	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1.550.499	141.028	13.951	12.409
USA and Canada	154.953	69.269	36.604	36.234
OECD Countries <sup>(*)</sup>	4.188	1.586	-	-
Off-shore Banking Regions	-	20.948	-	-
Other	9.503	1.984	-	-
<b>Total</b>	<b>1.719.143</b>	<b>234.815</b>	<b>50.555</b>	<b>48.643</b>

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

<sup>(\*\*)</sup> Includes blocked placements amounting to TL 50.555 at foreign banks (December 31, 2016 - TL 48.643) for the funds borrowed from foreign banks.

**4. Information on receivables from reverse repurchase agreements**

	Current Period		Prior Period	
	TP	YP	TP	YP
<b>Domestic Transactions</b>	-	-	<b>1.300.605</b>	-
T.R. Central Bank	-	-	-	-
Banks	-	-	1.300.605	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
<b>Foreign Transactions</b>	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
<b>Total</b>	-	-	<b>1.300.605</b>	-

**5. Information on Investment securities available for sale**

**a) Information on investment securities available for-sale that are subject to repurchase agreements and given as Collateral /blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral / Blocked	547.983	741.195	252.663	807.931
Subject to repurchase agreements	135.847	2.165.071	1.017.007	2.003.627
<b>Total</b>	<b>683.830</b>	<b>2.906.266</b>	<b>1.269.670</b>	<b>2.811.558</b>

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**b) Investment securities available for sale**

	Current Period	Prior Period
<b>Debt securities</b>	<b>6.984.177</b>	<b>7.250.707</b>
Quoted on a stock exchange (*)	6.984.177	7.250.707
Unquoted on a stock exchange	-	-
<b>Share certificates</b>	<b>58.161</b>	<b>49.457</b>
Quoted on a stock exchange	27	27
Unquoted on a stock exchange(**)	58.134	49.430
<b>Impairment provision (-)</b>	<b>(79.705)</b>	<b>(268.051)</b>
<b>Total</b>	<b>6.962.633</b>	<b>7.032.113</b>

(\*) The Eurobond Portfolio amounting to TL 1.887.629 (December 31, 2016 - TL 1.773.444) which is accounted for as investment securities available for sale was hedged under fair value hedge accounting starting from March and April 2009. The mentioned financial assets are accounted for as Investment Securities Available for Sale in order to be in line with balance sheet presentation.

(\*\*) It includes 11.695 Type C Visa Inc shares transferred to Main Partner 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 Parent Bank**

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	-	-	<b>1.179</b>	-
Corporate Shareholders	-	-	1.179	-
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees (*)	77.633	-	80.379	-
<b>Total</b>	<b>77.633</b>	-	<b>81.558</b>	-

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

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

Cash Loans(*)	Performing Loans and Other Receivables			Loans Under Close Monitoring and Other Receivables		
	Loans and Other Receivables(Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables(Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
<b>Non-specialized Loans</b>	<b>69.126.316</b>	<b>1.808.234</b>	-	<b>4.010.849</b>	<b>1.638.666</b>	-
Discount Notes	686.421	-	-	13.905	-	-
Export Loans	1.951.234	-	-	239.616	-	-
Import Loans	17.808	-	-	-	-	-
Loans Given to Financial Sector	618.908	-	-	-	-	-
Retail Loans	14.150.080	354.961	-	680.243	203.537	-
Credit Cards	8.948.727	338.511	-	393.807	140.342	-
Other	42.753.138	1.114.762	-	2.683.278	1.294.787	-
<b>Specialized Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>69.126.316</b>	<b>1.808.234</b>	-	<b>4.010.849</b>	<b>1.638.666</b>	-

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



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<b>No. of Extensions</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans Under Close Monitoring and Other Receivables</b>
1 or 2 times	1.753.661	1.587.894
3, 4 or 5 times	49.964	45.292
Over 5 times	4.609	5.480
<b>Total</b>	<b>1.808.234</b>	<b>1.638.666</b>

<b>Extension Periods</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans Under Close Monitoring and Other Receivables</b>
0 - 6 months	123.880	126.849
6 -12 months	91.050	66.664
1 - 2 years	230.335	122.392
2 - 5 years	695.965	743.933
5 years and over	667.004	578.828
<b>Total</b>	<b>1.808.234</b>	<b>1.638.666</b>

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

<b>Cash Loans <sup>(*)</sup></b>	<b>Performing Loans and Other Receivables</b>	<b>Loans Under Close Monitoring and Other Receivables</b>
	<b>Loans and Other Receivables</b>	<b>Loans and Receivables with Revised Contract Terms</b>
<b>Short-term Loans</b>	<b>24.761.844</b>	<b>338.511</b>
Non-specialized Loans	24.761.844	338.511
Specialized Loans	-	-
Other Receivables	-	-
<b>Medium and Long-term Loans</b>	<b>44.364.472</b>	<b>1.469.723</b>
Non-specialized Loans	44.364.472	1.469.723
Specialized Loans	-	-
Other Receivables	-	-
<b>Total</b>	<b>69.126.316</b>	<b>1.808.234</b>

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

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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
<b>Consumer Loans-TL</b>	<b>395.989</b>	<b>13.025.910</b>	<b>13.421.899</b>	<b>160.147</b>
Housing Loans	852	4.860.112	4.860.964	73.493
Automobile Loans	122	20.373	20.495	165
Personal Need Loans	394.939	8.145.425	8.540.364	86.489
Other	76	-	76	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>6.080</b>	<b>6.080</b>	<b>9.495</b>
Housing Loans	-	5.828	5.828	9.024
Automobile Loans	-	-	-	-
Personal Need Loans	-	252	252	471
Other	-	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Individual Credit Cards-TL</b>	<b>7.197.154</b>	<b>374.572</b>	<b>7.571.726</b>	<b>77.979</b>
Installment	2.573.985	374.572	2.948.557	30.389
Non- Installment	4.623.169	-	4.623.169	47.590
<b>Individual Credit Cards-FC</b>	<b>3.675</b>	<b>-</b>	<b>3.675</b>	<b>21</b>
Installment	-	-	-	-
Non- Installment	3.675	-	3.675	21
<b>Personnel Loans-TL</b>	<b>6.516</b>	<b>40.316</b>	<b>46.832</b>	<b>277</b>
Housing Loans	-	335	335	1
Automobile Loans	-	-	-	-
Personal Need Loans	6.516	39.981	46.497	276
Other	-	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>27.523</b>	<b>-</b>	<b>27.523</b>	<b>42</b>
Installment	11.353	-	11.353	-
Non-Installment	16.170	-	16.170	42
<b>Personnel Credit Cards-FC</b>	<b>74</b>	<b>-</b>	<b>74</b>	<b>-</b>
Installment	-	-	-	-
Non-Installment	74	-	74	-
<b>Overdraft Accounts-TL (Real Persons)</b>	<b>1.114.492</b>	<b>-</b>	<b>1.114.492</b>	<b>71.101</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8.745.423</b>	<b>13.446.878</b>	<b>22.192.301</b>	<b>319.062</b>

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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
<b>Commercial Loans with Installment Facility – TL</b>	<b>689.959</b>	<b>17.754.437</b>	<b>18.444.396</b>	<b>400.282</b>
Real Estate Loans	-	375.985	375.985	36.059
Automobile Loans	2.748	161.259	164.007	3.353
Personal Need Loans	687.211	17.217.193	17.904.404	360.870
Other	-	-	-	-
<b>Commercial Loans with Installment Facility - FC Indexed</b>	<b>10.705</b>	<b>1.235.124</b>	<b>1.245.829</b>	<b>329.136</b>
Real Estate Loans	-	26.407	26.407	10.618
Automobile Loans	109	68.048	68.157	15.266
Personal Need Loans	10.596	1.140.669	1.151.265	303.252
Other	-	-	-	-
<b>Commercial Loans with Installment Facility - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Corporate Credit Cards –TL</b>	<b>1.633.391</b>	<b>10.701</b>	<b>1.644.092</b>	<b>16.880</b>
Installment	513.950	10.701	524.651	5.387
Non-Installment	1.119.441	-	1.119.441	11.493
<b>Corporate Credit Cards –FC</b>	<b>519</b>	<b>-</b>	<b>519</b>	<b>3</b>
Installment	-	-	-	-
Non-Installment	519	-	519	3
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>827.844</b>	<b>-</b>	<b>827.844</b>	<b>7.646</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3.162.418</b>	<b>19.000.262</b>	<b>22.162.680</b>	<b>753.947</b>

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

	Current Period	Prior Period
Public	176.837	248.823
Private	72.960.328	61.765.856
<b>Total</b>	<b>73.137.165</b>	<b>62.014.679</b>

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

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

	Current Period	Prior Period
Domestic Loans	72.778.317	61.732.410
Foreign Loans	358.848	282.269
<b>Total</b>	<b>73.137.165</b>	<b>62.014.679</b>

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

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

There are no loans granted to subsidiaries and associates (December 31, 2016, None).

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**i) Specific provisions for loans**

	Current Period	Prior Period
<b>Specific Provisions</b>		
Loans and Receivables with Limited Collectability	86.320	73.566
Loans and Receivables with Doubtful Collectability	268.365	328.113
Uncollectible Loans and Receivables	3.357.828	2.850.084
<b>Total</b>	<b>3.712.513</b>	<b>3.251.763</b>

**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
<b>Current Period</b>			
(Gross Amounts Before the Specific Provisions)	133	777	72.128
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	133	777	72.128
<b>Prior Period</b>			
(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
<b>Prior Period End Balance</b>	<b>367.839</b>	<b>656.224</b>	<b>2.850.085</b>
Additions (+)	808.435	30.417	68.901
Transfers from Other Categories of Non-Performing Loans (+)	-	643.645	712.255
Transfers to Other Categories of Non-Performing Loans (-)	643.645	712.255	-
Collections (-)	100.946	80.558	270.755
<b>Write-offs (-) <sup>(*)</sup></b>	<b>111</b>	<b>743</b>	<b>2.658</b>
Corporate and Commercial Loans	-	-	15
Consumer Loans	47	323	1.119
Credit Cards	64	420	1.524
Others	-	-	-
<b>Current Period End Balance</b>	<b>431.572</b>	<b>536.730</b>	<b>3.357.828</b>
Specific Provision (-)	86.320	268.365	3.357.828
<b>Net Balances on Balance Sheet</b>	<b>345.252</b>	<b>268.365</b>	<b>-</b>

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

None (December 31, 2016 – None).

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivable</b>
<b>Current Period (Net)</b>	<b>345.252</b>	<b>268.365</b>	<b>-</b>
Loans to Real Persons and Legal Entities (Gross)	431.572	536.730	3.329.119
Specific provision (-)	(86.320)	(268.365)	(3.329.119)
Loans to Real Persons and Legal Entities (Net)	345.252	268.365	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	28.709
Specific provision (-)	-	-	(28.709)
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>286.137</b>	<b>326.933</b>	<b>-</b>
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 Parent Bank prefers to liquidate the risk through negotiations with the debtors. If this cannot be possible, then the Parent 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) Explanations on write-off policy:**

Unrecoverable non-performing loans in legal follow-up, with no collateral that are deemed as uncollectible are written off by the Board of Directors' decision, in accordance with the laws and regulations.

**7. Information on factoring receivables**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short Term	825.088	47.223	669.607	52.491
Medium and Long Term	-	-	28.872	-
<b>Total</b>	<b>825.088</b>	<b>47.223</b>	<b>698.479</b>	<b>52.491</b>

As of June 30, 2017 and June 30, 2016, changes in provision for non-performing factoring receivables are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Prior Period End Balance	20.825	26.084
Provided Provision / (reversal), Net	1.833	7.414
Collections	(1.046)	(375)
<b>Current Period End Balance</b>	<b>21.612</b>	<b>33.123</b>

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**8. Information on investment securities held-to-maturity**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral / Blocked	401.714	265.006	566.844	125.217
Subject to repurchase agreements	298.312	2.733.422	490.816	2.319.421
<b>Total</b>	<b>700.026</b>	<b>2.998.428</b>	<b>1.057.660</b>	<b>2.444.638</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	3.526.098	2.217.198	3.383.952	1.471.352
Treasury Bill	-	-	-	-
Other Public Sector Debt Securities	-	392.570	-	444.242
<b>Total</b>	<b>3.526.098</b>	<b>2.609.768</b>	<b>3.383.952</b>	<b>1.915.594</b>

**c) Information on investment securities held-to-maturity**

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	<b>3.526.098</b>	<b>3.163.221</b>	<b>3.383.952</b>	<b>2.516.555</b>
Publicly-traded	3.526.098	3.163.221	3.383.952	2.516.555
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
<b>Total</b>	<b>3.526.098</b>	<b>3.163.221</b>	<b>3.383.952</b>	<b>2.516.555</b>

**d) Movement of held-to-maturity investments**

	Current Period	Prior Period
<b>Value at the beginning of the period</b>	<b>5.900.507</b>	<b>3.873.914</b>
Exchange differences on monetary assets	(44.323)	369.033
Acquisitions during the year	829.914	1.478.607
Disposals through sales and redemptions	(140.075)	-
Provision for losses (-)	-	-
Valuation Effect	143.296	178.953
<b>The sum of end of the period</b>	<b>6.689.319</b>	<b>5.900.507</b>

**9. Investments in associates (Net)**

**9.1. Investments in associates**

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

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
79.690	43.312	50.931	359	-	10.416	4.923	-

(\*) Current year information is based on March 31, 2017 financials. Prior year profit and loss amounts are based on March 31, 2016 financials.

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**9.2. Movements of investments in associates**

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

**9.3. Sectoral distribution and the related carrying amounts on associates**

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

**9.4. Quoted Associates**

None (December 31, 2016 - None).

**9.5. Valuation of investments in associates**

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

**9.6. Investments in associates sold during the current period**

None (December 31, 2016 - None).

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

**a) Information on the Parent Bank's unconsolidated subsidiaries:**

Subsidiaries below have not been consolidated since they are non financial investments, they are instead valued by cost method.

	<b>Title</b>	<b>Address (City/Country)</b>	<b>Bank's Share – If Different, Voting Rights (%)</b>	<b>Bank's Risk Group Share (%)</b>
1.	Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. Ve Tic. A.Ş.	Istanbul/Turkey	99,91%	99,99%
2.	EFİNANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	Istanbul/Turkey	51,00%	51,00%

(*)	<b>Total Assets</b>	<b>Shareholder's Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
1.	47.983	25.348	16.954	-	-	1.277	(59)	-
2.	10.801	3.443	5.788	155	-	(90)	152	-

(\*) Current year information is based on June 30, 2017 financials. Prior year profit and loss amounts are based on June 30, 2016 financials.

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

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

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

Information on subsidiaries in the order as presented in the table above:

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value (*)</b>
1.	347.136	135.129	3.038	10.356	928	10.914	6.981	91.330
2.	3.557.072	719.803	4.835	132.691	-	52.050	28.238	537.257(*)
3.	55.300	52.502	4.095	2.185	-	(3.099)	(1.679)	-
4.	12.706	11.639	143	735	-	(675)	7	-
5.	896.589	74.082	1.397	59.325	-	8.391	3.896	78.123

(\*) Fair values of publicly traded subsidiaries reflect their Borsa Istanbul (BIST) values as of the balance sheet date.



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

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>647.572</b>	<b>324.954</b>
<b>Movements during the Period</b>	<b>117.578</b>	<b>322.618</b>
Purchases <sup>(*)</sup>	30.000	248.078
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Disposals	-	-
Changes Due to Reclassification	87.578	-
Revaluation Difference	-	74.540
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>765.150</b>	<b>647.572</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the end of the Period (%)</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup>The Parent 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 current period. Shares, which are equivalent to 0,20% and 0,02% of paid capital of Finans Yatırım Menkul Değerler A.Ş. and Finans Portföy Yönetimi A.Ş. respectively, have been purchased in order of TL 44 and TL 1. Finans Faktoring A.Ş. and Hemenal Finansman A.Ş. has increased its capital at an amount of TL 20.000 through paid capital increase. In the prior period, the Bank has made a capital commitment amounting to TL 30.000 to its subsidiary, Hemenal Finansman A.Ş. and the related capital commitment was paid by the Parent Bank in the current.

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	78.123	64.358
Leasing Companies	537.257	478.959
Finance Companies	58.395	28.395
Other Subsidiaries	91.375	75.860
<b>Total</b>	<b>765.150</b>	<b>647.572</b>

The balances of the subsidiaries have been eliminated as part of the consolidation principles.

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

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	537.257	478.959
Quoted on International Stock Exchanges	-	-
<b>Total</b>	<b>537.257</b>	<b>478.959</b>

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

None.

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**11. Investments in entities under common control**

	<b>Title</b>	<b>Address (City/Country)</b>	<b>Bank's Share-If different, Voting Rights (%)</b>	<b>Bank' Risk Group Share (%)</b>
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%

  

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Asset</b>	<b>Interest Income</b>	<b>Securities Income</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
1.	1.147.874	93.035	13.808	-	-	21.806	17.953	-
2.	53.457	33.876	28.048	-	-	6.755	5.519	-

**12. Information on finance lease receivables (Net)**

**12.1. Maturity analysis of financial lease receivables**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 year	1.343.392	1.110.425	1.156.685	958.274
Between 1-4 years	2.145.470	1.846.516	1.717.199	1.474.143
Over 4 years	418.678	390.536	276.577	253.860
<b>Total</b>	<b>3.907.540</b>	<b>3.347.477</b>	<b>3.150.461</b>	<b>2.686.277</b>

Finance lease receivables include non-performing finance lease receivables amounting to TL 138.361 (December 31, 2016 – TL 179.285) and specific provisions amounting to TL 71.941 (December 31, 2016 – TL 114.477).

Changes in non-performing finance lease receivables provision as of June 30, 2017 and June 30, 2016, are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
End of prior period	114.477	74.316
Provided provision / (reversal), Net	16.337	14.152
Collections	(5.567)	(733)
Written-off	(53.306)	-
<b>Provision at the end of the period</b>	<b>71.941</b>	<b>87.735</b>

**12.2. Information on net investment on leases**

	<b>Current Period</b>	<b>Prior Period</b>
Gross Finance Lease Investments	3.907.540	3.150.461
Unearned Finance Income (-)	(560.063)	(464.184)
Cancelled Leasing Agreements (-)	-	-
<b>Net Investment on Leases</b>	<b>3.347.477</b>	<b>2.686.277</b>

**12.3. Information of finance lease contracts of the Parent Bank**

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

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**13. Information on hedging purpose derivatives:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (*)	1.993.445	20.531	2.346.595	18.509
Cash Flow Hedge(**)	624.476	8.762	1.063.182	15.052
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>2.617.921</b>	<b>29.293</b>	<b>3.409.777</b>	<b>33.561</b>

(\*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of June 30, 2017, TL 6.810 (December 31, 2016 - TL 14.060) from securities, TL 1.869. (December 31, 2016 - TL 3.151) from securities issued, TL 607 (December 31, 2016 - 1.298) from funds borrowed, and TL 11.245(December 31,2016-None),TL 1.993.445 (December 31, 2016 - TL 2.346.595) represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans.

(\*\*) Represents the fair value of derivatives which are the hedging instruments of deposits and floating dividends' cash flow risk.

**14. Explanations on investment property**

None (December 31, 2016- None).

**15. Information on tax asset**

According to TAS 12, the deferred tax assets and liabilities of the consolidated subsidiaries are netted off separately in their financial statements.

Deferred tax asset is TL 19.668 (December 31, 2016 – TL 66.967) and there is TL 22.304 tax liability (December 31, 2016-None) after deferred tax asset and liability balances in the financial statements of the consolidated subsidiaries are netted off separately.

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 assets amounting to TL 60.469 are netted under equity. (December 31, 2016 – TL 105.701 deferred tax assets).

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Provision for Employee Rights	259.094	295.428	51.819	59.086
Difference Between the Book Value of Financial Assets and Tax Base	520.853	503.152	104.171	100.630
Other	836.993	798.914	167.399	159.783
<b>Deferred Tax Assets</b>			<b>323.389</b>	<b>319.499</b>
Difference Between the Book Value Financial Fixed Assets and Tax Base	(202.860)	(205.128)	(40.572)	(41.026)
Difference Between the Book Value of Financial Assets and Tax Base	(710.270)	(799.389)	(142.054)	(159.878)
Other	(716.997)	(258.139)	(143.399)	(51.628)
<b>Deferred Tax Liabilities</b>			<b>(326.025)</b>	<b>(252.532)</b>
<b>Deferred Tax Assets/(Liabilities), Net</b>			<b>(2.636)</b>	<b>66.967</b>

	Current Period	Prior Period
	01.01-30.06.2017	01.01-30.06.2016
Deferred Tax as of January 1 Asset/ (Liability)- Net	66.967	100.943
Deferred Tax (Loss) / Gain	(24.371)	(103.366)
Deferred Tax that is Realized Under Shareholder's Equity	(45.232)	44.905
<b>June 30 Deferred Tax Asset/ (Liability) - Net</b>	<b>(2.636)</b>	<b>42.482</b>

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

As of June 30, 2017, the Parent Bank does not have any assets held for sale (December 31, 2016: None).

**17. Information on other assets:**

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

	Current Period	Prior Period
Other Prepaid Expenses	598.330	468.158
Collateral Given for Derivative Transactions	476.901	401.899
Assets Held for Resale (net)	472.746	367.420
Cheques Receivables from Other Banks	497.947	212.792
Miscellaneous Receivables	134.646	105.524
Prepaid rent expenses	37.395	34.200
Prepaid Agency Commissions	13.720	3.083
Advances Given	5.257	2.749
Other	93.743	57.129
<b>Total</b>	<b>2.330.685</b>	<b>1.652.954</b>

**17.2 If other assets exceed 10% of total assets, excluding off balance sheet commitments, the names and the balances of these accounts, the name and the amount of the subaccounts which create at least 20% of them are:**

Details of the other assets are described in note 17.1 section of disclosure.

**18. 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	2.617.921	29.293	3.409.777	33.561
Assets on Trading Derivatives	2.184.194	298.062	2.574.900	199.011
Loans	881.962	243.464	708.533	215.444
Investment securities held to maturity	98.055	44.345	68.347	28.291
Investment Securities Available for Sale	54.758	6.150	(23.660)	(181.297)
Central Bank	25.475	-	14.264	13
Lease Receivables	11.857	8.844	10.001	6.762
Banks	2.261	100	1.663	4
Trading Securities	1.642	(60)	583	(387)
Other Accruals	37.706	1.049	19.207	1.057
<b>Total</b>	<b>5.915.831</b>	<b>631.247</b>	<b>6.783.615</b>	<b>302.459</b>

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**SECTION FIVE**

**II. Explanations And Disclosures Related To Consolidated Liabilities**

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

**Current Period**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>2.623.474</b>	-	<b>2.222.894</b>	<b>13.992.708</b>	<b>899.705</b>	<b>510.853</b>	<b>999.121</b>	<b>2.572</b>	<b>21.251.327</b>
<b>Foreign Currency</b>	<b>5.029.763</b>	-	<b>2.091.206</b>	<b>13.556.195</b>	<b>1.406.924</b>	<b>672.664</b>	<b>565.028</b>	<b>202</b>	<b>23.321.982</b>
Residents in Turkey	4.891.156	-	2.031.852	13.310.588	1.356.325	638.284	451.451	184	22.679.840
Residents Abroad	138.607	-	59.354	245.607	50.599	34.380	113.577	18	642.142
<b>Public Sector Deposits</b>	<b>259.175</b>	-	<b>563</b>	<b>12.634</b>	<b>370</b>	-	<b>160</b>	-	<b>272.902</b>
<b>Commercial Deposits</b>	<b>2.200.647</b>	-	<b>3.165.792</b>	<b>4.208.085</b>	<b>353.392</b>	<b>609.549</b>	<b>472.502</b>	-	<b>11.009.967</b>
<b>Other Ins. Deposits</b>	<b>44.342</b>	-	<b>57.497</b>	<b>291.013</b>	<b>6.034</b>	<b>651.040</b>	<b>75.190</b>	-	<b>1.125.116</b>
<b>Precious Metal</b>									
<b>Deposits</b>	<b>935.448</b>	-	-	<b>1.942</b>	<b>146</b>	<b>1.718</b>	<b>63.560</b>	-	<b>1.002.814</b>
<b>Bank Deposits</b>	<b>422.402</b>	-	<b>4.416.954</b>	<b>1.466.576</b>	<b>110.160</b>	<b>69.041</b>	-	-	<b>6.485.133</b>
T.R. Central Bank	-	-	2.597.485	-	-	-	-	-	2.597.485
Domestic Banks	388.636	-	51.225	196.837	-	-	-	-	636.698
Foreign Banks	33.766	-	1.768.244	1.269.739	110.160	69.041	-	-	3.250.950
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11.515.251</b>	-	<b>11.954.906</b>	<b>33.529.153</b>	<b>2.776.731</b>	<b>2.514.865</b>	<b>2.175.561</b>	<b>2.774</b>	<b>64.469.241</b>

**Prior Period**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>2.518.720</b>	-	<b>2.909.327</b>	<b>14.654.307</b>	<b>459.007</b>	<b>277.111</b>	<b>783.479</b>	<b>2.809</b>	<b>21.604.760</b>
<b>Foreign Currency</b>	<b>3.750.627</b>	-	<b>1.638.432</b>	<b>12.809.320</b>	<b>833.244</b>	<b>398.458</b>	<b>493.925</b>	<b>318</b>	<b>19.924.324</b>
Residents in Turkey	3.661.310	-	1.619.555	12.519.859	801.770	377.844	443.721	290	19.424.349
Residents Abroad	89.317	-	18.877	289.461	31.474	20.614	50.204	28	499.975
<b>Public Sector Deposits</b>	<b>76.394</b>	-	<b>6.906</b>	<b>42.448</b>	<b>551</b>	<b>6.229</b>	<b>167</b>	-	<b>132.695</b>
<b>Commercial Deposits</b>	<b>2.124.465</b>	-	<b>1.938.824</b>	<b>3.802.561</b>	<b>67.461</b>	<b>295.276</b>	<b>120.558</b>	-	<b>8.349.145</b>
<b>Other Ins. Deposits</b>	<b>34.809</b>	-	<b>153.418</b>	<b>496.379</b>	<b>15.849</b>	<b>385.758</b>	<b>16.699</b>	-	<b>1.102.912</b>
<b>Precious Metal Deposits</b>	<b>717.286</b>	-	-	<b>1.324</b>	<b>1.669</b>	<b>1.444</b>	<b>56.705</b>	-	<b>778.428</b>
<b>Bank Deposits</b>	<b>136.155</b>	-	<b>200.082</b>	<b>1.517.852</b>	<b>66.711</b>	<b>50.041</b>	<b>2.144</b>	-	<b>1.972.985</b>
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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9.358.456</b>	-	<b>6.846.989</b>	<b>33.324.191</b>	<b>1.444.492</b>	<b>1.414.317</b>	<b>1.473.677</b>	<b>3.127</b>	<b>53.865.249</b>

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	11.473.073	11.407.962	9.777.957	10.196.172
Foreign Currency Savings Deposits	4.004.020	2.822.431	13.151.223	11.965.439
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>15.477.093</b>	<b>14.230.393</b>	<b>22.929.180</b>	<b>22.161.611</b>

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

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

	Current Period	Prior Period
Deposits and accounts in branches abroad	6.054	51.038
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	42.163	41.646
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	-	-
<b>Total</b>	<b>48.217</b>	<b>92.684</b>

**2. Information on trading purpose derivatives:**

**a) Negative value of trading purpose derivatives:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	21.506	-	199.244	-
Swaps	1.928.492	193.359	2.187.607	163.987
Futures	-	383	-	334
Options	33	14.203	168	50.376
Other	-	-	-	-
<b>Total</b>	<b>1.950.031</b>	<b>207.945</b>	<b>2.387.019</b>	<b>214.697</b>

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**3. Information on funds borrowed:**

**a) Information on banks and other financial institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Banks and Institutions	748.737	452.334	435.660	648.879
Foreign Banks, Institutions and Funds	547.209	12.591.912	109.792	9.969.214
<b>Total</b>	<b>1.295.946</b>	<b>13.044.246</b>	<b>545.452</b>	<b>10.618.093</b>

**b) Maturity information on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	651.458	4.649.714	373.918	3.591.389
Medium and Long-Term	644.488	8.394.532	171.534	7.026.704
<b>Total</b>	<b>1.295.946</b>	<b>13.044.246</b>	<b>545.452</b>	<b>10.618.093</b>

The Parent Bank's fund sources include deposits, funds borrowed, securities issued and money market borrowings. Deposit is the most significant fund source of the Parent 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 Parent Bank.

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

As of June 30, 2017, the Group's liabilities comprise; 54% deposits (December 31, 2016 – 52%), 12% funds borrowed (December 31, 2016 – 11%), 6% issued bonds (December 31, 2016 – 6%) and 4% funds provided under repurchase agreements (December 31, 2016 – 5%).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From domestic transactions</b>	<b>433.685</b>	<b>-</b>	<b>1.493.621</b>	<b>-</b>
Financial institutions and organizations	406.517	-	1.465.707	-
Other institutions and organizations	11.175	-	10.315	-
Real persons	15.993	-	17.599	-
<b>From foreign transactions</b>	<b>8.450</b>	<b>3.890.533</b>	<b>8.413</b>	<b>3.519.709</b>
Financial institutions and organizations	-	3.890.533	-	3.519.709
Other institutions and organizations	8.450	-	8.413	-
Real persons	-	-	-	-
<b>Total</b>	<b>442.135</b>	<b>3.890.533</b>	<b>1.502.034</b>	<b>3.519.709</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1.495.070	63.128	1.749.202	53.683
Bills	40.535	6.848.363	112.064	4.416.628
<b>Total</b>	<b>1.535.605</b>	<b>6.911.491</b>	<b>1.861.266</b>	<b>4.470.311</b>

As of June 30, 2017, The Parent Bank has government bond issue program (Global Medium Term Note Programme) amounting to USD 2 Billion.

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- 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 exceed 20% of the individual liability item in the consolidated balance sheet**

Other liabilities does not exceed 10% of total liabilities excluding the off-balance sheet items (December 31, 2016 – Does not exceed 10%).

- 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 flows of the Group are the main criteria which are taken into consideration for the 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**

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

- 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 Parent 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 Group does not have any sale-and-lease back transactions in the current period (December 31, 2016 – None).

- 8. Information on liabilities arising from hedging purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge <sup>(*)</sup>	38.085	193.012	-	190.559
Cash Flow Hedge <sup>(**)</sup>	461.610	56.818	196.239	39.930
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>499.695</b>	<b>249.830</b>	<b>196.239</b>	<b>230.489</b>

<sup>(\*)</sup> Derivative financial instruments for hedging purposes include swaps. As of June 30, 2017, TL 63.082 (December 31, 2016 – TL 27.211) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio, TL 168.015 (December 31, 2016 – TL 163.348) represents the securities.

<sup>(\*\*)</sup> Represents the fair value of derivatives which are the hedging instruments of deposits and floating dividends’ 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	1.009.000	967.669
-Additional Provision for Loans and Receivables with Extended Maturities	39.273	50.911
Provisions for Loans and Receivables in Group II	165.959	181.934
-Additional Provision for Loans and Receivables with Extended Maturities	43.576	49.750
Provisions for Non - Cash Loans	118.051	99.685
Other	68.124	39.124
<b>Total</b>	<b>1.361.134</b>	<b>1.288.412</b>



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

	<b>Current Period</b>	<b>Prior Period</b>
Foreign Exchange Provision for Foreign Currency Indexed Loans <sup>(*)</sup>	18.619	438

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

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

The specific provision for non cash loans which are related with the non-performing cash loans in arrears or the loans which were written off from balance sheet is TL 42.956 (December 31, 2016 - TL 41.241).

**9.4 Information on employee termination benefits and unused vacation accrual**

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

As of June 30, 2017, TL 147.584 (December 31, 2016 - TL 144.405) reserve for employee termination benefits was provided in the accompanying financial statements.

As of June 30, 2017, the Group accrued TL 50.601 (December 31, 2016 - TL 42.565) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of June 30, 2017, TL 60.909 (December 31, 2016 – TL 108.458) bonus and premium provisions have been provided under reserve for employee benefits account in the accompanying financial statements.

**9.4.1 Movement of employee termination benefits**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>01.01-30.06.2017</b>	<b>01.01-30.06.2016</b>
As of January 1	144.405	130.051
Service cost	9.700	9.455
Interest Cost	7.979	6.954
Settlement / curtailment / termination loss	10.082	5.664
Actuarial differences	-	-
Paid during the period	(24.582)	(13.209)
<b>Total</b>	<b>147.584</b>	<b>138.915</b>

**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:

	<b>Current Period</b>	<b>Prior Period</b>
Other Provision for Closely Monitored Loans <sup>(*)</sup>	14.286	39.901
Provision for Promotion Expenses of Credit Cards	6.230	7.707
General Reserves for Possible Risks	-	-
Other Provisions	138.905	122.063
<b>Total</b>	<b>159.421</b>	<b>169.671</b>

<sup>(\*)</sup> As at June 30, 2017, the Parent Bank has made a provision for watch list loans amounting to TL 14.286 (December 2016 – TL 39.901) based on collection rates for subject loans.

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**10. Taxation**

**10.1. Current taxes**

**10.1.1. Current tax liability**

As of June 30, 2017, the Group has current tax liability of TL 239.290 (December 31, 2016 - TL 208.292) and as of June 30, 2017 The Group does not have any advance taxes (December 31, 2016 - TL 10.194).

The current tax liability and the advance taxes of the consolidated subsidiaries have been offset separately in their financial statements. As of June 30, 2017, after the offsetting, the current tax liability amounting to TL 239.290 (December 31, 2016 – TL 198.098) is disclosed with current tax receivable TL 3.460 (December 31, 2016– TL 4.737)

**10.1.2. Information on taxes payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate taxes payable	239.290	198.098
Banking and Insurance Transaction Tax (BITT)	52.135	42.253
Taxation on Securities Income	2.817	2.013
Taxation on Real Estates Income	56.191	52.974
VAT Payable	76	167
Other	18.365	28.119
<b>Total</b>	<b>368.874</b>	<b>323.624</b>

The Group presents The “Corporate Taxes Payable” balance in the “Current Tax Liability” account and other taxes are presented in the “Other Liabilities” account in the accompanying consolidated financial statements.

**10.1.3 Information on premiums**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums - Employee Share	18.643	16.523
Social Security Premiums - Employer Share	10.031	17.711
Pension Fund Fee and Provisions – Employee Share	8	13
Pension Fund Fee and Provisions – Employer Share	25	42
Unemployment Insurance - Employee Share	642	1.164
Unemployment Insurance - Employer Share	1.280	2.320
Other	31	21
<b>Total</b>	<b>30.660</b>	<b>37.794</b>

**10.2 Information on Deferred Tax Liabilities**

According to TAS 12, the deferred tax assets and liabilities of the consolidated subsidiaries are netted off separately in their financial statements.

Deferred tax asset is TL 19.668 (December 31, 2016 – TL 66.967) and deferred tax liability is TL 22.304 (31 December 2016 – None).

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 assets amounting to TL 60.469 are netted under equity. (December, 31 2016– TL 105.701 deferred tax assets).

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	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.06.2017	31.12.2016	30.06.2017	31.12. 2016
Provision for Employee Rights	259.094	295.428	51.819	59.086
Difference Between the Book Value of Financial Assets and Tax Base	520.853	503.152	104.171	100.630
Other	836.993	798.914	167.399	159.783
<b>Deferred Tax Assets</b>			<b>323.389</b>	<b>319.499</b>
Difference Between the Book Value Financial Fixed Assets and Tax Base	(202.860)	(205.128)	(40.572)	(41.026)
Difference Between the Book Value of Financial Assets and Tax Base	(710.270)	(799.389)	(142.054)	(159.878)
Other	(716.997)	(258.139)	(143.399)	(51.628)
<b>Deferred Tax Liabilities</b>			<b>(326.025)</b>	<b>(252.532)</b>
<b>Deferred Tax Assets/(Liabilities), Net</b>			<b>(2.636)</b>	<b>66.967</b>
	Current Period		Prior Period	
	01.01-30.06.2017		01.01-30.06.2016	
Deferred Tax as of January 1 Asset/ (Liability)- Net	66.967		100.943	
Deferred Tax (Loss) / Gain	(24.371)		(103.366)	
Deferred Tax that is Realized Under Shareholder's Equity	(45.232)		44.905	
<b>December 31 Deferred Tax Asset/ (Liability) - Net</b>	<b>(2.636)</b>		<b>42.482</b>	

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

None. (December 31, 2016- None)

**12. Information on subordinated loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	3.217.369	-	3.235.793
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3.217.369</b>	<b>-</b>	<b>3.235.793</b>

The Parent 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 was paid back in 2010 to be used in capital increase. In addition, the Parent Bank received USD 260 million of subordinated loans in 2011 from National Bank of Greece S.A. Aforementioned subordinated loans are subject to interest payment every 6 months and principal payment at maturity In accordance with the share purchase agreement signed on December 21, 2015, mentioned subordinated loans was transferred to QNB as of June 15, 2016 with remaining unchanged all terms and conditions. USD 325 million of existing subordinated loans will mature in 2021, USD 325 million will mature in 2020. The subordinated loan amounting to USD 260 million was renewed as the current maturity 2027, in line with Basel III on May 22, 2017.

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

**13.1. Paid-in capital**

	<b>Current Period</b>	<b>Prior Period</b>
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**

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling</b>
Registered Capital System	3.150.000	12.000.000

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

None (December 31, 2016 - TL 150.000).

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

None (December 31, 2016 - None).

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

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

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

None (December 31, 2016 - None).

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

None (December 31, 2016 - None).

**14. Common stock issue premiums, shares and equity instruments**

	<b>Current Period</b>	<b>Prior Period</b>
Number of Stocks (Thousands)	31.500.000	31.500.000
Preferred Capital Stock	-	-
Common Stock Issue Premiums <sup>(*)</sup>	714	714
Common Stock Withdrawal Profits	-	-

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

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**15. Marketable securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Associates, Subsidiaries and Entities under Common Control</b>	-	-	-	-
Valuation Differences	-	-	-	-
Foreign Exchange Rate Differences	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>(15.591)</b>	<b>(199.036)</b>	<b>(40.675)</b>	<b>(379.478)</b>
Valuation Differences	(15.591)	(199.036)	(40.675)	(379.478)
Foreign Exchange Rate Differences	-	-	-	-
<b>Total</b>	<b>(15.591)</b>	<b>(199.036)</b>	<b>(40.675)</b>	<b>(379.478)</b>

**16. Accrued interest and expenses**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Deposits	273.828	42.107	207.471	29.298
Derivative Financial Liabilities Held for Trading	1.950.031	207.945	2.387.019	214.697
Funds Borrowed	23.230	93.359	5.337	80.606
Money Market Borrowings	153	9.736	1.293	8.699
Derivative Financial Liabilities Held for Hedging	499.695	249.830	196.239	230.489
Issued Securities	535	53.381	2.064	40.054
Other Accruals	173.394	115	94.879	125
<b>Total</b>	<b>2.920.866</b>	<b>656.473</b>	<b>2.894.302</b>	<b>603.968</b>

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**SECTION FIVE**

**III. Explanations And Disclosures Related To Consolidated Off-Balance Sheet Items**

**1. Information related to consolidated off-balance sheet contingencies**

**1.1. Type and amount of irrevocable commitments**

	<b>Current Period</b>	<b>Prior Period</b>
Commitment For Use Guaranteed Credit Allocation	23.240.782	19.365.124
Credit Cards Limit Commitments	16.951.894	16.396.189
Forward Asset Purchase Commitments	4.702.261	1.216.540
Payment Commitments for Cheques	2.726.919	2.707.388
Other Irrevocable Commitments	2.520.452	1.580.388
Capital commitments of associates and subsidiaries	-	30.000
Commitments for promotions related with credit cards and banking activities	25.268	19.721
Tax and Fund Liabilities due to Export Commitments	11.414	10.267
<b>Total</b>	<b>50.178.990</b>	<b>41.325.617</b>

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

Specific provision is provided for the non-cash loans amounting to TL 42.956 (December 31, 2016 – TL 41.241) followed in the off-balance sheet accounts that are not indemnified and not liquidated yet.

**1.3. Final guarantees, provisional guarantees, sureties and similar transactions**

	<b>Current Period</b>	<b>Prior Period</b>
Bank Loans	2.145.008	1.255.477
Letters of Credit	1.438.579	1.121.818
Other Guarantees	-	-
<b>Total</b>	<b>3.583.587</b>	<b>2.377.295</b>

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

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

**2. Total amount of non-cash loans**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Non-Cash Loans granted for Obtaining Cash Loans</b>	<b>1.388.763</b>	<b>1.116.069</b>
Less Than or Equal to One Year with Original Maturity	368.407	256.881
More Than One Year with Original Maturity	1.020.356	859.188
<b>Other Non-Cash Loans</b>	<b>14.721.988</b>	<b>12.067.941</b>
<b>Total</b>	<b>16.110.751</b>	<b>13.184.010</b>

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

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>44.952</b>	<b>0,54</b>	<b>2.855</b>	<b>0,04</b>	<b>34.061</b>	<b>0,47</b>	<b>6.774</b>	<b>0,11</b>
Farming and Raising Livestock	40.054	0,48	-	0,00	32.713	0,46	265	-
Forestry	2.375	0,03	-	0,00	251	-	-	-
Fishing	2.523	0,03	2.855	0,04	1.097	0,02	6.509	0,11
<b>Manufacturing</b>	<b>1.261.085</b>	<b>15,23</b>	<b>4.430.301</b>	<b>56,60</b>	<b>1.047.136</b>	<b>14,60</b>	<b>2.993.067</b>	<b>49,78</b>
Mining and Quarrying	48.598	0,59	36.769	0,47	49.329	0,69	32.428	0,54
Production	990.927	11,96	3.888.686	49,68	836.199	11,66	2.381.804	39,61
Electricity, gas and water	221.560	2,67	504.846	6,45	161.608	2,25	578.835	9,63
<b>Construction</b>	<b>2.769.132</b>	<b>33,43</b>	<b>782.143</b>	<b>9,99</b>	<b>2.243.853</b>	<b>31,29</b>	<b>807.527</b>	<b>13,43</b>
<b>Services</b>	<b>4.095.605</b>	<b>49,45</b>	<b>2.555.221</b>	<b>32,64</b>	<b>3.748.165</b>	<b>52,27</b>	<b>2.155.411</b>	<b>35,85</b>
Wholesale and Retail Trade	2.475.606	29,89	954.016	12,19	2.186.915	30,50	876.553	14,58
Hotel, Food and Beverage Services	75.523	0,91	85.148	1,09	101.628	1,42	84.316	1,40
Transportation&Communication	193.455	2,34	280.351	3,58	182.535	2,55	212.038	3,53
Financial Institutions	773.612	9,34	838.847	10,72	753.766	10,51	726.130	12,08
Real Estate and Renting Services	8.232	0,10	611	0,01	3.484	0,05	2.114	0,04
Self Employment Services	274.603	3,32	36.769	0,47	257.428	3,59	46.888	0,78
Educational Services	6.262	0,08	-	0,00	5.747	0,08	-	-
Health and Social Services	288.312	3,48	359.479	4,59	256.662	3,58	207.372	3,45
<b>Other</b>	<b>111.990</b>	<b>1,35</b>	<b>57.467</b>	<b>0,73</b>	<b>97.791</b>	<b>1,36</b>	<b>50.225</b>	<b>0,84</b>
<b>Total</b>	<b>8.282.764</b>	<b>100,00</b>	<b>7.827.987</b>	<b>100,00</b>	<b>7.171.006</b>	<b>100,00</b>	<b>6.013.004</b>	<b>100,00</b>

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

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

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

	I. Group		II. Group	
Prior Period <sup>(*)</sup>	TL	FC	TL	FC
Letters of Guarantee	6.939.103	3.529.492	187.530	109.349
Bill 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	-	-	-	-
<b>Non-cash Loans</b>	<b>6.951.524</b>	<b>5.893.408</b>	<b>187.530</b>	<b>110.307</b>

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

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**5. Information related to derivative financial instruments**

	Current Period	Prior Period
<b>Types of trading transactions</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>117.944.394</b>	<b>99.583.814</b>
Forward transactions (*)	9.903.456	11.595.988
Swap transactions	100.911.905	78.323.566
Futures transactions	145.835	74.460
Option transactions	6.983.198	9.589.800
<b>Interest Related Derivative Transactions (II)</b>	<b>15.861.296</b>	<b>16.261.062</b>
Forward rate transactions	-	-
Interest rate swap transactions	15.861.296	16.261.062
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
<b>Other trading derivative transactions (III)</b>	<b>578.672</b>	<b>882.950</b>
<b>A. Total Trading Derivative Transactions (I+II+III)</b>	<b>134.384.362</b>	<b>116.727.826</b>
<b>Types of hedging transactions</b>		
Fair value hedges	15.875.664	15.094.984
Cash flow hedges	33.745.226	22.704.240
Net investment hedges	-	-
<b>B. Total Hedging Related Derivatives</b>	<b>49.620.890</b>	<b>37.799.224</b>
<b>Total Derivative Transactions (A+B)</b>	<b>184.005.252</b>	<b>154.527.050</b>

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

Breakdown of the Parent 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	Futures Buy	Futures Sell	Other
<b>Current Period</b>									
TL	3.005.774	1.324.408	25.741.593	42.696.115	1.427.693	1.836.185	743	-	-
USD	1.302.327	2.973.741	52.773.567	32.447.336	1.352.617	1.446.403	72.195	72.897	578.672
Euro	610.071	431.314	4.608.628	6.653.579	633.929	165.643	-	-	-
Other	65.966	189.855	1.465.908	7.365	78.675	42.053	-	-	-
<b>Total</b>	<b>4.984.138</b>	<b>4.919.318</b>	<b>84.589.696</b>	<b>81.804.395</b>	<b>3.492.914</b>	<b>3.490.284</b>	<b>72.938</b>	<b>72.897</b>	<b>578.672</b>

(\*) 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	Futures Buy	Futures Sell	Other
<b>Prior Period</b>									
TL	2.830.861	1.642.795	21.550.376	30.799.731	2.355.495	2.147.106	-	-	-
USD	2.198.997	3.183.658	40.411.454	28.957.009	1.975.445	2.432.743	37.230	37.230	882.950
Euro	701.863	952.940	4.959.399	4.474.214	372.903	202.619	-	-	-
Other	27.872	57.002	1.187.504	44.165	53.919	49.570	-	-	-
<b>Total</b>	<b>5.759.593</b>	<b>5.836.395</b>	<b>68.108.733</b>	<b>64.275.119</b>	<b>4.757.762</b>	<b>4.832.038</b>	<b>37.230</b>	<b>37.230</b>	<b>882.950</b>

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

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



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**5.1 Fair value hedge accounting**

**a) Loans**

The Parent Bank enters into swap transactions in order to hedge itself from the changes in the fair value due to the changes in market interest rates of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. As of balance sheet date; the mortgage loans amounting to TL 3.672.308 (December 31, 2016 – TL 3.532.426) were subject to hedge accounting by swaps with a nominal of TL 4.015.078 (December 31, 2016 – TL 3.456.411). On June 30, 2017 the net market valuation difference gain amounting to TL 21.180 due to the gain from the loans amounting to TL 29.732 (June 30, 2016 – TL 184.671 gain) gain, from swaps amounting to TL 8.552 (June 30, 2016 – TL 167.716 loss) loss is accounted for under “gain / (loss) from financial derivatives transactions” line in the accompanying financial statements.

As of balance sheet date project finance loans amounting to TL 174.402 (December 31, 2016 – TL 168.103) have been subject to hedge accounting with swaps with a nominal amount of TL 166.041 (December 31, 2016 – TL 160.939). In 2017 TL 1.651 net fair valuation difference loss, net of TL 2.166 (June 30, 2016 – TL 2.978 gain) loss from loans and TL 515 (June 30, 2016 – TL 1.878 loss) gain from swaps has been recorded under “Gains / (loss) 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 Parent Bank has booked the valuation effect amounting to TL 5.474 (June 30, 2016 – TL 5.298) related to the loans that are ineffective for hedge accounting under “gain / (loss) from financial derivatives transactions” as loss during the current period.

**b) Investment securities available for sale**

The Parent 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 Parent Bank using swaps as hedging instruments. As at the balance sheet date; Eurobonds with a nominal of USD 378,7 million and EUR 75,8 million (December 31, 2016 – USD 378,7 million and EUR 75,8 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On June 30, 2017, the net market valuation difference loss amounting to TL 356 due to gain from Eurobonds amounting to TL 15.440 (June 30, 2016 – TL 108.984 gain) and loss from swaps amounting to TL 15.797 (June 30, 2016 – TL 110.959 loss) is accounted for under “gain / (loss) from financial derivatives transactions” line in the accompanying financial statements.

The Parent Bank does not apply fair value hedge on TL government bonds in the current period. December 31, 2016 – None. )

**c) Bonds issued**

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swaps as hedging instruments. As of the balance sheet date, bonds with nominal amount of USD 283 million (December 31, 2016 – USD 283 Million) have been subject to hedge accounting with the same nominal amount of swaps. As of June 30, 2017, TL 148 net fair valuation difference gain, net of TL 955 (June 30, 2016 – TL 8.909 loss) gain from issued bonds and TL 808 (June 30, 2016 – TL 8.441 gain) loss from swaps, has been recorded under “Gain / (loss) from financial derivatives transactions” on accompanying financial statements.

Finans Finansal Kiralama AŞ., the subsidiary of The Parent Bank, applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the TL bonds issued using interest rate swaps as hedging instruments. As of the balance sheet date, bonds with nominal amount of TL 66.852 (December 31, 2016 – None) have been subject to hedge accounting with the same amount of swaps. As of June 30, 2017, TL 32 net fair valuation difference loss, net of TL 56 (June 30, 2016 – None) loss from issued bonds and TL 24 (June 30, 2016 – None) gain from swaps, has been recorded under “Gain/ (loss) from financial derivatives transactions” on accompanying financial statements.

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**d) Tangible Assets**

The Parent 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 Parent Bank has recognized a cumulative amount of TL 287.139 fair value exchange difference income (June 30, 2016 – TL 56.612 foreign exchange difference gain) whose TL 11.285 portion is a fair value exchange difference gain 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 Parent 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 loss at an amount of TL 1 (June 30, 2016- TL 10 loss) sourcing from gain at an amount of TL 697 (June 30, 2016 – TL 2.801 loss) from aforementioned credit and loss at an amount of TL 698 (June 30, 2016 – TL 2.812 gain) from swaps is recognized under “Gain/loss from Derivative Financial Transactions.”

Finans Finansal Kiralama AŞ., the subsidiary of The Parent Bank, implements fair value hedge accounting through interest swaps aiming to provide hedging from changes in interest rates related to fixed rate TL credits used. Credit at an amount of TL 149.988 (December 31, 2016 - None) is subjected to hedge accounting with a swap having same amount. A net mark to market difference loss at an amount of TL 77 (June 30, 2016 - TL None) sourcing from gain at an amount of TL 179 (June 30, 2016 – None) from aforementioned credit and loss at an amount of TL 102 (June 30, 2016 - None) from swaps is recognized under “Gain/loss from Derivative Financial Transactions.”

**5.2 Cash flow hedge accounting**

**a) Deposit**

The Parent 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 of 1 month, the Parent Bank implements cash flow hedge accounting with interest rate swaps. The Parent 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 gain before taxes amounting to TL 21.691 are accounted for under equity during the current period (June 30, 2016 – TL 183.634 loss). The amounts for the ineffective portion of expenditures in the amount of TL 153 loss is associated with the income statement (June 30, 2016 – TL 2 loss)

As of the balance sheet date, swaps with a nominal amount of USD 2.467 (December 31, 2016 – USD 1.737 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 179 million (December 31, 2016 – EUR 139 million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value loss before taxes amounting to TL 43.361 are accounted under equity during the current period (June 30, 2016 – TL 120.870 loss). The gain amounting to TL 8 (June 30, 2016 – TL 1.345 loss) relating to the ineffective portion is accounted under 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 at periods when the expected cash flows subject to hedge accounting affect profit or loss (as in periods when interest income or expense is recognized). In the current period there is loss of TL 1.594 transferred amount from equity to income statement due to ineffectiveness or matured swaps. (June 30, 2016 – TL 2.848 gain).

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**b) Subordinated Loans**

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge its subordinated loans which have floating interest payment. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity "Hedging Funds", whereas the ineffective portions are accounted for at income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to USD 260 million are subject to hedge accounting as hedging instruments (December 31, 2016 – None). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TL 616 are accounted for under equity during the current period (December 31, 2016 – None). The amounts for the ineffective portion of expenditures in the amount of TL 262 loss is associated with the income statement.

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

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

As of June 30, 2017, the Parent Bank has no commitments "Credit Linked Notes" (As of December 31, 2016 - None).

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

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

The Parent Bank has recorded a provision of TL 32.527 (December 31, 2016 - TL 24.635) for litigation and has accounted for it in the accompanying financial statements under the "Other Provisions" account (Section Five, part II.9.5). Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

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

The Parent 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 Parent Bank's rating by international rating institutions**

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

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**SECTION FIVE**

**IV. Explanations And Disclosures Related To Consolidated Income Statement**

**1. a) Information on interest income received from loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term Loans	1.634.403	26.540	1.696.061	18.694
Medium and Long-Term Loans	2.246.338	327.499	1.758.214	223.696
Non-Performing Loans	40.642	-	38.464	-
Resource Utilization Support Fund	-	-	-	-
Premiums	-	-	-	-
<b>Total</b>	<b>3.921.383</b>	<b>354.039</b>	<b>3.492.739</b>	<b>242.390</b>

**b) Information on interest income from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank <sup>(*)</sup>	-	1	-	122
Domestic Banks	70.104	122	1.620	8
Foreign Banks	1.600	6.390	1.460	2.423
Foreign Headquarters and Branches	-	-	-	-
<b>Total</b>	<b>71.704</b>	<b>6.513</b>	<b>3.080</b>	<b>2.553</b>

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

**c) Information on interest income from securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	1.539	245	2.531	135
Financial Assets at FVTPL	1.172	34	2.477	150
Investment Securities Available for Sale	193.390	73.319	174.816	53.131
Investment Securities Held to Maturity	183.136	75.324	141.499	25.231
<b>Total</b>	<b>379.237</b>	<b>148.922</b>	<b>321.323</b>	<b>78.647</b>

As stated in Section Three disclosure VII, the Parent 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 estimated inflation rate used is updated during the year when necessary. In this context, as of June 30, 2017, valuation of such assets is made according to estimated annual inflation rate of 9%. If valuation of these securities indexed to the CPI had been done by the reference index valid through June 30, 2017, the Parent Bank's Marketable securities valuation differences would be decreased by TL 32 million and net profit would be increased by TL 115 million to TL 1.010 million.

**d) Information on interest income received from associates and subsidiaries:**

None (December 31, 2016 – None)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>54.218</b>	<b>290.665</b>	<b>29.617</b>	<b>155.652</b>
T.R. Central Bank	-	-	-	-
Domestic Banks	35.708	8.378	15.601	8.756
Foreign Banks	18.510	282.287	14.016	146.896
Foreign Headquarters and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>54.218</b>	<b>290.665</b>	<b>29.617</b>	<b>155.652</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Interest Paid to Associates and Subsidiaries	27.245	601

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

As of June 30, 2017 the interest amount paid to securities issued is TL 212.875 (June 30, 2016 – TL 163.639)

**d) Information on maturity structure of interest expenses on deposits**

<b>Current Period</b>		<b>Time Deposits</b>							
<b>Account Name</b>	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>Over 1 Year</b>	<b>Accumulated Deposit Account</b>	<b>Total</b>	
<b>Turkish Lira</b>									
Bank Deposits	-	30.200	66	-	-	-	-	30.266	
Saving Deposits	-	99.876	765.577	39.467	21.586	49.107	-	975.613	
Public Sector Deposits	-	239	1.099	199	9	7	-	1.553	
Commercial Deposits	-	129.206	199.050	17.493	29.773	21.266	-	396.788	
Other Deposits	-	2.662	16.783	1.570	24.009	3.001	-	48.025	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>262.183</b>	<b>982.575</b>	<b>58.729</b>	<b>75.377</b>	<b>73.381</b>	<b>-</b>	<b>1.452.245</b>	
<b>Foreign Currency</b>									
Deposits	-	14.668	168.157	17.151	7.906	5.796	-	213.678	
Bank Deposits	95	25.129	1.591	333	38	-	-	27.186	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	397	-	-	-	-	-	397	
<b>Total</b>	<b>95</b>	<b>40.194</b>	<b>169.748</b>	<b>17.484</b>	<b>7.944</b>	<b>5.796</b>	<b>-</b>	<b>241.261</b>	
<b>Grand Total</b>	<b>95</b>	<b>302.377</b>	<b>1.152.323</b>	<b>76.213</b>	<b>83.321</b>	<b>79.177</b>	<b>-</b>	<b>1.693.506</b>	

  

<b>Prior Period</b>		<b>Time Deposits</b>							
<b>Account Name</b>	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>Over 1 Year</b>	<b>Accumulated Deposit Account</b>	<b>Total</b>	
<b>Turkish Lira</b>									
Bank Deposits	-	5.388	3.209	123	246	-	-	8.966	
Saving Deposits	-	113.363	817.621	31.361	15.653	47.171	-	1.025.169	
Public Sector Deposits	-	76	4.362	12	11	5	-	4.466	
Commercial Deposits	-	96.634	259.400	37.920	8.378	11.104	-	413.436	
Other Deposits	-	1.888	39.955	4.323	22.266	686	-	69.118	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>217.349</b>	<b>1.124.547</b>	<b>73.739</b>	<b>46.554</b>	<b>58.966</b>	<b>-</b>	<b>1.521.155</b>	
<b>Foreign Currency</b>									
Deposits	-	15.968	131.635	8.844	2.082	4.102	-	162.631	
Bank Deposits	22	7.820	2.117	24	-	-	-	9.983	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	348	-	-	-	-	-	348	
<b>Total</b>	<b>22</b>	<b>24.136</b>	<b>133.752</b>	<b>8.868</b>	<b>2.082</b>	<b>4.102</b>	<b>-</b>	<b>172.962</b>	
<b>Grand Total</b>	<b>22</b>	<b>241.485</b>	<b>1.258.299</b>	<b>82.607</b>	<b>48.636</b>	<b>63.068</b>	<b>-</b>	<b>1.694.117</b>	

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Interest Expenses on Repurchase Agreements (*)	31.036	31.094	87.781	10.342

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

**f) Information on finance lease expenses**

None (June 30, 2016 – None).

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

None (June 30, 2016 – None).

**3. Information on dividend income**

	<b>Current Period</b>	<b>Prior Period</b>
Financial Assets Held for Trading	240	77
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets Available for Sale	-	-
Other	116	4
<b>Total</b>	<b>356</b>	<b>81</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Trading Gain</b>	<b>5.453.745</b>	<b>7.780.894</b>
Gains on Capital Market Operations	19.813	42.377
Derivative Financial Instruments	2.557.242	2.298.053
Foreign Exchange Gains	2.876.690	5.440.464
<b>Trading Loss (-)</b>	<b>6.053.588</b>	<b>8.142.922</b>
Losses on Capital Market Operations	14.470	26.953
Derivative Financial Instruments	3.154.907	2.689.599
Foreign Exchange Losses	2.884.211	5.426.370
<b>Net Trading Income/Loss</b>	<b>(599.843)</b>	<b>(362.028)</b>

**5. Information on other operating income**

The Group recorded the current year collections from loans written off in the previous periods, portfolio management fees and expense accruals cancelations in “Other Operating Income” account.

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Specific Provisions For Loans and Other Receivables</b>	<b>474.485</b>	<b>587.177</b>
Loans and Receivables in Group III	147.717	130.469
Loans and Receivables in Group IV	58.737	127.112
Loans and Receivables in Group V	268.031	329.596
<b>Other Provisions for Closely Monitored Loans</b>	<b>(25.615)</b>	<b>(17.170)</b>
<b>General Provisions</b>	<b>72.729</b>	<b>53.497</b>
<b>Provision for Free Reserves on Possible Losses</b>	<b>-</b>	<b>-</b>
<b>Impairment Losses on Securities</b>	<b>-</b>	<b>-</b>
Financial assets at fair value through profit or loss	-	-
Investment Securities available for sale	-	-
<b>Impairment Losses on Associates, Subsidiaries and Investment Securities Held-to-Maturity</b>	<b>-</b>	<b>-</b>
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held-to-maturity	-	-
<b>Other</b>	<b>(652)</b>	<b>(555)</b>
<b>Total</b>	<b>520.947</b>	<b>622.949</b>

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**7. Information on other operating expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel costs	657.819	576.710
Depreciation charge of tangible assets	70.763	70.297
Amortization charge of intangible assets	56.427	52.960
Reserve for employee termination benefits	3.179	8.864
Depreciation on assets to be disposed	-	3.075
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	-	-
Impairment losses on intangible assets	-	-
Impairment losses on goodwill	-	-
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed of	-	-
Impairment charge of assets held for sale and discontinued operations	-	-
Other operating expenses	537.828	480.238
<i>Operational lease related expenses</i>	<i>112.400</i>	<i>113.367</i>
<i>Repair and maintenance expenses</i>	<i>70.819</i>	<i>62.090</i>
<i>Advertisement expenses</i>	<i>62.855</i>	<i>43.317</i>
<i>Other expenses</i>	<i>291.754</i>	<i>261.464</i>
Losses on sales of assets	87	1.348
Other <sup>(*)</sup>	193.548	282.369
<b>Total</b>	<b>1.519.651</b>	<b>1.475.861</b>

(\*) Comprising repayments amounting to TL 13.115 (June 30, 2016: TL 55.474) in respect of Consumer Arbitration Committee and courts' decision, which was fees and commissions recognized in previous year as income.

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

For the period ended June 30, 2017, net interest income of TL 2.841.611 (June 30, 2016 – TL 2.184.885), net fees and commission income of TL 861.267 (June 30, 2016 – TL 701.985) and other operating income of TL 35.324 (June 30, 2016 – TL 283.193) constitute an important part of the period income.

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

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

As of June 30, 2017, the Group recorded current tax charge of TL 203.581 (June 30, 2016 - TL 28.521) and a deferred tax charge of TL 24.371 (June 30, 2016 – TL 103.366 deferred tax loss).

	<b>Current Period</b>	<b>Prior Period</b>
Current Tax Provision	(203.581)	(28.521)
Correction in regards to Corporate Tax from Prior Period	-	-
Deferred Tax Income/Expense	(24.371)	(103.366)
<b>Total</b>	<b>(227.952)</b>	<b>(131.887)</b>

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

None (June 30, 2016 – None).

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

Net profit of the Group from continued operations is TL 895.501 (June 30, 2016 – TL 570.851).

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

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

None (June 30, 2016 – None).

**11.2. There is no material effect of changes in accounting estimates by the Group on income statement for the current and, for subsequent periods.**

None.

**11.3. Profit or loss attributable to minority shares**

	<b>Current Period</b>	<b>Prior Period</b>
Profit / Loss Attributable to Minority Shares	313	1.658

**11.4. There is no change in the 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 Parent Bank.

**V. Explanations And Disclosures Related To Consolidated Cash Flows Statement**

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



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**SECTION FIVE**

**VI. Explanations And Disclosures Related To The Parent Bank's Risk Group**

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

- 1.1.** As of June 30, 2017, the Parent Bank's risk group has deposits amounting to TL 664.625 (December 31, 2016 – TL 195.418), cash loans amounting to TL 164 (December 31, 2016 – TL 265.304) and non-cash loans amounting to TL 9.560 (December 31, 2016- TL 7.482)

**Current Period**

<b>Parent Bank's Risk Group (*)</b>	<b>Associates and Subsidiaries</b>		<b>Bank's Direct and Indirect Shareholders</b>		<b>Other Legal and Real Persons in Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	-	5.896	-	-	1.252	1.586
Balance at the End of the Period	-	7.867	-	-	164	1.693
Interest and Commission Income	-	59	-	-	57	14

**Prior Period**

<b>Parent Bank's Risk Group (*)</b>	<b>Associates and Subsidiaries</b>		<b>Bank's Direct and Indirect Shareholders</b>		<b>Other Legal and Real Persons in Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	-	11.315	-	21.651	-	964
Balance at the End of the Period	-	5.896	-	-	1.252	1.586
Interest and Commission Income (**)	-	83	-	-	11	7

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

(\*\*) Prior Period represents June 30, 2016 balance.

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

<b>Parent Bank's Risk Group (*)</b>	<b>Associates and Subsidiaries</b>		<b>Bank's Direct and Indirect Shareholders</b>		<b>Other Legal and Real Persons in Risk Group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Deposits</b>						
Balance at the Beginning of the Period	15.700	11.345	-	-	179.718	258.905
Balance at the End of the Period	512.798	15.700	-	-	151.827	179.718
Interest on deposits (**)	27.245	601	-	-	5.311	8.238

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

(\*\*) Prior Period represents June 30, 2016 balance.

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

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes</b>						
Beginning of the Period	-	-	-	168.641	-	74.646
End of the Period	315.789	-	-	-	-	-
Total Income/Loss (**)	(6.594)	-	-	-	57	-
<b>Transactions for Hedging Purposes</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

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

**1.4. Information on benefits provided for Key Management**

As of June 30, 2017, the total amount of remuneration and bonuses paid to key management of the Group is TL 71.938 (June 30, 2016- TL 59.036).

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

**2.1. Relations with entities in the risk group of / or controlled by the Parent 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 matters**

As of June 30, 2017, the rate of cash loans of the risk group divided by to total loans is 0%; (December 31, 2016 – 0%); the deposits represented 1,0% (December 31, 2016 – 0,4%) The ratio of total derivative transactions with derivatives risk is 0,2% (December 31, 2016 – None).

**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 Parent Bank enters into finance lease agreements with Finans Finansal Kiralama A.Ş.

The Parent 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 Parent Bank participated with 33,33% shareholding, provides cash transfer services to the Parent Bank.

Information in regards to subordinate loans the Parent Bank received from Parent's Bank is explained in Section 5 Note II. 12.

The Parent Bank offers agency services to Cigna Finans Emeklilik and Hayat A.Ş. that is 49,00% jointly controlled for its insurance services.

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**VII. Other explanations related to the Group's operations**

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

The Parent Bank has made a discount bond issuance at nominal amount of TL 54.930 with 13,90% interest rate and 178 days maturity on July 11, 2017, at nominal amount of TL 112.700 with 13,70% interest rate and 84 days maturity on July 14, 2017 and at nominal amount of TL 175.900 with 14,00% interest rate and 168 days maturity on July 21, 2017, at nominal amount of TL 47.400 with 13,60% interest rate and 77 days maturity on July 21, 2017.

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

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

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

**3. Other matters**

None.

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**SECTION SIX**

**INDEPENDENT AUDITOR’S LIMITED REPORT**

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

The consolidated financial statements for the period ended June 30, 2017 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). The auditor’s limited report dated July 31, 2017 is presented preceding the consolidated financial statements.

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

None (December 31, 2016 – None).

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**SECTION SEVEN  
CONSOLIDATED INTERIM ACTIVITY REPORT**

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

**Message by the Chairman**

Dear Shareholders,

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

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

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

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

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

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

As of June 30<sup>th</sup>, 2017, our Bank's total assets went up by 15 percent to TL 120 billion 132 million as compared to year-end, total loans up by 18 percent to TL 73 billion 751 million and customer deposits up by 12 percent to TL 57 billion 984 million.

In the first half of the year, net interest-rate revenue was TL 2 billion 842 million and net fee and commission revenue was TL 861 million. Our Bank's pre-tax profit realized as TL 1,123 million and net profit as TL 896 million.

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

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

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

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

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

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

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**Message by the General Manager**

Dear Shareholders,

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

As of June 30th, 2017, our Bank's total assets went up by 15 percent to TL 120 billion 132 million as compared to last year-end. That same period, total loans increased by 18 percent to TL 73 billion 751 million and customer deposits by 12 percent to TL 57 billion 984 million.

In the first half, net interest-rate revenue was TL 2 billion 842 million and net fee and commission revenue was TL 861 million. Our Bank's pre-tax profit realized as TL 1,123 million and net profit as TL 896 million.

Compared to last year-end, our total equities climbed 11 percent to TL 11 billion 387 million, making QNB Finansbank's capital adequacy ratio 15.35% as of June 30<sup>th</sup>, 2017.

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

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

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

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

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

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

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

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

**FİNANS BANK ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017**

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

**Summary Consolidated Financials Belonging to the Period of June 30, 2017**

<i><b>Principal Financial Indicators (Million TL)</b></i>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Total Loans	73.751	62.637
Securities	13.742	12.983
Total Assets	120.132	104.326
Customer Deposits	57.984	51.892
Equity	11.387	10.304

  

<i><b>Profitability</b></i>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Net interest income	2.834	2.185
Net fees and commission income	861	702
Provision loans and other Receivables(-)	(521)	(623)
<b>Operating profit before tax</b>	<b>1.123</b>	<b>703</b>
Tax Provision	(228)	(132)
<b>Net profit for the period</b>	<b>896</b>	<b>571</b>

As of June 30, 2017 total assets of the Group increased by 15% and realized TL 120 billion and 132 million. When compared with the end of year 2016, total loans increased by 18% and reached TL 73 billion and 751 million while Customer Deposits increased by 12% and reached up to TL 57 billion and 984 million.

When compared with the first six-month of year 2016, net interest income grew 30% and reached TL 2 billion 842 million in the six-month period of the year 2017. Net fees and commission income increased by 23% and reached TL 861 million. Consolidated profit of the Group before tax reached TL 1 billion 123 million and the consolidated net profit for the first six month came in at TL 896 million.

When compared with the end of year 2016, total consolidated shareholders' equity increased by 11% and reached up to TL 11 billion 387 million. As of June 30, 2017 capital adequacy ratio of the Group was 15,35%.

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

**Assets:**

The Parent Bank maintained its customer-oriented activities during year 2017 and continued to grow mainly in corporate banking and commercial loans. When compared with the end of year 2016 total consolidated loans increased by 18% and reached TL 73 billion and 751 million in 2016 while total consolidated assets increased by 15% and reached TL 120 billion and 132 million. 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 27%.

**Liabilities:**

Total customer deposits of the Group increased by 12% and reached TL 57 billion and 984 million and shareholders' equity increased by 10% and reached TL 11 billion and 387 million.

**Profitability:**

Net interest income increased by 30% and reached TL 2 billion and 842 million and net fees and commission income increased by 23% and reached TL 861 million. Profit before tax of the Parent Bank reached TL 1 billion 123 million and the net profit for the period reached TL 896 million.



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**FİNANS BANK ANONİM ŞİRKETİ  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017**

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

**Solvency:**

Due to its strong capital structure and high shareholders' equity profitability, the Parent Bank has a sound financial structure. Parent Bank has been utilizing of its capital efficiently for its banking activities and it maintains its profitability of shareholders' equity. When taking into consideration of its funding structure; Parent Bank is funding its credit facilities both by its large basis of deposits as well as by utilization of long-term external sources. Parent 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 probable to occur due to differences in the maturity dates.

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

**Amendments made to the Articles of Association:**

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

**General Grants realized during the Period:**

General grants realized as of June 30, 2017 was TL 274.