

FİNANS BANK ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, CONSOLIDATED FINANCIAL STATEMENTS, NOTES AND CONSOLIDATED INTERIM ACTIVITY REPORT FOR THE PERIOD ENDED SEPTEMBER 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 CONSOLIDATED 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 September 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 nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 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 September 30, 2017 and of the results of its operations and its cash flows for the nine-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VII, are not consistent with the 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

October 25, 2017
İstanbul, Türkiye

**THE CONSOLIDATED FINANCIAL REPORT OF FINANS BANK A.Ş.
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 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

E-mail address : investor.relations@qnbfinansbank.com

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

- GENERAL INFORMATION ABOUT THE 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 nine months period ended September 30, 2017, are prepared and independently limited reviewed in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and 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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**(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 PERIOD ENDED SEPTEMBER 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 September 30, 2017 and remaining 0,12% of related shares are public shares.

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

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

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

III. Information about the Chairman and Members of Board of Directors, Members of Audit Committee, Managing 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
Emel Yılmaz Özbay	Executive Vice President	February 12, 2016	Graduate
Engin Turhan	Executive Vice President	June 14, 2016	Masters
Ahmet Erzengin	Head of the Department of Internal Control and Compliance	September 12, 2012	Graduate
Bülent Yurdalan	Head of Department of Internal Systems	August 6, 2013	Graduate
Ersin Emir	Head of Internal Audit	February 18, 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	September 16, 2011	Masters

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

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 September 30, 2017, the Parent Bank operates through 578 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 September 30 2017, the Group has 12.893 employees (December 31, 2016 – 13.557employees)

(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 PERIOD ENDED SEPTEMBER 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)
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Under Equity (Statement of Other Comprehensive Income and Loss)
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- 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 PERIOD ENDED SEPTEMBER 30, 2017

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

I. CONSOLIDATED BALANCE SHEET – ASSETS

		Reviewed 30.09.2017			Audited 31.12.2016			
		Section 5 Part						
		I	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	3.559.237	12.203.113	15.762.350	1.929.861	11.174.023	13.103.884
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	2.317.240	264.683	2.581.923	2.637.196	210.497	2.847.693
2.1	Financial assets held for trading		2.304.725	264.683	2.569.408	2.614.225	210.497	2.824.722
2.1.1	Public sector debt securities		137.345	7.621	144.966	22.528	11.486	34.014
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Assets on trading derivatives		2.162.099	256.288	2.418.387	2.574.900	199.011	2.773.911
2.1.4	Other securities		5.281	774	6.055	16.797	-	16.797
2.2	Financial assets at fair value through profit and loss		12.515	-	12.515	22.971	-	22.971
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		12.515	-	12.515	22.971	-	22.971
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	(3)	10.736	989.548	1.000.284	48.150	263.916	312.066
IV.	MONEY MARKET PLACEMENTS		184.039	-	184.039	1.667.618	-	1.667.618
4.1	Interbank money market placements		3.989	-	3.989	-	-	-
4.2	Istanbul Stock Exchange money market placements		180.050	-	180.050	367.013	-	367.013
4.3	Receivables from reverse repurchase agreements	(4)	-	-	-	1.300.605	-	1.300.605
V.	INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)	(5)	4.446.107	3.015.069	7.461.176	4.152.070	2.880.043	7.032.113
5.1	Equity securities		4.779	61.338	66.117	4.092	44.961	49.053
5.2	Public sector debt securities		4.441.030	2.938.950	7.379.980	4.147.680	2.796.651	6.944.331
5.3	Other securities		298	14.781	15.079	298	38.431	38.729
VI.	LOANS AND RECEIVABLES	(6)	61.455.462	17.410.038	78.865.500	49.855.478	12.758.615	62.614.093
6.1	Loans and receivables		60.836.044	17.410.038	78.246.082	49.233.093	12.758.615	61.991.708
6.1.1	Loans to risk group of the Bank		162	97	259	7	1.245	1.252
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		60.835.882	17.409.941	78.245.823	49.233.086	12.757.370	61.990.456
6.2	Non-performing loans		4.532.770	-	4.532.770	3.874.148	-	3.874.148
6.3	Specific provisions (-)		3.913.352	-	3.913.352	3.251.763	-	3.251.763
VII.	FACTORING RECEIVABLES	(7)	967.547	69.354	1.036.901	698.479	52.491	750.970
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(8)	3.586.348	3.205.086	6.791.434	3.383.952	2.516.555	5.900.507
8.1	Public sector debt securities		3.586.348	2.636.973	6.223.321	3.383.952	1.915.594	5.299.546
8.2	Other securities		-	568.113	568.113	-	600.961	600.961
IX.	INVESTMENT IN ASSOCIATES (Net)	(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)	115.911	-	115.911	94.271	-	94.271
11.1	Equity method entities under common control		113.111	-	113.111	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)	1.331.351	2.504.550	3.835.901	1.107.500	1.578.777	2.686.277
12.1	Financial lease receivables		1.717.111	2.768.158	4.485.269	1.408.190	1.742.271	3.150.461
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		385.760	263.608	649.368	300.690	163.494	464.184
XIII.	DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES	(13)	2.621.412	33.613	2.655.025	3.409.777	33.561	3.443.338
13.1	Fair value hedge		1.961.260	24.136	1.985.396	2.346.595	18.509	2.365.104
13.2	Cash flow hedge		660.152	9.477	669.629	1.063.182	15.052	1.078.234
13.3	Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)		1.818.632	54	1.818.686	1.838.260	48	1.838.308
XV.	INTANGIBLE ASSETS (Net)		307.408	-	307.408	288.218	-	288.218
15.1	Goodwill		-	-	-	-	-	-
15.2	Others		307.408	-	307.408	288.218	-	288.218
XVI.	INVESTMENT PROPERTIES (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSETS	(15)	25.463	-	25.463	71.704	-	71.704
17.1	Current tax assets		3.269	-	3.269	4.737	-	4.737
17.2	Deferred tax assets		22.194	-	22.194	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)	1.527.663	467.750	1.995.413	1.248.446	404.508	1.652.954
TOTAL ASSETS			84.296.376	40.162.858	124.459.234	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 PERIOD ENDED SEPTEMBER 30, 2017

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

I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

		Reviewed 30.09.2017			Audited 31.12.2016			
		Section 5 Part II	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	38.536.957	29.311.116	67.848.073	31.497.058	22.368.191	53.865.249
1.1	Deposits from risk group of the Bank		601.025	56.290	657.315	158.972	36.446	195.418
1.2	Other		37.935.932	29.254.826	67.190.758	31.338.086	22.331.745	53.669.831
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	1.777.271	205.649	1.982.920	2.387.019	214.697	2.601.716
III.	FUNDS BORROWED	(3)	1.329.374	12.428.492	13.757.866	545.452	10.618.093	11.163.545
IV.	MONEY MARKET BORROWINGS		1.802.988	4.098.265	5.901.253	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		454.117	-	454.117	97.382	-	97.382
4.3	Funds provided under repurchase agreements	(4)	1.348.871	4.098.265	5.447.136	1.502.034	3.519.709	5.021.743
V.	SECURITIES ISSUED (Net)	(5)	2.106.494	7.073.079	9.179.573	1.861.266	4.470.311	6.331.577
5.1	Bills		2.065.933	53.580	2.119.513	1.749.202	53.683	1.802.885
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		40.561	7.019.499	7.060.060	112.064	4.416.628	4.528.692
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		2.574.138	4.039.686	6.613.824	2.243.338	4.477.548	6.720.886
VIII.	OTHER LIABILITIES	(6)	710.609	299.239	1.009.848	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)	525.414	236.421	761.835	196.239	230.489	426.728
11.1	Fair value hedge		43.192	190.134	233.326	-	190.559	190.559
11.2	Cash flow hedge		482.222	46.287	528.509	196.239	39.930	236.169
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
XII.	PROVISIONS	(9)	1.874.445	-	1.874.445	1.794.752	-	1.794.752
12.1	General provisions		1.363.338	-	1.363.338	1.288.412	-	1.288.412
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		285.684	-	285.684	295.428	-	295.428
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		225.423	-	225.423	210.912	-	210.912
XIII.	TAX LIABILITY	(10)	307.326	-	307.326	198.098	-	198.098
13.1	Current tax liability		57.095	-	57.095	198.098	-	198.098
13.2	Deferred tax liability		250.231	-	250.231	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(11)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(12)	-	3.323.304	3.323.304	-	3.235.793	3.235.793
XVI.	SHAREHOLDERS' EQUITY		12.082.498	(183.531)	11.898.967	10.677.148	(373.369)	10.303.779
16.1	Paid-in capital	(13)	3.350.000	-	3.350.000	3.150.000	-	3.150.000
16.2	Capital reserves		(2.990)	(183.531)	(186.521)	(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)	(35.028)	(173.816)	(208.844)	(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)		74.978	(9.715)	65.263	39.442	6.109	45.551
16.2.9	Accumulated valuation differences from assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		(43.654)	-	(43.654)	(43.654)	-	(43.654)
16.3	Profit reserves		7.365.587	-	7.365.587	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		6.815.528	-	6.815.528	5.841.760	-	5.841.760
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		1.363.701	-	1.363.701	1.236.405	-	1.236.405
16.4.1	Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2	Current period income/ (loss)		1.363.701	-	1.363.701	1.236.405	-	1.236.405
16.5	Minority shares		6.200	-	6.200	5.734	-	5.734
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			63.627.514	60.831.720	124.459.234	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 PERIOD ENDED SEPTEMBER 30, 2017

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

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

		Reviewed 30.09.2017			Audited 31.12.2016			
		Section 5 Part III	TL	FC	TOTAL	TL	FC	TOTAL
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		132.793.563	126.850.260	259.643.823	107.898.237	100.663.461	208.561.698
I.	GUARANTEES	(1),(2),(3),(4)	8.729.192	9.249.478	17.978.670	7.171.006	6.013.004	13.184.010
1.1.	Letters of guarantee		8.704.316	5.200.910	13.905.226	7.158.585	3.648.130	10.806.715
1.1.1.	Guarantees subject to State Tender Law		423.405	30.605	454.010	310.573	36.451	347.024
1.1.2.	Guarantees given for foreign trade operations		4.539.939	5.170.305	9.710.244	3.527.000	3.611.679	7.138.679
1.1.3.	Other letters of guarantee		3.740.972	-	3.740.972	3.321.012	-	3.321.012
1.2.	Bank loans		23.930	2.425.896	2.449.826	7.421	1.248.056	1.255.477
1.2.1.	Import letter of acceptance		23.930	2.425.896	2.449.826	7.421	1.248.056	1.255.477
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		946	1.622.672	1.623.618	5.000	1.116.818	1.121.818
1.3.1.	Documentary letters of credit		946	1.554.567	1.555.513	5.000	1.084.124	1.089.124
1.3.2.	Other letters of credit		-	68.105	68.105	-	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)	46.999.432	3.800.878	50.800.310	39.756.441	2.310.737	42.067.178
2.1.	Irrevocable commitments		29.862.182	3.046.478	32.908.660	39.371.199	1.954.418	41.325.617
2.1.1.	Forward asset purchase commitments		814.409	2.815.365	3.629.774	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		9.301.167	357	9.301.524	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		2.755.987	-	2.755.987	2.707.388	-	2.707.388
2.1.8.	Tax and fund liabilities from export commitments		13.034	-	13.034	10.267	-	10.267
2.1.9.	Commitments for credit card expenditure limits		16.509.503	-	16.509.503	16.396.189	-	16.396.189
2.1.10.	Commitments for promotions related with credit cards and banking activities		27.916	-	27.916	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		440.166	230.756	670.922	487.289	1.093.099	1.580.388
2.2.	Revocable commitments		17.137.250	754.400	17.891.650	385.242	356.319	741.561
2.2.1.	Revocable loan granting commitments		17.003.507	-	17.003.507	240.800	-	240.800
2.2.2.	Other revocable commitments		133.743	754.400	888.143	144.442	356.319	500.761
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)	77.064.939	113.799.904	190.864.843	60.970.790	92.339.720	153.310.510
3.1	Derivative financial instruments for hedging purposes		22.181.984	27.712.675	49.894.659	16.730.698	21.068.526	37.799.224
3.1.1	Fair value hedge		4.414.116	12.327.433	16.741.549	3.456.411	11.638.573	15.094.984
3.1.2	Cash flow hedge		17.767.868	15.385.242	33.153.110	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		54.882.955	86.087.229	140.970.184	44.240.092	71.271.194	115.511.286
3.2.1	Forward foreign currency buy/sell transactions		3.755.570	4.200.468	7.956.038	4.118.082	6.261.366	10.379.448
3.2.1.1	Forward foreign currency transactions-buy		2.507.133	1.509.684	4.016.817	2.683.949	2.467.023	5.150.972
3.2.1.2	Forward foreign currency transactions-sell		1.248.437	2.690.784	3.939.221	1.434.133	3.794.343	5.228.476
3.2.2	Swap transactions related to foreign currency and interest rates		46.045.334	75.602.043	121.647.377	35.619.409	58.965.219	94.584.628
3.2.2.1	Foreign currency swap-buy		20.796.860	32.803.298	53.600.158	15.510.246	23.802.355	39.312.601
3.2.2.2	Foreign currency swap-sell		25.248.474	27.628.945	52.877.419	18.569.163	20.441.802	39.010.965
3.2.2.3	Interest rate swaps-buy		-	7.584.900	7.584.900	770.000	7.360.531	8.130.531
3.2.2.4	Interest rate swaps-sell		-	7.584.900	7.584.900	770.000	7.360.531	8.130.531
3.2.3	Foreign currency, interest rate and securities options		5.074.460	5.542.773	10.617.233	4.502.601	5.087.199	9.589.800
3.2.3.1	Foreign currency options-buy		2.393.957	2.918.118	5.312.075	2.355.495	2.402.267	4.757.762
3.2.3.2	Foreign currency options-sell		2.680.503	2.624.655	5.305.158	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		7.591	152.565	160.156	-	74.460	74.460
3.2.4.1	Foreign currency futures-buy		7.239	72.893	80.132	-	37.230	37.230
3.2.4.2	Foreign currency futures-sell		352	79.672	80.024	-	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		-	589.380	589.380	-	882.950	882.950
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		640.290.276	100.529.416	740.819.692	552.759.553	90.204.038	642.963.591
IV.	ITEMS HELD IN CUSTODY		52.684.622	2.880.539	55.565.161	43.231.414	3.728.678	46.960.092
4.1.	Assets under management		4.254.136	1.872	4.256.008	4.935.464	2.218	4.937.682
4.2.	Investment securities held in custody		22.313.547	-	22.313.547	18.642.053	1.348.273	19.990.326
4.3.	Checks received for collection		5.162.344	482.405	5.644.749	3.452.693	463.821	3.916.514
4.4.	Commercial notes received for collection		1.100.699	197.317	1.298.016	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		19.853.896	2.198.945	22.052.841	15.262.419	1.700.892	16.963.311
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGED ITEMS		358.362.688	57.029.312	415.392.000	319.890.014	47.175.906	367.065.920
5.1.	Marketable securities		1.076.809	6.111.529	7.188.338	819.315	3.186.362	4.005.677
5.2.	Guarantee notes		338.257	95.554	433.811	201.294	76.487	277.781
5.3.	Commodity		62.635	-	62.635	61.743	-	61.743
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		82.429.180	31.657.962	114.087.142	78.296.557	25.750.041	104.046.598
5.6.	Other pledged items		274.455.807	19.164.267	293.620.074	240.511.105	18.163.016	258.674.121
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		229.242.966	40.619.565	269.862.531	189.638.125	39.299.454	228.937.579
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			773.083.839	227.379.676	1.000.463.515	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 PERIOD ENDED SEPTEMBER 30, 2017

(STATEMENT OF INCOME/LOSS)

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

III. CONSOLIDATED INCOME STATEMENT

		Reviewed	Reviewed	Reviewed	Reviewed
		01.01 - 30.09.2017	01.01 - 30.09.2016	01.07 - 30.09.2017	01.07 - 30.09.2016
Section					
5Part IV.					
I.	INTEREST INCOME	(1)	8.182.214	6.653.313	2.997.690
1.1	Interest on loans		6.730.578	5.701.229	2.455.156
1.2	Interest received from reserve deposits		77.118	38.663	31.359
1.3	Interest received from banks		177.482	8.408	99.265
1.4	Interest received from money market placements		53.838	46.162	6.613
1.5	Interest received from marketable securities portfolio		808.439	623.986	280.280
1.5.1	Held-for-trading financial assets		3.814	3.633	2.030
1.5.2	Financial assets at fair value through profit and loss		1.646	3.625	440
1.5.3	Available-for-sale financial assets		409.400	354.608	142.691
1.5.4	Investments held-to-maturity		393.579	262.120	135.119
1.6	Finance lease income		220.753	154.049	81.424
1.7	Other interest income		114.006	80.816	43.593
II.	INTEREST EXPENSE	(2)	3.899.895	3.235.673	1.556.982
2.1	Interest on deposits		2.865.179	2.499.218	1.171.673
2.2	Interest on funds borrowed		548.575	292.926	203.692
2.3	Interest on money market borrowings		119.596	188.710	44.106
2.4	Interest on securities issued		347.366	244.306	134.491
2.5	Other interest expense		19.179	10.513	3.020
III.	NET INTEREST INCOME (I - II)		4.282.319	3.417.640	1.440.708
IV.	NET FEES AND COMMISSIONS INCOME		1.315.248	1.062.311	453.981
4.1	Fees and commissions received		1.568.151	1.305.095	557.031
4.1.1	Non-cash loans		60.625	51.524	21.374
4.1.2	Other		1.507.526	1.253.571	535.657
4.2	Fees and commissions paid		252.903	242.784	103.050
4.2.1	Non-cash loans		1.261	1.319	147
4.2.2	Other		251.642	241.465	102.903
V.	DIVIDEND INCOME	(3)	1.119	103	763
VI.	NET TRADING INCOME	(4)	(936.318)	(509.100)	(336.475)
6.1	Securities trading gains/ (losses)		5.139	18.853	(204)
6.2	Gains / (losses)Financial derivative transactions		(913.237)	(560.213)	(315.572)
6.3	Foreign exchange gains/ (losses)		(28.220)	32.260	(20.699)
VII.	OTHER OPERATING INCOME	(5)	53.954	296.347	18.630
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)		4.716.322	4.267.301	1.577.607
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES(-)	(6)	737.792	971.083	216.845
X.	OTHER OPERATING EXPENSES (-)	(7)	2.300.312	2.182.788	780.661
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		1.678.218	1.113.430	580.101
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-
XIII.	GAIN / (LOSS) ON EQUITY METHOD		31.234	(9.716)	5.898
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	1.709.452	1.103.714	585.999
XVI.	TAX CHARGE FOR CONTINUED OPERATIONS (±)	(9)	(345.283)	(222.358)	(117.331)
16.1	Current income tax charge		(105.059)	(85.428)	98.522
16.2	Deferred tax charge / benefit		(240.224)	(136.930)	(215.853)
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	1.364.169	881.356	468.668
XVIII.	INCOME ON DISCONTINUED OPERATIONS		-	-	-
18.1	Income on assets held for sale		-	-	-
18.2	Income on sale of associates, subsidiaries and entities under common control		-	-	-
18.3	Income on other discontinued operations		-	-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-
19.1	Loss from assets held for sale		-	-	-
19.2	Loss on sale of associates, subsidiaries and entities under common control		-	-	-
19.3	Loss from other discontinued operations		-	-	-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(8)	-	-	-
XXI.	TAX CHARGE FOR DISCONTINUED OPERATIONS (±)	(9)	-	-	-
21.1	Current income tax charge		-	-	-
21.2	Deferred tax charge / benefit		-	-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	-	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(11)	1.364.169	881.356	468.668
23.1	Group's profit/loss		1.363.701	879.548	468.513
23.2	Minority shares		468	1.808	155
	Earnings per share		0,04071	0,02626	0,01399
					0,00926

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 PERIOD ENDED SEPTEMBER 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 – 30.09.2017	Reviewed 01.01 – 30.09.2016
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	261.161	(10.356)
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	24.640	(298.275)
VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED FOR UNDER EQUITY AS PER TURKISH ACCOUNTING STANDARDS	-	-
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(54.780)	62.120
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	231.021	(246.511)
XI. PROFIT/LOSS	1.364.169	881.356
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	3.786	147.494
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	(1.279)	19.522
11.3 Transfer of hedge of net investments in foreign operations recycled to Income Statement	-	-
11.4 Other	1.361.662	714.340
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)	1.595.190	634.845

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 SEPTEMBER 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
Prior period – 01.01.-30.09.2016																			
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(7,891)	-	-	-	-	(7,891)	-	(7,891)
VI. Hedging funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(238,620)	-	(238,620)	-	(238,620)
6.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(238,620)	-	(238,620)	-	(238,620)
6.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares obtained from associates, subsidiaries and entities under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other ^(*)		-	-	-	-	-	-	54,879	-	-	-	-	-	-	-	-	54,879	(185,384)	(130,505)
XIX. Period net income/(loss)		-	-	-	-	-	-	-	-	879,548	-	-	-	-	-	-	879,548	1,808	881,356
XX. Profit distribution		-	-	-	-	35,443	-	767,296	-	-	(802,739)	-	-	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	35,443	-	767,296	-	-	(802,739)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance (I+II+III+.....+XVI+XVII+XVIII)		3,000,000	-	714	-	487,422	-	5,991,757	(45,674)	879,548	-	(252,150)	-	-	(157,445)	-	9,904,172	5,653	9,909,825

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 SEPTEMBER 30, 2017

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		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	
	Reviewed																				
	Current period – 01.01.-30.09.2017																				
I.	Beginning Balance		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																				
II.	Increase/decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	211.309		-	-	-	211.309		211.309	
IV.	Hedging funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-		-	-	-	19.712	-	19.712	
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-		-	-	19.712	19.712		19.712	
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
V.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
VII.	Bonus shares obtained from associates, subsidiaries and entities under common control		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
IX.	Disposal of assets		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
X.	Reclassification of assets		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
XI.	Effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
XII.	Capital increase		200.000	-	-	-	-	-	(200.000)	-	-	-	-		-	-	-	-	-	-	
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
12.2	Internal sources		200.000	-	-	-	-	-	(200.000)	-	-	-	-		-	-	-	-	-	-	
XIII.	Share premium		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
XV.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	(2)	(2)	
XVII.	Period net income/(loss)		-	-	-	-	-	-	-	1.363.701	-	-	-		-	-	-	1.363.701	468	1.364.169	
XVIII.	Profit distribution		-	-	-	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		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	
	Closing balance																				
	(I+II+III+.....+XVI+XVII+XVIII)		3.350.000	-	714	-	550.059	-	6.815.528	(43.654)	1.363.701	-	(208.844)	-	-	-	65.263	-	11.892.767	6.200	11.898.967

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 PERIOD ENDED SEPTEMBER 30, 2017**

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

VI. CONSOLIDATED CASH FLOW STATEMENT

	Section 5 Part V.	Reviewed 01.01 – 30.09.2017	Reviewed 01.01 – 30.09.2016
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		3.926.638	1.123.894
1.1.1 Interest received (+)		7.507.921	6.382.117
1.1.2 Interest paid (-)		(3.410.167)	(3.107.366)
1.1.3 Dividend received (+)		1.119	103
1.1.4 Fees and commissions received (+)		1.544.012	1.297.669
1.1.5 Other income (+)		43.220	266.999
1.1.6 Collections from previously written off loans (+)		725.515	592.903
1.1.7 Payments to personnel and service suppliers (-)		(1.821.959)	(1.583.550)
1.1.8 Taxes paid (-)		(59.058)	(62.517)
1.1.9 Other (+/-)		(603.965)	(2.662.464)
1.2 Changes in operating assets and liabilities		(4.741.103)	1.704.361
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(99.647)	1.796
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		37.352	232.202
1.2.3 Net (increase) decrease in due from banks (+/-)		(754.055)	(2.346.381)
1.2.4 Net (increase) decrease in loans (+/-)		(15.941.024)	(3.767.032)
1.2.5 Net (increase) decrease in other assets (+/-)		(1.916.208)	(732.870)
1.2.6 Net increase (decrease) in bank deposits (+/-)		2.886.472	863.608
1.2.7 Net increase (decrease) in other deposits (+/-)		10.053.189	2.794.321
1.2.8 Net increase (decrease) in funds borrowed (+/-)		2.023.439	3.377.903
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		(1.030.621)	1.280.814
I. Net cash provided from / (used in) banking operations (+/-)		(814.465)	2.828.255
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / (used in) investing activities (+/-)		(924.893)	(1.869.563)
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 (-)		(76.921)	(95.827)
2.4 Fixed assets sales (+)		2.779	11.144
2.5 Cash paid for purchase of financial assets available for sale (-)		(1.663.059)	(2.081.084)
2.6 Cash obtained from sale of financial assets available for sale (+)		1.606.704	1.060.789
2.7 Cash paid for purchase of investment securities (-)		(829.914)	(670.207)
2.8 Cash obtained from sale of investment securities (+)		140.075	-
2.9 Other (+/-)		(104.557)	(94.378)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used in) financing activities (+/-)		2.796.291	(505.603)
3.1 Cash obtained from funds borrowed and securities issued (+)		3.975.939	1.493.666
3.2 Cash used for repayment of funds borrowed and securities issued (-)		(1.149.648)	(1.871.112)
3.3 Capital increase (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for finance leases (-)		-	-
3.6 Other (+/-)		(30.000)	(128.157)
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)		71.998	42.147
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		1.128.931	495.236
VI. Cash and cash equivalents at the beginning of the period (+)		5.909.944	3.731.536
VII. Cash and cash equivalents at end of the period (V+VI)		7.038.875	4.226.772

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 PERIOD ENDED SEPTEMBER 30, 2017

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

SECTION THREE
ACCOUNTING POLICIES

I. Basis of Presentation

1. Preparation of the 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. Classifications

None.

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

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

(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 PERIOD ENDED SEPTEMBER 30, 2017

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

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.

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.

(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 PERIOD ENDED SEPTEMBER 30, 2017

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

2. Foreign currency transactions

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

The 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 September 30, 2017 are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TL by using foreign currency exchange rates of the 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>September 30, 2017</u>	<u>December 31, 2016</u>
ABD Doları	TL 3,5720	TL 3,5318
Avro	TL 4,2023	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 September 30, 2017 is TL 28.220 (September 30, 2016 – TL 32.260 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:

		Consolidation	Place of	Subject of	Effective Share of the Group	
		Method	Establishment	Operations	(%)	
					September 30, 2017	December 31, 2016
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 September 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 Losses 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 provision for 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 6.446.244 (December 31, 2016 - TL 5.837.963).

As of September 30, 2017, the Parent Bank has no securities that are subject to lending transactions (31 December 2016 – None).

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

XI. Explanations on Assets Held for Sale and Discontinued Operations

In accordance with IFRS 5 (“Assets Held for Sale and Discontinued Operations”), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. 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 are no purchase commitments related to the fixed assets.

XIV. Explanations on Leasing Transactions

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

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

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

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

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 September 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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Current Period (January 1 – September 30, 2017)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Net Interest Income	1.340.582	1.438.216	1.503.521	4.282.319
Net Fees and Commissions Income	829.437	461.912	23.899	1.315.248
Other Operating Income and Net Trading Income	22.246	78.110	(982.720)	(882.364)
Dividend Income	-	-	1.119	1.119
Operating Income	2.192.265	1.978.238	545.819	4.716.322
Other Operating Expenses	1.200.187	861.726	238.399	2.300.312
Provision for Loan Losses and Other Receivables	378.359	374.345	(14.912)	737.792
Gain / Loss on joint venture accounted for at equity method	-	-	31.234	31.234
Profit Before Taxes	613.719	742.167	353.566	1.709.452
Provision for Tax	-	-	-	(345.283)
Net Profit/Loss	-	-	-	1.364.169
Total Assets	26.661.132	57.089.685	35.320.026	124.459.234
Segment Assets	26.661.132	57.089.685	35.320.026	119.070.843
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	137.731
Undistributed Assets	-	-	-	5.250.660
Total Liabilities	40.258.529	22.757.022	39.739.273	124.459.234
Segment Liabilities	40.258.529	22.757.022	39.739.273	102.754.824
Undistributed Liabilities	-	-	-	9.805.443
Equity	-	-	-	11.898.967
Other Segment Accounts	172.267	114.959	33.156	320.382
Capital Expenditures	67.199	44.844	16.713	128.756
Depreciation and Amortization	105.068	70.115	16.443	191.626
Value Decrease/ (Increase)	-	-	-	-

Prior Period (January 1 - September 30, 2016)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Net Interest Income	1.198.515	1.228.392	990.733	3.417.640
Net Fees and Commissions Income	708.342	319.983	33.986	1.062.311
Other Operating Income and Net Trading Income	90.985	26.428	(330.166)	(212.753)
Dividend Income	-	-	103	103
Operating Income	1.997.842	1.574.803	694.656	4.267.301
Other Operating Expenses	1.194.202	763.417	225.169	2.182.788
Provision for Loan Losses and Other Receivables	539.891	430.165	1.027	971.083
Gain / Loss on joint venture accounted for at equity method	-	-	(9.716)	(9.716)
Profit Before Taxes	263.749	381.221	458.744	1.103.714
Provision for Tax	-	-	-	(222.358)
Net Profit/Loss	-	-	-	881.356
Other Segment Accounts	253.619	151.598	47.377	452.594
Capital Expenditures	145.562	87.008	29.098	261.668
Depreciation and Amortization	108.057	64.590	18.279	190.926
Value Decrease/ (Increase)	-	-	-	-

Prior Period (December 31, 2016)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Total Assets	23.735.540	42.338.771	33.220.193	104.325.834
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
Total Liabilities	35.177.287	16.714.270	32.352.884	104.325.834
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

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

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

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.

	Current Period	Prior Period
Group's Net Profit for the Period	1.363.701	879.548
Weighted Average Amount of Shares Issued (Thousands)	33.500.000	33.500.000
Earnings per Share	0,04071	0,02626

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.

Amount of issued bonus shared in 2017 is 2.000.000.000 (Amount of issued bonus shared in 2016 is 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 September 30, 2017 Group’s total capital has been calculated as TL 13.929.399 (December 31, 2016: TL 11.441.004), capital adequacy ratio is 15,08% (December 31, 2016: 14,27%) calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

Components of consolidated shareholders’ equity items:

	Current Period September 30, 2017	Amounts subject to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.350.000	
Share issue premiums	714	
Reserves	7.365.587	
Gains recognized in equity as per TAS	15.449	
Profit	1.363.701	
Current Period Profit	1.363.701	
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	6.200	
Common Equity Tier 1 Capital Before Deductions	12.101.651	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	267.946	
Improvement costs for operating leasing	66.514	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	222.422	278.028
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	556.882	
Total Common Equity Tier 1 Capital	11.544.769	

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	Current Period September 30, 2017	Amounts subject to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	111.211	
Net deferred tax asset/liability which is not deducted from Common equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	11.433.558	
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	1.506.440	
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)	1.018.320	
Tier II Capital Before Deductions	2.524.760	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	2.524.760	
Total Capital (The sum of Tier I Capital and Tier II Capital)	13.958.318	
Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	10.947	
Net Book Values of Movables and 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	-	
Other items to be defined by the BRSA (-)	17.972	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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	Current Period	Amounts subject to
	September 30, 2017	treatment before
		1/1/2014^(*)
TOTAL CAPITAL		
Total Capital	13.929.399	
Total risk weighted amounts	92.379.227	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	12,50%	
Tier I Capital Adequacy Ratio	12,38%	
Capital Adequacy Ratio	15,08%	
BUFFERS		
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	6,50%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	113.111	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	22.194	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.363.338	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.018.320	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	1.506.440	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	1.744.080	

(*) Amounts in this column 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(*)
COMMON EQUITY		
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	
Common Equity Before Deductions	10.722.407	
Common Equity Tier 1 Capital Before Deductions		
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	-	
Total Deductions From Common Equity Tier 1 Capital	696.953	
Total Common Equity Tier 1 Capital	10.025.454	

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	Prior Period December 31, 2016	Amounts subject to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	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 (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	9.922.078	
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	693.264	
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	
Tier II Capital Before Deductions	1.582.608	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	1.582.608	
Total Capital (The sum of Tier I Capital and Tier II Capital) (Before deduction)	11.504.686	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	12.669	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	19.013	
Other items to be defined by the BRSA (-)	32.000	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, 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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	Prior Period December 31, 2016	Amounts subject to treatment before 1/1/2014 ^(*)
TOTAL CAPITAL		
Total Capital	11.441.004	
Total risk weighted amounts	80.174.960	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	12,50%	
Tier I Capital Adequacy Ratio	12,38%	
Capital Adequacy Ratio	14,27%	
BUFFERS		
Bank specific total common equity tier 1 capital ratio	5,38%	
Capital conservation buffer requirement	0,63%	
Bank specific counter-cyclical buffer requirement	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,50%	
Amounts below the Excess Limits as per the Deduction Principles	-	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	91.471	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	66.967	
Limits related to provisions considered in Tier II calculation		
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	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	693.264	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	2.520.674	

(*) Amounts in this column 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	928
Par value of instrument (Currency in million)	1.161	714	447	928
Accounting classification	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost
Original date of issuance	April 24, 2008	October 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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	1	2	3	4
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	None	None	Yes
If convertible, conversion trigger (s)	-	-	-	Article number 7-2-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&8 of "Own fund regulation"
Details of incompliances with article number 7 and 8 of "Own fund regulation"	8-2-ğ	8-2-ğ	8-2-ğ	Article number 7&8 of "Own fund regulation"

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

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

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

II. Explanations on 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 September 30, 2017:

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

1. Overview of RWA

		Risk Weighted Assets		Minimum Capital Requirements	
		30.09.2017	31.12.2016	30.09.2017	31.12.2016
1	Credit risk (excluding counterparty credit risk)	79.757.087	69.631.556	6.380.567	5.570.524
2	Standardized approach	79.757.087	69.631.556	6.380.567	5.570.524
3	Internal rating-based approach	-	-	-	-
4	Counterparty credit risk	1.708.498	1.515.928	136.680	121.274
5	Standardized approach for counterparty credit risk	1.708.498	1.515.928	136.680	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	Securitization exposures in banking accounts	-	-	-	-
13	IRB ratings-based approach	-	-	-	-
14	IRB Supervisory Formula Approach	-	-	-	-
15	SA/simplified supervisory formula approach	-	-	-	-
16	Market risk	1.688.050	1.009.013	135.044	80.721
17	Standardized approach	1.688.050	1.009.013	135.044	80.721
18	Internal model approaches	-	-	-	-
19	Operational risk	9.225.592	8.018.463	738.047	641.477
20	Basic Indicator Approach	9.225.592	8.018.463	738.047	641.477
21	Standardized Approach	-	-	-	-
22	Advanced Measurement Approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24	Floor adjustment	-	-	-	-
25	TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	92.379.227	80.174.960	7.390.338	6.413.996

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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

Euro purchase rate in the balance sheet date

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

- 4. The basic arithmetical average of the 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 September 2017 are TL 3,4680 and TL 4,1377; respectively.

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

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R.Central Bank ⁽¹⁾	2.036.135	8.413.584	1.753.394	12.203.113
Due From Banks	156.116	801.046	32.386	989.548
Financial Assets at Fair Value through Profit/Loss ⁽²⁾	74.406	139.290	134	213.830
Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	369.098	2.645.971	-	3.015.069
Loans and Receivables ⁽³⁾	11.778.265	8.865.861	101.797	20.745.923
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Securities Held-to-Maturity	18.120	3.186.966	-	3.205.086
Derivative Financial Assets Hedging Purposes	3.670	29.943	-	33.613
Tangible Assets	-	-	54	54
Intangible Assets	-	-	-	-
Other Assets ⁽⁴⁾	1.993.433	1.045.452	39.930	3.078.815
Total Assets	16.429.243	25.128.113	1.927.695	43.485.051
Liabilities				
Bank Deposits	339.380	3.618.847	335.722	4.293.949
Foreign Currency Deposits ⁽⁵⁾	5.231.896	18.439.275	1.345.996	25.017.167
Money Market Borrowings	203.352	3.894.913	-	4.098.265
Funds Provided from Other Financial Institutions	3.911.228	9.657.883	2.182.685	15.751.796
Securities Issued ⁽⁶⁾	175.328	6.897.751	-	7.073.079
Sundry Creditors ⁽⁷⁾	2.357.327	1.667.420	15.703	4.040.450
Derivative Fin. Liabilities Hedging Purposes	52.936	183.485	-	236.421
Other Liabilities ⁽⁸⁾	128.878	357.933	1.445	488.256
Total Liabilities	12.400.325	44.717.507	3.881.551	60.999.383
Net Balance Sheet Position	4.028.918	(19.589.394)	(1.953.856)	(17.514.332)
Net Off-Balance Sheet Position	(4.047.903)	18.013.279	2.003.592	15.968.968
Financial Derivative Assets	4.850.973	57.071.908	2.340.667	64.263.548
Financial Derivative Liabilities	8.898.876	39.058.629	337.075	48.294.580
Non-Cash Loans ⁽⁹⁾	4.134.575	4.999.087	115.816	9.249.478
Prior Period				
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
Net Balance Sheet Position	(384.884)	(12.048.661)	(1.121.324)	(13.554.869)
Net Off-Balance Sheet Position	448.647	10.341.525	1.119.800	11.909.972
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 ⁽⁹⁾	2.203.845	3.737.029	72.130	6.013.004

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

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

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

(4) Does not include FC prepaid expenses amounting to TL 9.413 (December 31, 2016 – TL 3.375) as per BRSA's Communique published in Official Gazette no 26085 on February 19, 2006. Does not include repealed financial leasing receivables amounting to TL 10.030 (December 31, 2016 – TL 5.416) accounted as FC in balance sheet. Includes FC indexed factoring receivables amounting to TL 56.604 (December 31, 2016 – TL 41.327) accounted as TL in balance sheet.

(5) Other foreign currency includes TL 940.305 (December 31, 2016 – TL 778.428) of precious metal deposit account.

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

(7) Sundry Creditors do not include the Foreign Exchange Loan Factoring payables amounting to TL 764.

(8) Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TL 16.632 (December 31, 2016 – TL 41.958)

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

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As of September 30, 2017, the net foreign currency exposure of the Group is TL 1.545.364 short position (December 31, 2016 – TL 1.644.897 short) resulting from on balance sheet short position amounting to TL 17.514.332 (December 31, 2016 – TL 13.554.869 short) and long off balance sheet position amounting to TL 15.968.968 (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 short position of the Group is TL 188.004 following the fair value hedge accounting since the debt instrument at amount of USD 380 million (TL 1.357.360) included in issued securities recorded as foreign currency in balance sheet in order to ensure currency hedging of immovable which has recorded in TL in accordance with TAS but whose fair value forms in foreign currency in market.

IV. Explanations on 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)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non Interest Bearing ^(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	9.499.272	-	-	-	-	6.263.078	15.762.350
Due from Banks	567.409	2.179	-	-	-	430.696	1.000.284
Financial Assets at Fair Value Through Profit/Loss ^(**)	16.107	5.545	6.591	38.366	83.560	5.086.779	5.236.948
Money Market Placements	184.039	-	-	-	-	-	184.039
Inv. Securities Available for Sale	776.783	1.399.879	1.933.510	959.531	2.278.626	112.847	7.461.176
Loans and Receivables	16.490.564	9.567.186	23.777.243	23.925.467	3.158.111	1.946.929	78.865.500
Inv. Securities Held to Maturity	642.248	989.691	1.738.553	1.113.451	2.170.875	136.616	6.791.434
Other Assets	597.535	468.513	1.128.498	2.175.838	154.821	4.632.298	9.157.503
Total Assets	28.773.957	12.432.993	28.584.395	28.212.653	7.845.993	18.609.243	124.459.234
Liabilities							
Bank Deposits	3.636.091	881.458	129.653	-	-	184.521	4.831.723
Other Deposits	36.098.182	11.882.995	3.459.705	24.547	-	11.550.921	63.016.350
Money Market Borrowings	3.116.603	1.546.526	1.159.552	-	65.694	12.878	5.901.253
Sundry Creditors	3.840.516	-	-	-	-	2.773.308	6.613.824
Securities Issued	302.830	2.670.724	1.627.654	4.446.575	-	131.790	9.179.573
Funds Borrowed	3.727.056	8.093.849	3.851.832	1.088.424	177.371	142.638	17.081.170
Other Liabilities ^(***)	6.223	513	2.232	4.648	-	17.821.725	17.835.341
Total Liabilities	50.727.501	25.076.065	10.230.628	5.564.194	243.065	32.617.781	124.459.234
On Balance Sheet Long Position	-	-	18.353.767	22.648.459	7.602.928	-	48.605.154
On Balance Sheet Short Position	(21.953.544)	(12.643.072)	-	-	-	(14.008.538)	(48.605.154)
Off-Balance Sheet Long Position	5.581.710	14.935.830	6.695	-	-	-	20.524.235
Off-Balance Sheet Short Position	-	-	-	(14.758.181)	(2.830.227)	-	(17.588.408)
Total Position	(16.371.834)	2.292.758	18.360.462	7.890.278	4.772.701	(14.008.538)	2.935.827

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

^(**) Financial Assets at Fair Value Through Profit/Loss include TL 2.655.025 derivative financial assets used for hedging purposes.

^(***) Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 761.835.

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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 ^(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	7.541.319	-	-	-	-	5.562.565	13.103.884
Due from Banks	75.512	-	12.182	-	-	224.372	312.066
Financial Assets at Fair Value Through Profit/Loss ^(**)	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
Total Assets	24.977.358	9.491.841	25.857.036	19.297.038	7.093.985	17.608.576	104.325.834
Liabilities							
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 ^(***)	4.200	-	-	-	-	16.384.751	16.388.951
Total Liabilities	44.047.708	16.139.402	13.652.081	2.029.490	28.295	28.428.858	104.325.834
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)
Total Position	(13.932.134)	5.109.288	10.862.926	7.916.151	4.685.849	(10.820.282)	3.821.798

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

(**) Financial Assets at Fair Value Through Profit/Loss include TL 3.443.338 derivative financial assets used for hedging purposes.

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

Average interest rates applied to monetary financial instruments

Current Period	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	1,25	-	4,00
Due from Banks	0,58	2,60	-	12,49
Financial Assets at Fair Value Through Profit/Loss	2,40	5,02	-	9,34
Money Market Placements	-	-	-	12,98
Investment Securities Available for Sale	3,47	4,83	-	11,34
Loans and Receivables	4,20	5,67	2,60	15,33
Investment Securities Held for Trading	2,96	5,22	-	11,35
Liabilities				
Bank Deposits	0,97	1,74	-	12,39
Other Deposits	1,53	3,29	1,76	13,00
Money Market Borrowings	0,17	1,70	-	12,19
Sundry Creditors	0,36	1,15	-	-
Securities Issued	-	5,54	-	14,47
Funds Borrowed	1,97	3,29	-	12,34

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Average interest rates applied to monetary financial instruments

Prior Period	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	0,75	-	3,31
Due from Banks	0,48	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
Liabilities				
Bank Deposits	0,29	0,94	-	9,17
Other Deposits	1,41	2,91	0,94	10,39
Money Market Borrowings	0,24	1,51	-	7,96
Sundry Creditors	0,35	0,45	-	-
Securities Issued	-	5,84	-	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
1. Equity Investments Group A	23.954	-	23.954
Quoted Securities	23.954	-	23.954
2. Equity Investments Group B	-	-	-
Quoted Securities	-	-	-
3. Equity Investments Group C	-	-	-
Quoted Securities	-	-	-
4. Equity Investments Group Other^(*)	137.731^(*)	126.644^(**)	-

^(*) Associates and subsidiaries not quoted to BIST and not classified as investment in shares by CMB.

^(**) Refers to entity under common control accounted at fair value but not traded at the quoted markets.

Portfolio	Revaluation Surpluses			Unrealized Gains and Losses		
	Gains/Losses in Current Period	Total	Amount under Core Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	1.480	-	-	(240)	-	(108)
3. Other Shares	-	-	-	-	-	-
4. Total	1.480	-	-	(240)	-	(108)

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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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Liquidity Coverage Ratio

Current Period - September 30, 2017	Unweighted Amounts^(*)		Weighted Amounts^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS			21.532.559	12.179.926
1. High Quality Liquid Assets	26.065.312	16.712.679	21.532.559	12.179.926
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	44.670.876	17.982.192	3.937.853	1.798.219
3. Stable deposits	10.584.687	-	529.234	-
4. Less stable deposits	34.086.189	17.982.192	3.408.619	1.798.219
5. Unsecured Funding other than Retail and Small Business Customers Deposits	22.289.284	11.780.278	15.393.937	8.701.126
6. Operational deposits	476.745	37.230	119.186	9.307
7. Non-Operational Deposits	16.638.985	9.135.345	10.707.345	6.084.116
8. Other Unsecured Funding	5.173.554	2.607.703	4.567.406	2.607.703
9. Secured funding	-	-	670.780	670.780
10. Other Cash Outflows	20.046.823	12.513.442	20.046.823	12.513.442
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	20.046.823	12.513.442	20.046.823	12.513.442
12. Debts related to the structured financial products	-	-	-	-
13. Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14. Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.005.201	-	50.260	-
15. Other irrevocable or conditionally revocable commitments	63.193.314	9.625.876	4.231.317	798.225
16. TOTAL CASH	-	-	44.330.970	24.481.792
CASH INFLOWS				
17. Secured Lending Transactions	-	-	-	-
18. Unsecured Lending Transactions	6.209.510	1.256.049	3.647.938	988.846
19. Other contractual cash inflows	18.672.830	14.255.700	18.672.830	14.255.700
20. TOTAL CASH INFLOWS	24.882.340	15.511.749	22.320.768	15.244.546
Capped Amounts				
21. TOTAL HIGH QUALITY LIQUID ASSETS			21.532.559	12.179.926
22. TOTAL NET CASH OUTFLOWS			22.010.202	9.237.246
23. LIQUIDITY COVERAGE RATIO (%)			97,83%	131,86%

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

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Prior Period- December 31, 2016	Unweighted Amounts ^(*)		Weighted Amounts ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS			14.875.566	8.053.418
1. High Quality Liquid Assets	16.972.402	10.150.254	14.875.566	8.053.418
CASH OUTFLOWS				
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
16. TOTAL CASH OUTFLOWS			37.165.654	19.391.668
CASH INFLOWS				
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
20. TOTAL CASH INFLOWS	22.115.851	11.614.974	19.027.812	11.374.316
			Capped Amount	
21. TOTAL HIGH QUALITY LIQUID ASSETS			14.875.566	8.053.418
22. TOTAL NET CASH OUTFLOWS			18.137.842	8.017.352
23. LIQUIDITY COVERAGE RATIO (%)			82,01%	100,45%

(*) 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.

Minimum, maximum and average liquidity coverage ratios calculated in accordance with the “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated March 21, 2014 for the last three months are explained in the table below:

	Maximum	Week	Minimum	Week	Average
TL+FC	100,62	30.09.2017	95,72	30.08.2017	97,88
FC	167,22	31.07.2017	100,46	30.08.2017	137,45

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.

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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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	6.035.920	9.726.430	-	-	-	-	-	15.762.350
Due from Banks	430.696	567.409	2.179	-	-	-	-	1.000.284
Financial Assets at Fair Value Through Profit/Loss ⁽²⁾	-	520.107	503.006	1.472.113	2.514.478	227.244	-	5.236.948
Money Market Placements	-	184.039	-	-	-	-	-	184.039
Investment Securities Available for Sale	66.117	298	-	667.607	3.190.876	3.536.278	-	7.461.176
Loans and Receivables	-	14.865.028	5.880.630	22.261.968	27.575.458	7.662.998	619.418	78.865.500
Investment Securities Held to Maturity	-	-	-	362.914	2.337.956	4.090.564	-	6.791.434
Other Assets	1.515	1.818.246	479.607	1.152.521	2.724.678	162.511	2.818.425	9.157.503
Total Assets	6.534.248	27.681.557	6.865.422	25.917.123	38.343.446	15.679.595	3.437.843	124.459.234
Liabilities								
Bank Deposits	181.059	3.638.328	882.346	129.990	-	-	-	4.831.723
Other Deposits	11.164.375	36.303.086	11.966.072	3.557.652	25.165	-	-	63.016.350
Funds Borrowed	-	2.037.481	4.223.826	3.904.454	5.631.089	1.284.320	-	17.081.170
Money Market Borrowings	-	2.630.155	1.079.075	1.196.261	337.600	658.162	-	5.901.253
Securities Issued	-	318.197	1.564.953	1.934.876	5.308.224	53.323	-	9.179.573
Sundry Creditors	-	4.614.944	144.113	619.930	1.067.130	167.707	-	6.613.824
Other Liabilities ⁽³⁾	-	1.226.889	275.997	502.833	1.450.762	484.478	13.894.382	17.835.341
Total Liabilities	11.345.434	50.769.080	20.136.382	11.845.996	13.819.970	2.647.990	13.894.382	124.459.234
Liquidity Excess / Gap	(4.811.186)	(23.087.523)	(13.270.960)	14.071.127	24.523.476	13.031.605	(10.456.539)	-
Net Off- Balance Sheet Position ⁽⁴⁾	-	279.368	284.302	704.330	1.210.191	18.255	-	2.496.446
Receivables from financial derivative instruments	-	21.674.102	18.039.170	20.870.297	30.108.087	6.304.763	-	96.996.419
Liabilities from derivative financial instruments	-	21.394.734	17.754.868	20.165.967	28.897.896	6.286.508	-	94.499.973
Non Cash Loans ⁽⁵⁾	-	682.548	1.447.281	7.627.025	2.271.196	390.575	5.560.045	17.978.670
Prior period								
Total Assets	4.282.532	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
Liquidity Gap	(5.075.924)	(18.014.109)	(6.344.686)	8.658.993	17.130.645	12.560.260	(8.915.179)	-
Net Off- Balance Sheet Position ⁽⁴⁾	-	253.881	210.516	550.128	1.802.009	17.668	-	2.834.202
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
Non Cash Loans	-	682.951	1.432.264	4.438.990	2.025.020	325.772	4.279.013	13.184.010

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

Unallocated other liabilities include shareholders' equity amounting to TL 11.898.967, unallocated provisions and deferred tax liability amounting to TL 1.874.445.

⁽²⁾ Financial Assets at Fair Value Through Profit/Loss include derivative financial assets held for hedging purposes amounting to TL 2.655.025.

⁽³⁾ Other Liabilities also include derivative financial liabilities held for hedging purposes amounting to TL 761.835.

⁽⁴⁾ Liquidity excess / (deficit) related to Derivative Financial Instruments constituting Net Off-Balance positions are included in Liquidity Excess / (deficit) through valuations of related transactions to balance sheet.

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

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VII. 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 6,11% (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 ^(**)	Prior Period ^(**)
1 Total asset amount in consolidated financial statements prepared in accordance with TFRS ^(*)	122.014.529	101.293.023
2 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	455.514	381.390
3 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	998.058	773.474
4 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	-	-
5 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	61.446.169	55.119.905
6 Other differences between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements	(400.864)	(335.210)
7 Total Risk Amount	184.513.406	157.232.582

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

^(**) 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:

	Book Value	
	Current Period (*)	Prior Period (*)
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	117.419.109	96.302.179
(Assets deducted from capital stock)	(400.864)	(335.210)
Total risk amount related to Assets on Balance sheet	117.018.245	95.966.969
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	5.050.934	5.372.234
Potential credit risk amount of derivative financial instruments and credit derivatives	998.058	773.474
Total risk amount related to derivative financial instruments and credit derivatives	6.048.992	6.145.708
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	-	-
Risk amount sourcing from transactions mediated	-	-
Total risk amount related to financial transactions having security or commodity collateral	-	-
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	67.926.247	55.725.410
(Adjustment amount sourcing from multiplying to credit conversion rates)	(6.480.078)	(605.505)
Total risk amount related to off-balance sheet transactions	61.446.169	55.119.905
Capital and Total Risk		
Core Capital	11.282.143	9.867.630
Amount of total risk	184.513.406	157.232.582
Financial leverage ratio		
Financial leverage ratio	6,11%	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	648.000	401.822	685.252	376.428
T.R. Central Bank	2.887.995	11.770.666	1.244.513	10.795.316
Others	23.242	30.625	96	2.279
Total	3.559.237	12.203.113	1.929.861	11.174.023

b) Balances with the Central Bank of Turkey

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

As of September 30, 2017, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 4% to 10,5% depending on the maturity of deposits (December 31, 2016 – 4% to 10,5%) and the compulsory rates for the foreign currency liabilities are within an interval from 4% to 24% depending on the maturity of deposits and other liabilities (December 31, 2016 – 4,5% 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	53.551	3.095	23.752	2.831
Subject to repurchase agreement	18.426	-	7.092	-
Total	71.977	3.095	30.844	2.831

b) Positive differences on trading derivative instruments

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	57.068	-	106.629	-
Swap Transactions	2.101.360	188.598	2.464.878	144.158
Futures	-	765	-	388
Options	3.671	66.925	3.393	54.465
Other	-	-	-	-
Total	2.162.099	256.288	2.574.900	199.011

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3. a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	8.899	236.289	26.882	1.726
Foreign	1.837	753.259	21.268	262.190
Foreign Head Offices and Branches	-	-	-	-
Total	10.736	989.548	48.150	263.916

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount ^(**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	429.612	141.028	12.691	12.409
USA and Canada	166.422	69.269	120.685	36.234
OECD Countries ^(*)	3.009	1.586	-	-
Off-shore Banking Regions	-	20.948	-	-
Other	22.677	1.984	-	-
Total	621.720	234.815	133.376	48.643

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

^(**) Includes blocked placements amounting to TL 133.376 at foreign banks (December 31, 2016 - TL 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
Domestic Transactions	-	-	1.300.605	-
T.R. Central Bank	-	-	-	-
Banks	-	-	1.300.605	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
Foreign Transactions	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
Total	-	-	1.300.605	-

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	383.850	756.925	252.663	807.931
Subject to repurchase agreements	1.032.387	2.184.182	1.017.007	2.003.627
Total	1.416.237	2.941.107	1.269.670	2.811.558

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b) Investment securities available for sale

	Current Period	Prior Period
Debt securities	7.496.346	7.250.707
Quoted on a stock exchange (*)	7.496.346	7.250.707
Unquoted on a stock exchange	-	-
Share certificates	66.520	49.457
Quoted on a stock exchange	27	27
Unquoted on a stock exchange(**)	66.493	49.430
Impairment provision (-)	(101.690)	(268.051)
Total	7.461.176	7.032.113

(*) The Eurobond Portfolio amounting to TL 1.898.571 (December 31, 2016 - TL 1.773.444) which is accounted for as investment securities available for sale was hedged under fair value hedge accounting starting from March and April 2009. The mentioned financial assets are accounted for as Investment Securities Available for Sale in order to be in line with balance sheet presentation.

(**) It includes 11.695 Type C Visa Inc shares transferred to 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
Direct Loans Granted to Shareholders	-	-	1.179	-
Corporate Shareholders	-	-	1.179	-
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees (*)	79.797	-	80.379	-
Total	79.797	-	81.558	-

(*) Includes 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
Non-specialized Loans	74.062.210	1.851.261	-	4.196.387	1.700.331	-
Discount Notes	695.425	-	-	20.155	-	-
Export Loans	1.767.460	-	-	256.737	-	-
Import Loans	4.695	-	-	-	-	-
Loans Given to Financial Sector	536.621	-	-	-	-	-
Retail Loans	15.524.536	443.794	-	785.677	219.757	-
Credit Cards	9.808.307	355.497	-	435.323	143.249	-
Other	45.725.166	1.051.970	-	2.698.495	1.337.325	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	74.062.210	1.851.261	-	4.196.387	1.700.331	-

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

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No. of Extensions	Performing Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
1 or 2 times	1.789.202	1.635.502
3, 4 or 5 times	56.607	57.600
Over 5 times	5.452	7.229
Total	1.851.261	1.700.331

Extension Periods	Performing Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
0 - 6 months	471.129	384.368
6 -12 months	113.566	77.121
1 - 2 years	230.045	142.168
2 - 5 years	576.291	633.117
5 years and over	460.230	463.557
Total	1.851.261	1.700.331

c) Loans according to their maturity structure

Cash Loans (*)	Performing Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-term Loans	26.781.550	355.497
Non-specialized Loans	26.781.550	355.497
Specialized Loans	-	-
Other Receivables	-	-
Medium and Long-term Loans	47.280.660	1.495.764
Non-specialized Loans	47.280.660	1.495.764
Specialized Loans	-	-
Other Receivables	-	-
Total	74.062.210	1.851.261

	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Short-term Loans	435.323	143.249
Non-specialized Loans	435.323	143.249
Specialized Loans	-	-
Other Receivables	-	-
Medium and Long-term Loans	3.761.064	1.557.082
Non-specialized Loans	3.761.064	1.557.082
Specialized Loans	-	-
Other Receivables	-	-
Total	4.196.387	1.700.331

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

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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
Consumer Loans-TL	494.778	14.258.907	14.753.685	177.526
Housing Loans	1.903	5.281.737	5.283.640	77.079
Automobile Loans	180	19.529	19.709	174
Personal Need Loans	492.695	8.957.641	9.450.336	100.273
Other	-	-	-	-
Consumer Loans-FC Indexed	-	5.490	5.490	8.870
Housing Loans	-	5.269	5.269	8.448
Automobile Loans	-	-	-	-
Personal Need Loans	-	221	221	422
Other	-	-	-	-
Consumer Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-TL	7.822.894	361.501	8.184.395	81.577
Installment	2.888.010	361.501	3.249.511	32.410
Non- Installment	4.934.884	-	4.934.884	49.167
Individual Credit Cards-FC	4.242	-	4.242	20
Installment	-	-	-	-
Non- Installment	4.242	-	4.242	20
Personnel Loans-TL	5.475	41.761	47.236	298
Housing Loans	-	293	293	-
Automobile Loans	-	-	-	-
Personal Need Loans	5.475	41.468	46.943	298
Other	-	-	-	-
Personnel Loans-FC Indexed	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-TL	28.747	-	28.747	42
Installment	11.879	-	11.879	-
Non-Installment	16.868	-	16.868	42
Personnel Credit Cards-FC	100	-	100	-
Installment	-	-	-	-
Non-Installment	100	-	100	-
Overdraft Accounts-TL (Real Persons)	1.243.648	-	1.243.648	73.460
Overdraft Accounts-FC (Real Persons)	-	-	-	-
Total	9.599.884	14.667.659	24.267.543	341.793

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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
Commercial Loans with Installment Facility – TL	622.547	17.356.036	17.978.583	451.595
Real Estate Loans	-	423.742	423.742	37.415
Automobile Loans	2.370	150.117	152.487	3.141
Personal Need Loans	620.177	16.782.177	17.402.354	411.039
Other	-	-	-	-
Commercial Loans with Installment Facility - FC Indexed	12.819	1.186.146	1.198.965	338.706
Real Estate Loans	-	24.883	24.883	10.380
Automobile Loans	-	67.290	67.290	16.330
Personal Need Loans	12.819	1.093.973	1.106.792	311.996
Other	-	-	-	-
Commercial Loans with Installment Facility - FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards –TL	1.913.227	11.257	1.924.484	19.125
Installment	661.051	11.257	672.308	6.681
Non-Installment	1.252.176	-	1.252.176	12.444
Corporate Credit Cards –FC	894	-	894	4
Installment	-	-	-	-
Non-Installment	894	-	894	4
Overdraft Accounts-TL (Legal Entities)	856.677	-	856.677	8.389
Overdraft Accounts-FC (Legal Entities)	-	-	-	-
Total	3.406.164	18.553.439	21.959.603	817.819

f) Loans according to borrowers ^(*)

	Current Period	Prior Period
Public	176.837	248.823
Private	78.081.760	61.765.856
Total	78.258.597	62.014.679

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

g) Domestic and foreign loans ^(*)

	Current Period	Prior Period
Domestic Loans	77.868.096	61.732.410
Foreign Loans	390.501	282.269
Total	78.258.597	62.014.679

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

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
Specific Provisions		
Loans and Receivables with Limited Collectability	76.518	73.566
Loans and Receivables with Doubtful Collectability	313.497	328.113
Uncollectible Loans and Receivables	3.523.337	2.850.084
Total	3.913.352	3.251.763

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

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

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

j.2) Movement of non-performing loans :

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period End Balance	367.839	656.224	2.850.085
Additions (+)	1.251.941	48.312	72.911
Transfers from Other Categories of Non-Performing Loans (+)	-	1.022.003	980.411
Transfers to Other Categories of Non-Performing Loans (-)	1.022.003	980.411	-
Collections (-)	215.226	118.392	377.412
Write-offs (-)	111	743	2.658
Corporate and Commercial Loans	-	-	15
Consumer Loans	47	323	1.119
Credit Cards	64	420	1.524
Others	-	-	-
Current Period End Balance	382.440	626.993	3.523.337
Specific Provision (-)	76.518	313.497	3.523.337
Net Balances on Balance Sheet	305.922	313.496	-

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivable
Current Period (Net)	305.922	313.496	-
Loans to Real Persons and Legal Entities (Gross)	382.440	626.993	3.493.692
Specific provision (-)	76.518	313.497	3.493.692
Loans to Real Persons and Legal Entities (Net)	305.922	313.496	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	29.645
Specific provision (-)	-	-	29.645
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	294.273	328.112	-
Loans to Real Persons and Legal Entities (Gross)	367.839	656.225	2.823.267
Specific provision (-)	73.566	328.113	2.823.267
Loans to Real Persons and Legal Entities (Net)	294.273	328.112	-
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:

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

7. Information on factoring receivables

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	934.262	69.354	669.607	52.491
Medium and Long Term	33.285	-	28.872	-
Total	967.547	69.354	698.479	52.491

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

	Current Period	Prior Period
Prior Period End Balance	20.825	26.084
Provided Provision / (reversal), Net	1.220	11.581
Collections	(1.172)	(552)
Total	20.873	37.113

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

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

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

c) Information on investment securities held-to-maturity

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

d) Movement of held-to-maturity investments

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

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
80.785	43.157	49.254	584	-	3.260	9.586	-

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

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9.2. Movements of investments in associates

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

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
Total	3.766	3.766

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	-	-
Total	3.766	3.766

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.

	Title	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
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%

(*)	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
1.	46.322	23.189	16.815	-	-	(882)	(995)	-
2.	10.815	3.087	5.658	256	-	(446)	(771)	-

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

b) Information on the consolidated subsidiaries:

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

	Subsidiary	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	Finans Yatırım Menkul Değerler A.Ş.	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:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value^(*)
1.	391.028	141.467	3.132	16.877	2.084	17.251	7.460	126.558
2.	4.024.297	745.499	4.779	222.020	-	77.748	44.276	489.247
3.	67.858	51.400	3.848	4.248	-	(4.200)	(2.590)	-
4.	12.977	11.727	134	1.154	-	(592)	104	-
5.	1.061.842	80.560	1.451	97.331	-	14.868	6.085	80.566

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

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b.2) Movement of investments in subsidiaries

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

^(*)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
Factoring Companies	80.566	64.358
Leasing Companies	489.247	478.959
Finance Companies	58.395	28.395
Other Subsidiaries	126.603	75.860
Total	754.811	647.572

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	489.247	478.959
Quoted on International Stock Exchanges	-	-
Total	489.247	478.959

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

None.

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11. Investments in entities under common control:

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

	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	1.189.560	108.137	15.919	-	-	36.908	25.774	126.643
2.	56.478	36.172	29.084	-	-	9.050	7.695	-

12. Information on finance lease receivables (Net):

12.1. Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.465.243	1.204.909	1.156.685	958.274
Between 1-4 years	2.473.971	2.124.025	1.717.199	1.474.143
Over 4 years	546.055	506.967	276.577	253.860
Total	4.485.269	3.835.901	3.150.461	2.686.277

Finance lease receivables include non-performing finance lease receivables amounting to TL 145.221 (December 31, 2016 – TL 179.285) and specific provisions amounting to TL 72.921 (December 31, 2016 – TL 114.477).

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

	Current Period	Prior Period
End of prior period	114.477	74.316
Provided provision / (reversal), Net	22.408	20.844
Collections	(10.658)	(1.046)
Written-off	(53.306)	-
Provision at the end of the period	72.921	94.114

12.2. Information on net investment on leases

	Current Period	Prior Period
Gross Finance Lease Investments	4.485.269	3.150.461
Unearned Finance Income (-)	649.368	464.184
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	3.835.901	2.686.277

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 (*)	1.961.260	24.136	2.346.595	18.509
Cash Flow Hedge(**)	660.152	9.477	1.063.182	15.052
Net Investment Hedge	-	-	-	-
Total	2.621.412	33.613	3.409.777	33.561

(*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of September 30, 2017, TL 8.278 (December 31, 2016 - TL 14.060) from securities, TL 4.141. (December 31, 2016 - TL 3.151) from securities issued, TL 1.113 (December 31, 2016 - TL 1.298) from funds borrowed, and TL 10.604 (December 31, 2016 - None), TL 1.961.260 (December 31, 2016 - TL 2.346.595) represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans.

(**) Represents the fair value of 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 22.194 (December 31, 2016 - TL 66.967) and there is TL 250.231 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 50.921 are netted under equity. (December 31, 2016 - TL 105.701 deferred tax assets).

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Provision for Employee Rights	285.684	295.428	57.137	59.086
Difference Between the Book Value of Financial Assets and Tax Base	334.565	503.152	66.913	100.630
Other	862.473	798.914	172.495	159.783
Deferred Tax Assets			296.545	319.499
Difference Between the Book Value Financial Fixed Assets and Tax Base	(211.412)	(205.128)	(42.282)	(41.026)
Difference Between the Book Value of Financial Assets and Tax Base	(1.508.638)	(799.389)	(301.728)	(159.878)
Other	(902.861)	(258.139)	(180.572)	(51.628)
Deferred Tax Liabilities			(524.582)	(252.532)
Deferred Tax Assets/(Liabilities), Net			(228.037)	66.967

	Current Period 01.01-30.09.2017	Prior Period 01.01-30.09.2016
Deferred Tax as of January 1 Asset/ (Liability)- Net	66.967	100.943
Deferred Tax (Loss) / Gain	(240.224)	(136.930)
Deferred Tax that is Realized Under Shareholder's Equity	(54.780)	62.120
Deferred Tax Asset/ (Liability) - Net	(228.037)	26.133

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16. Information on assets held for sale and discontinued operations

As of September 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	599.513	468.158
Collateral Given for Derivative Transactions	513.326	401.899
Assets Held for Resale (net)	421.306	367.420
Miscellaneous Receivables	222.965	105.524
Cheques Receivables from Other Banks	77.492	212.792
Prepaid rent expenses	40.484	34.200
Prepaid Agency Commissions	12.837	3.083
Advances Given	8.155	2.749
Other	99.335	57.129
Total	1.955.413	1.652.954

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	2.621.412	33.613	3.409.777	33.561
Assets on Trading Derivatives	2.162.099	256.288	2.574.900	199.011
Loans	1.004.141	323.370	708.533	215.444
Investment securities held to maturity	99.777	36.840	68.347	28.291
Investment Securities Available for Sale	43.867	19.018	(23.660)	(181.297)
Central Bank	31.442	-	14.264	13
Lease Receivables	12.179	12.065	10.001	6.762
Banks	4.347	37	1.663	4
Trading Securities	808	(49)	583	(387)
Other Accruals	6.346	1.643	19.207	1.057
Total	5.986.418	682.825	6.783.615	302.459

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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
Saving Deposits	2.687.922	-	2.568.997	15.884.016	1.466.093	478.236	1.079.434	2.373	24.167.071
Foreign Currency	4.863.983	-	1.702.598	15.103.557	1.079.851	740.622	586.048	206	24.076.865
Residents in Turkey	4.717.477	-	1.681.676	14.788.734	1.028.634	722.494	467.204	195	23.406.414
Residents Abroad	146.506	-	20.922	314.823	51.217	18.128	118.844	11	670.451
Public Sector Deposits	148.375	-	11.400	38.775	249	-	126	-	198.925
Commercial Deposits	2.538.461	-	2.716.642	5.731.547	469.093	708.675	532.780	-	12.697.198
Other Ins. Deposits	54.888	-	119.480	528.617	135.099	97.637	268	-	935.989
Precious Metal Deposits	870.746	-	-	3.163	1.106	-	65.287	-	940.302
Bank Deposits	181.059	-	2.750.474	1.643.142	116.655	65.996	74.397	-	4.831.723
T.R. Central Bank	-	-	2.710.638	-	-	-	-	-	2.710.638
Domestic Banks	153.148	-	-	13.410	-	-	-	-	166.558
Foreign Banks	27.911	-	39.836	1.629.732	116.655	65.996	74.397	-	1.954.527
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	11.345.434	-	9.869.591	38.932.817	3.268.146	2.091.166	2.338.340	2.579	67.848.073

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	2.518.720	-	2.909.327	14.654.307	459.007	277.111	783.479	2.809	21.604.760
Foreign Currency	3.750.627	-	1.638.432	12.809.320	833.244	398.458	493.925	318	19.924.324
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
Public Sector Deposits	76.394	-	6.906	42.448	551	6.229	167	-	132.695
Commercial Deposits	2.124.465	-	1.938.824	3.802.561	67.461	295.276	120.558	-	8.349.145
Other Ins. Deposits	34.809	-	153.418	496.379	15.849	385.758	16.699	-	1.102.912
Precious Metal Deposits	717.286	-	-	1.324	1.669	1.444	56.705	-	778.428
Bank Deposits	136.155	-	200.082	1.517.852	66.711	50.041	2.144	-	1.972.985
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	9.005	-	15.734	242.252	-	2.146	2.144	-	271.281
Foreign Banks	17.936	-	184.348	1.275.600	66.711	47.895	-	-	1.592.490
Participation Banks	109.214	-	-	-	-	-	-	-	109.214
Other	-	-	-	-	-	-	-	-	-
Total	9.358.456	-	6.846.989	33.324.191	1.444.492	1.414.317	1.473.677	3.127	53.865.249

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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	12.015.925	11.407.962	12.150.830	10.196.172
Foreign Currency Savings Deposits	3.895.251	2.822.431	13.400.026	11.965.439
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	15.911.176	14.230.393	25.550.856	22.161.611

1.2. Savings deposits in Turkey are not covered under insurance in another country since the headquarter of the 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	6.190	51.038
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	40.041	41.646
Deposits obtained through illegal acts defined in the 282 nd 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	-	-
Total	46.231	92.684

2. Information on trading purpose derivatives:

a) Negative value of trading purpose derivatives:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	37.257	-	199.244	-
Swaps	1.739.998	176.636	2.187.607	163.987
Futures	-	766	-	334
Options	16	28.247	168	50.376
Other	-	-	-	-
Total	1.777.271	205.649	2.387.019	214.697

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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	793.574	355.891	435.660	648.879
Foreign Banks, Institutions and Funds	535.800	12.072.601	109.792	9.969.214
Total	1.329.374	12.428.492	545.452	10.618.093

b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	670.176	4.446.790	373.918	3.591.389
Medium and Long-Term	659.198	7.981.702	171.534	7.026.704
Total	1.329.374	12.428.492	545.452	10.618.093

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 September 30, 2017, the Group's liabilities comprise; 55% deposits (December 31, 2016 – 52%), 11% funds borrowed (December 31, 2016 – 11%), 7% 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
From domestic transactions	1.342.982	-	1.493.621	-
Financial institutions and organizations	1.317.953	-	1.465.707	-
Other institutions and organizations	12.062	-	10.315	-
Real persons	12.967	-	17.599	-
From foreign transactions	5.889	4.098.265	8.413	3.519.709
Financial institutions and organizations	-	4.098.265	-	3.519.709
Other institutions and organizations	5.889	-	8.413	-
Real persons	-	-	-	-
Total	1.348.871	4.098.265	1.502.034	3.519.709

5. Information on securities issued (Net)

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2.065.933	53.580	1.749.202	53.683
Bills	40.561	7.019.499	112.064	4.416.628
Total	2.106.494	7.073.079	1.861.266	4.470.311

As of September 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 ^(*)	43.192	190.134	-	190.559
Cash Flow Hedge ^(**)	482.222	46.287	196.239	39.930
Net Investment Hedge	-	-	-	-
Total	525.414	236.421	196.239	230.489

^(*) Derivative financial instruments for hedging purposes include swaps. As of September 30, 2017, TL 68.124 (December 31, 2016 – TL 27.211) loan portfolio, TL 164.305 (December 31, 2016 – TL 163.348) the securities and TL 897 (December 31 2016-none) lease receivables, represents the fair value of derivatives which are the hedging instruments of hedged

^(**) 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	1.073.450	967.669
-Additional Provision for Loans and Receivables with Extended Maturities	22.807	50.911
Provisions for Loans and Receivables in Group II	141.336	181.934
-Additional Provision for Loans and Receivables with Extended Maturities	9.571	49.750
Provisions for Non - Cash Loans	89.209	99.685
Other	59.343	39.124
Total	1.363.338	1.288.412

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

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans ^(*)	8.491	438

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

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

The specific provision for non cash loans which are related with the non-performing cash loans in arrears or the loans which were written off from balance sheet is TL 43.336 (December 31, 2016 - TL 41.241).

9.4 Information on employee termination benefits and unused vacation accrual

The 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 September 30, 2017, TL 150.564 (December 31, 2016 - TL 144.405) reserve for employee termination benefits was provided in the accompanying financial statements.

As of September 30, 2017, the Group accrued TL 44.641 (December 31, 2016 - TL 42.565) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of September 30, 2017, TL 90.479 (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

	Current Period	Prior Period
	01.01-30.09.2017	01.01-30.09.2016
As of January 1	144.405	130.051
Service cost	14.553	14.181
Interest Cost	11.968	10.431
Settlement / curtailment / termination loss	16.708	13.109
Actuarial differences	-	-
Paid during the period	(37.070)	(18.994)
Total	150.564	148.778

9.5. Information on other provisions

9.5.1. Information on provisions for possible risks

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

	Current Period	Prior Period
Other Provision for Closely Monitored Loans ^(*)	23.655	39.901
Provision for Promotion Expenses of Credit Cards	6.034	7.707
General Reserves for Possible Risks	-	-
Other Provisions	152.398	122.063
Total	182.087	169.671

^(*) As at September 30, 2017, the Parent Bank has made a provision for watch list loans amounting to TL 23.655 (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 September 30, 2017, the Group has current tax liability of TL 200.419 (December 31, 2016 - TL 208.292) and as of September 30, 2017, the Group has prepaid tax TL 143.324 (December 31, 2016 - TL 10.194).

The current tax liability and the prepaid taxes of the consolidated subsidiaries have been offset separately in their financial statements. As of September 30, 2017, after the offsetting, the current tax liability amounting to TL 57.095 (December 31, 2016 – TL 198.098) is disclosed with current tax receivable TL 3.269 (December 31, 2016– TL 4.737)

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	57.095	198.098
Banking and Insurance Transaction Tax (BITT)	58.476	42.253
Taxation on Securities Income	2.666	2.013
Taxation on Real Estates Income	58.612	52.974
VAT Payable	72	167
Other	20.022	28.119
Total	196.943	323.624

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

	Current Period	Prior Period
Social Security Premiums - Employee Share	28.415	16.523
Social Security Premiums - Employer Share	20.096	17.711
Pension Fund Fee and Provisions – Employee Share	17	13
Pension Fund Fee and Provisions – Employer Share	55	42
Unemployment Insurance - Employee Share	1.330	1.164
Unemployment Insurance - Employer Share	2.658	2.320
Other	32	21
Total	52.603	37.794

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 22.194 (December 31, 2016 – TL 66.967) and deferred tax liability is TL 250.231 (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 50.921 are netted under equity. (December, 31 2016– TL 105.701 deferred tax assets).

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	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.09.2017	31.12.2016	30.09.2017	31.12. 2016
Provision for Employee Rights	285.684	295.428	57.137	59.086
Difference Between the Book Value of Financial Assets and Tax Base	334.565	503.152	66.913	100.630
Other	862.473	798.914	172.495	159.783
Deferred Tax Assets			296.545	319.499
Difference Between the Book Value Financial Fixed Assets and Tax Base	(211.412)	(205.128)	(42.282)	(41.026)
Difference Between the Book Value of Financial Assets and Tax Base	(1.508.638)	(799.389)	(301.728)	(159.878)
Other	(902.861)	(258.139)	(180.572)	(51.628)
Deferred Tax Liabilities			(524.582)	(252.532)
Deferred Tax Assets/(Liabilities), Net			(228.037)	66.967
	Current Period		Prior Period	
	01.01-30.09.2017		01.01-30.09.2016	
Deferred Tax as of January 1 Asset/ (Liability)- Net	66.967		100.943	
Deferred Tax (Loss) / Gain	(240.224)		(136.930)	
Deferred Tax that is Realized Under Shareholder's Equity	(54.780)		62.120	
December 31 Deferred Tax Asset/ (Liability) - Net	(228.037)		26.133	

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	-	3.323.304	-	3.235.793
From Other Foreign Institutions	-	-	-	-
Total	-	3.323.304	-	3.235.793

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

	Current Period	Prior Period
Common Stock	3.350.000	3.150.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital System	3.350.000	12.000.000

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

Increase Date	Increased Amount	Cash	Profit Reserves subject	
			to Increase	Capital Reserve
August 21, 2017	200.000	-	200.000	-

13.4. Information on share capital increases from revaluation funds

None (December 31, 2016 - None).

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

The 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

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

^(*) 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
Associates, Subsidiaries and Entities under Common Control	-	-	-	-
Valuation Differences	-	-	-	-
Foreign Exchange Rate Differences	-	-	-	-
Securities Available-for-Sale	(35.028)	(173.816)	(40.675)	(379.478)
Valuation Differences	(35.028)	(173.816)	(40.675)	(379.478)
Foreign Exchange Rate Differences	-	-	-	-
Total	(35.028)	(173.816)	(40.675)	(379.478)

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	346.809	43.139	207.471	29.298
Derivative Financial Liabilities Held for Trading	1.777.271	205.649	2.387.019	214.697
Funds Borrowed	42.819	152.022	5.337	80.606
Money Market Borrowings	899	11.979	1.293	8.699
Derivative Financial Liabilities Held for Hedging	525.414	236.421	196.239	230.489
Issued Securities	561	132.449	2.064	40.054
Other Accruals	214.228	3	94.879	125
Total	2.908.001	781.662	2.894.302	603.968

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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

	Current Period	Prior Period
Credit Cards Limit Commitments	16.509.503	16.396.189
Commitment For Use Guaranteed Credit Allocation	9.301.524	19.365.124
Forward Asset Purchase Commitments	3.629.774	1.216.540
Payment Commitments for Cheques	2.755.987	2.707.388
Other Irrevocable Commitments	670.922	1.580.388
Commitments for promotions related with credit cards and banking activities	27.916	19.721
Tax and Fund Liabilities due to Export Commitments	13.034	10.267
Capital commitments of associates and subsidiaries	-	30.000
Total	32.908.660	41.325.617

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

Specific provision is provided for the non-cash loans amounting to TL 43.336 (December 31, 2016 – TL 41.241) followed in the off-balance sheet accounts that are not indemnified and not liquidated yet.

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

	Current Period	Prior Period
Bank Loans	2.449.826	1.255.477
Letters of Credit	1.623.618	1.121.818
Other Guarantees	-	-
Total	4.073.444	2.377.295

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

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

2. Total amount of non-cash loans

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

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

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

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

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

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

	I. Group		II. Group	
	TL	FC	TL	FC
Prior Period^(*)				
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	-	-	-	-
Non-cash Loans	6.951.524	5.893.408	187.530	110.307

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

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5. Information related to derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	128.840.778	99.583.814
Forward transactions (*)	11.585.812	11.595.988
Swap transactions	106.477.577	78.323.566
Futures transactions	160.156	74.460
Option transactions	10.617.233	9.589.800
Interest Related Derivative Transactions (II)	15.169.800	16.261.062
Forward rate transactions	-	-
Interest rate swap transactions	15.169.800	16.261.062
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	589.380	882.950
A. Total Trading Derivative Transactions (I+II+III)	144.599.958	116.727.826
Types of hedging transactions		
Fair value hedges	16.741.549	15.094.984
Cash flow hedges	33.153.110	22.704.240
Net investment hedges	-	-
B. Total Hedging Related Derivatives	49.894.659	37.799.224
Total Derivative Transactions (A+B)	194.494.617	154.527.050

(*) 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
Current Period									
TL	2.887.648	1.682.331	26.497.070	41.730.248	2.393.957	2.680.503	7.239	352	-
USD	1.726.772	3.148.046	54.589.395	34.741.259	2.273.164	2.285.522	72.893	79.672	589.380
Euro	761.107	682.246	4.218.742	7.791.383	591.715	265.261	-	-	-
Other	394.086	303.576	1.942.391	31.548	53.239	73.872	-	-	-
Total	5.769.613	5.816.199	87.247.598	84.294.438	5.312.075	5.305.158	80.132	80.024	589.380

(*) This column also includes hedging purpose derivatives.

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

	Forward Buy (**)	Forward Sell(**)	Swap Buy(*)	Swap Sell(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Prior Period									
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	-	-	-
Total	5.759.593	5.836.395	68.108.733	64.275.119	4.757.762	4.832.038	37.230	37.230	882.950

(*) This column also includes hedging purpose derivatives.

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

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5.1 Fair value hedge accounting

a) Loans

The 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 3.740.137 (December 31, 2016 – TL 3.532.426) were subject to hedge accounting by swaps with a nominal of TL 4.403.509 (December 31, 2016 – TL 3.456.411). On September 30, 2017 the net market valuation difference gain amounting to TL 37.674 due to the gain from the loans amounting to TL 39.584 (September 30, 2016 – TL 203.517 gain) gain, from swaps amounting to TL 1.911 (September 30, 2016 – TL 181.361 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 178.693 (December 31, 2016 – TL 168.103) have been subject to hedge accounting with swaps with a nominal amount of TL 169.918 (December 31, 2016 – TL 160.939). In 2017 TL 1.466 net fair valuation difference loss, net of TL 2.130 (September 30, 2016 – TL 3.492 gain) loss from loans and TL 664 (September 30, 2016 – TL 1.973 loss) gain from swaps has been recorded under “Gains / (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 10.084 (September 30, 2016 – TL 8.308) 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 371,7 million and EUR 75,4 million (December 31, 2016 – USD 378,7 million and EUR 75,8 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On September 30, 2017, the net market valuation difference loss amounting to TL 291 due to gain from Eurobonds amounting to TL 13.398 (September 30, 2016 – TL 112.532 gain) and loss from swaps amounting to TL 13.690 (September 30, 2016 – TL 114.243 loss) is accounted for under “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 September 30, 2017, TL 92 net fair valuation difference gain, net of TL 2.626 (September 30, 2016 – TL 3.381 loss) gain from issued bonds and TL 2.533 (September 30, 2016 – TL 2.903 gain) loss from swaps, has been recorded under “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 September 30, 2017, TL 26 net fair valuation difference loss, net of TL 116 (September 30, 2016 – None) gain from issued bonds and TL 142 (September 30, 2016 – None) loss 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 310.912 fair value exchange difference income (September 30, 2016 – TL 95.182 foreign exchange difference gain) whose TL 12.488 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 (September 30, 2016- TL 2 loss) sourcing from gain at an amount of TL 372 (September 30, 2016 – TL 3.194 loss) from aforementioned credit and loss at an amount of TL 371 (September 30, 2016 – TL 3.192 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 37 (September 30, 2016 - TL None) sourcing from gain at an amount of TL 1.020 (September 30, 2016 – None) from aforementioned credit and loss at an amount of TL 1.057 (September 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 5.920.000 are subject to hedge accounting as hedging instruments (December 31, 2016 – TL 5.270.130). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TL 38.844 are accounted for under equity during the current period (September 30, 2016 – TL 183.822 loss). The amounts for the ineffective portion of expenditures in the amount of TL 211 loss is associated with the income statement (September 30, 2016 – TL 15 loss)

As of the balance sheet date, swaps with a nominal amount of USD 2.653 (December 31, 2016 – USD 1.737 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 139 million (December 31, 2016 – EUR 139 million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value loss before taxes amounting to TL 14.017 are accounted under equity during the current period (September 30, 2016 – TL 114.017 loss). The gain amounting to TL 217 (September 30, 2016 – TL 1.448 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 1.279 transferred amount from equity to income statement due to ineffectiveness or matured swaps (September 30, 2016 – TL 19.522 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 187 are accounted for under equity during the current period (December 31, 2016). There is no income or expense related to the ineffective portion.

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

6. Credit derivatives and risk exposures on credit derivatives

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

As of September 30, 2017, "Other Derivative Financial Instruments" with nominal amount of USD 165.000.000 (December 31, 2016: USD 250.000.000) are included in 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 38.514 (December 31, 2016 - TL 24.635) for litigation and has accounted for it in the accompanying financial statements under the "Other Provisions" account (Section Five, part II.9.5). Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

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

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

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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	2.508.873	42.039	2.575.419	30.128
Medium and Long-Term Loans	3.595.467	522.336	2.690.400	350.186
Non-Performing Loans	61.863	-	55.096	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total	6.166.203	564.375	5.320.915	380.314

b) Information on interest income from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank ^(*)	-	1	-	631
Domestic Banks	165.508	210	1.936	15
Foreign Banks	1.782	9.981	2.110	3.716
Foreign Headquarters and Branches	-	-	-	-
Total	167.290	10.192	4.046	4.362

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

c) Information on interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	3.486	328	3.492	141
Financial Assets at FVTPL	1.605	41	3.438	187
Investment Securities Available for Sale	300.863	108.537	271.669	82.939
Investment Securities Held to Maturity	277.053	116.526	217.511	44.609
Total	583.007	225.432	496.110	127.876

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 September 30, 2017, valuation of such assets is made according to estimated annual inflation rate of 9%. If valuation of these securities indexed to the CPI had been done by the reference index valid through September 30, 2017, the Parent Bank's Marketable securities valuation differences would be decreased by TL 14,3 million and net profit would be increased by TL 53,1 million to TL 1.417,3 million.

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

None (September 30, 2016 – TL 121)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	100.793	447.782	42.265	250.661
T.R. Central Bank	-	-	-	-
Domestic Banks	60.761	11.291	22.917	13.196
Foreign Banks	40.032	436.491	19.348	237.465
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	100.793	447.782	42.265	250.661

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	44.567	806

c) Information on interest expense paid to securities issued

As of September 30, 2017 the interest amount paid to securities issued is TL 347.366 (September 30, 2016 – TL 244.306).

d) Information on maturity structure of interest expenses on deposits

Current Period		Time Deposits						
							Accumulated	
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Deposit Account	Total
Turkish Lira								
Bank Deposits	-	43.006	269	-	-	-	-	43.275
Saving Deposits	3	152.144	1.271.083	78.889	37.367	80.360	-	1.619.846
Public Sector Deposits	-	358	2.211	206	14	11	-	2.800
Commercial Deposits	1	236.687	363.382	30.927	63.775	40.501	-	735.273
Other Deposits	-	4.033	31.711	3.357	25.155	461	-	64.717
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	4	436.228	1.668.656	113.379	126.311	121.333	-	2.465.911
Foreign Currency								
Deposits	-	21.785	281.984	26.712	13.138	8.939	-	352.558
Bank Deposits	172	34.868	9.640	322	1.100	-	-	46.102
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	608	-	-	-	-	-	608
Total	172	57.261	291.624	27.034	14.238	8.939	-	399.268
Grand Total	176	493.489	1.960.280	140.413	140.549	130.272	-	2.865.179

Prior Period	Time Deposits							
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	11.962	4.076	153	276	-	-	16.467
Saving Deposits	-	168.826	1.204.210	47.879	24.895	70.331	-	1.516.141
Public Sector Deposits	-	147	5.629	81	67	8	-	5.932
Commercial Deposits	1	141.377	361.900	63.448	14.313	15.531	-	596.570
Other Deposits	-	2.577	57.783	5.516	33.185	1.189	-	100.250
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	1	324.889	1.633.598	117.077	72.736	87.059	-	2.235.360
Foreign Currency								
Deposits	-	22.118	200.503	14.354	3.412	6.440	-	246.827
Bank Deposits	61	12.384	3.981	109	-	-	-	16.535
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	496	-	-	-	-	-	496
Total	61	34.998	204.484	14.463	3.412	6.440	-	263.858
Grand Total	62	359.887	1.838.082	131.540	76.148	93.499	-	2.499.218

e) Information on interest expenses on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Repurchase Agreements (*)	47.022	51.236	137.460	18.660

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

f) Information on finance lease expenses

None (September 30, 2016 – None).

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g) Information on interest expenses on factoring payables

None (September 30, 2016 – None).

3. Information on dividend income

	Current Period	Prior Period
Financial Assets Held for Trading	240	77
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets Available for Sale	686	-
Other	193	26
Total	1.119	103

4. Information on trading income/loss

	Current Period	Prior Period
Trading Gain	7.704.266	10.886.183
Gains on Capital Market Operations	25.808	55.431
Derivative Financial Instruments	4.049.774	3.087.641
Foreign Exchange Gains	3.628.684	7.743.111
Trading Loss (-)	8.640.584	11.395.283
Losses on Capital Market Operations	20.669	36.578
Derivative Financial Instruments	4.963.011	3.647.854
Foreign Exchange Losses	3.656.904	7.710.851
Net Trading Income/Loss	(936.318)	(509.100)

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

	Current Period	Prior Period
Specific Provisions For Loans and Other Receivables	681.004	888.615
Loans and Receivables in Group III	208.728	192.788
Loans and Receivables in Group IV	128.053	230.192
Loans and Receivables in Group V	344.223	465.635
Other Provisions for Closely Monitored Loans	(16.246)	(11.687)
General Provisions	74.938	93.680
Provision for Free Reserves on Possible Losses	-	-
Impairment Losses on Securities	-	-
Financial assets at fair value through profit or loss	-	-
Investment Securities available for sale	-	-
Impairment Losses on Associates, Subsidiaries and	-	-
Investment Securities Held-to-Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held-to-maturity	-	-
Other	(1.904)	475
Total	737.792	971.083

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7. Information on other operating expenses

	Current Period	Prior Period
Personnel costs	984.173	905.024
Depreciation charge of tangible assets	106.252	106.215
Amortization charge of intangible assets	85.374	79.875
Reserve for employee termination benefits	6.159	18.727
Depreciation on assets to be disposed	-	4.836
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	-	-
Impairment losses on intangible assets	-	-
Impairment losses on goodwill	-	-
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed of	-	-
Impairment charge of assets held for sale and discontinued operations	-	-
Other operating expenses	821.883	715.983
Operational lease related expenses	166.513	168.266
Repair and maintenance expenses	110.722	91.998
Advertisement expenses	89.723	64.671
Other expenses	454.925	391.048
Losses on sales of assets	348	1.348
Other(*)	296.123	350.780
Total	2.300.312	2.182.788

(*) Comprising repayments amounting to TL 17.591 (September 30, 2016: TL 67.369) in respect of Consumer Arbitration Committee and courts' decision, which was fees and commissions recognized in previous year as income.

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

For the period ended September 30, 2017, net interest income of TL 4.282.319 (September 30, 2016 – TL 3.417.640), net fees and commission income of TL 1.315.248 (September 30, 2016 – TL 1.062.311) and other operating income of TL 53.954 (September 30, 2016 – TL 296.347) 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 September 30, 2017, the Group recorded current tax charge of TL 105.059 (September 30, 2016 - TL 85.428) and a deferred tax charge of TL 240.224 (September 30, 2016 – TL 136.930 deferred tax loss).

	Current Period	Prior Period
Current Tax Provision	(105.059)	(85.428)
Correction in regards to Corporate Tax from Prior Period	-	-
Deferred Tax Income/Expense	(240.224)	(136.930)
Total	(345.283)	(222.358)

9.2. Explanations on operating profit/loss after taxes

None (September 30, 2016 – None).

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

Net profit of the Group from continued operations is TL 1.363.701 (September 30, 2016 – TL 879.548).

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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 (September 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

	Current Period	Prior Period
Profit / Loss Attributable to Minority Shares	468	1.808

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 September 30, 2017, the Parent Bank's risk group has deposits amounting to TL 657.315 (December 31, 2016 – TL 195.418), cash loans amounting to TL 259 (December 31, 2016 – TL 265.304) and non-cash loans amounting to TL 10.582 (December 31, 2016- TL 7.482).

Current Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	5.896	-	-	1.252	1.586
Balance at the End of the Period	-	8.784	-	-	259	1.798
Interest and Commission Income	-	83	-	22	66	20

Prior Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	11.315	-	21.651	-	964
Balance at the End of the Period	-	5.896	-	-	1.252	1.586
Interest and Commission Income (**)	-	121	-	-	15	13

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

(**) Prior Period represents September 30, 2016 balance.

1.2. Information on deposits held by 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
Deposits						
Balance at the Beginning of the Period	15.700	11.345	-	-	179.718	258.905
Balance at the End of the Period	500.385	15.700	-	-	156.930	179.718
Interest on deposits (**)	44.567	806	-	-	10.194	11.928

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

(**) Prior Period represents September 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
Transactions for Trading Purposes						
Beginning of the Period	-	-	-	168.641	-	74.646
End of the Period	432.060	-	-	-	-	-
Total Income/Loss (**)	(240)	-	-	-	-	2.304
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

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

(**) Prior Period represents September 30, 2016 balance.

1.4. Information on benefits provided for Key Management

As of September 30, 2017, the total amount of remuneration and bonuses paid to key management of the Group is TL 83.393 (September 30, 2016- TL 65.942).

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 September 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 0,9% (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 Ibtch 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 Bank, made a discounted bond issuance; on October 6, 2017 at a nominal amount of TL 206,400 along with an interest rate of 13,85% maturing in 119 days, a discounted bond issuance on October 13, 2017 at a nominal amount of TL 94,100 with an interest rate of 13,85% maturing in 95 days, a bond issuance with coupon payments on October 13, 2017 at a nominal amount of TL 75,500 with an interest rate 14,25% maturing in 371 days, a discounted bond issuance on October 20, 2017 at a nominal amount TL 113,460 with an interest rate of 13,90% maturing in 112 days, a discounted bond issuance on October 20, 2017 at a nominal amount of TL 220,700 with an interest rate of 13,85% maturing 88 days, discounted bond on October 23, 2017 at a nominal amount of TL 96,000 with an interest rate 13,85% maturing in 85 days and discounted bond on October 25, 2017 at a nominal amount of TL 83,400 with an interest rate 13,85% maturing in 90 days.

2. Information about effects of significant changes in foreign exchange rates after balance sheet date that would affect decision making process of users and foreign operations of the 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 September 30, 2017 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). The auditor’s limited report dated October 25, 2017 is presented preceding the 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 Partners,

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

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

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

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

As of September 30, 2017 total assets of our bank reached TRY 124 billion 459 million with an 19-percent increase from previous year's year-end figures. Similarly, compared to the end of 2016, our total loans increased by 26 percent to TRY 78 billion 878 million and our customer deposits by 21 percent to TRY 63 billion 16 million.

In the first nine months of the year, our net interest income increased by 25 percent compared to same period of previous year and reached TRY 4 billion 282 million, our net fee and commission income increased by 24 percent and reached TRY 1 billion 315 million. The pre-tax profit of QNB Finansbank was TRY 1,709 million in the first three quarters, while the net period profit reached TRY 1,364 million.

Compared to the end of the previous year, our total equity increased by 15 percent to TRY 11 billion 899 million, and as of September 30, 2017, our capital adequacy ratio reached 15.08 percent.

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

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

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

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

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

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

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

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

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Message by the General Manager

Dear Stakeholders and Board Members,

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

As of September 30, 2017 the total assets of our bank have reached TRY 124 billion 459 million with a 19-percent increase from previous year's year-end figures. In the same period, our total loans increased by 26 percent to TRY 78 billion 878 million; and our customer deposits by 21 percent to TRY 63 billion 16 million.

In the first nine months of the year, our net interest income increased by 25 percent, reaching TRY 4 billion 282 million, our net fee and commission income increased by 24 percent, reaching TRY 1 billion 315 million. The pre-tax profit of our bank was TRY 1,709 million, and the net period profit was TRY 1,364 million.

Compared to the end of the previous year, our total equity increased by 15 percent to TRY 11 billion 899 million, and as of September 30, 2017, the capital adequacy ratio of QNB Finansbank was 15.08 percent.

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

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

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

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

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

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

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

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

Capital and Partnership Structure:

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

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

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

Amendments made to the Articles of Association:

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

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

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Summary Consolidated Financials Belonging to the Period of September 30, 2017

Principal Financial Indicators (Million TL)	September 30, 2017	December 31, 2016
Total Loans	78.878	62.637
Securities	14.404	12.983
Total Assets	124.459	104.326
Customer Deposits	63.016	51.892
Equity	11.899	10.304
Principal Financial Ratios	September 30, 2017	December 31, 2016
Loans/Total Assets	63,4%	60,0%
Securities/Total Assets	11,6%	12,4%
NPL Ratio	5,5%	5,9%
Capital Adequacy Ratio	15,1%	15,5%
Principal Financial Indicators (Million TL)	September 30, 2017	September 30, 2016
Net interest income	4.282	3.418
Net fees and commission income	1.315	1.062
Provision loans and other Receivables(-)	738	971
Profit before tax	1.709	1.104
Net profit for the period	1.364	881
Principal Financial Ratios	September 30, 2017	September 30, 2016
Total Cost/Total Revenue	48,8%	51,2%
Return on equity	16,3%	12,0%
Return on assets	1,6%	1,3%
Cost of risk	1,4%	2,2%

As of September 30, 2017 total assets of the Group increased by 19% and realized TL 124 billion and 459 million. When compared with the end of year 2016, total loans increased by 26% and reached TL 78 billion and 878 million while Customer Deposits increased by 21% and reached up to TL 63 billion and 16 million.

When compared with the first nine-month of year 2016, net interest income grew 25% and reached TL 4 billion 282 million in the nine-month period of the year 2017. Net fees and commission income increased by 24% and reached TL 1 billion 315 million. Consolidated profit of the Group before tax reached TL 1 billion 709 million and the consolidated net profit for the first nine month came in at TL 1 billion 364 million.

When compared with the end of year 2016, total consolidated shareholders' equity increased by 15% and reached up to TL 11 billion 899 million. As of September 30, 2017 capital adequacy ratio of the Group was 15,08%.

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 26% and reached TL 78 billion and 878 million in 2017 while total consolidated assets increased by 19% and reached TL 124 billion and 459 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 34%.

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Liabilities:

Total customer deposits of the Group increased by 21% and reached TL 63 billion and 16 million and shareholders' equity increased by 15% and reached TL 11 billion and 899 million.

Profitability:

Net interest income increased by 25% and reached TL 4 billion and 282 million and net fees and commission income increased by 24% and reached TL 1 billion 315 million. Profit before tax of the Parent Bank reached TL 1 billion 709 million and the net profit for the period reached TL 1 billion 364 million.

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.

General Grants realized during the Period:

General grants realized as of September 30, 2017 was TL 375.