



## Annual Report 2019



Scan the QR Code with your mobile device to see how Fibabanka has turned digitalization into success.



Can a bank be  
with its customers  
at any time?

**Fibabanka can!**

Adopting the motto “Agile  
thinking, agile solutions”

Fibabanka is a young,  
dynamic bank that operates  
with a personal approach to  
customer service.

At Fibabanka, we embrace  
a vision of listening to our  
customers and developing  
solutions for their needs with  
a special focus on customer  
satisfaction.

Most importantly, we  
continue to make a difference  
in the industry with our  
advanced technology  
integrated with our innovative  
products and services.

We stand beside our  
customers whenever and  
wherever they need us and  
make their lives easier.

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## **Contact and Branches**

# 2019 in Figures

Number of active customers growing 3,7 times  
in the last three years



\*This ratio shows the number of engineers among the R&D employees.



# Developments in 2019

In 2019, Fibabanka continued to make its customers' lives easier with innovative products and services.



## **Fibabanka's "Big Data" Focus**

Closely monitoring the "Big Data" transformation in the technology world, Fibabanka stepped up its investments in this key area in 2019. The Bank sees big data investments as an important opportunity to better understand its customers. As a result, Fibabanka initiated the Data Management Program with the leadership of the Data Management Office to focus on better understanding its customers' needs and expectations. Conducting ongoing efforts to boost the data literacy of its employees, the Bank aims to transform "hidden" big data into business processes in a value-added way.

## **Fibabanka is Now Faster with its Renewed Delivery Channels**

By renewing and upgrading its Mobile and Internet Banking channels in 2019, Fibabanka enabled customers to conduct their banking transactions faster and easier. fibabanka.com.tr significantly improved customer experience by accelerating banking transactions with its user-friendly interface, mobile compatible screens, fast and easy application menu. Introducing another key feature via fibabanka.com.tr to customers, the Bank provided quick access to deposit and FX calculations as well as information related to many products and services including Fibabanka ATM and branch information. In addition, Fibabanka also introduced Fi'bot, the artificial intelligence chat assistant who customers may chat with 24/7. Fi'bot also started providing service via Facebook Messenger.

## **Business Partner Retailers are Now Fibabanka Payment Points**

During the year, Fibabanka continued to develop strong business partnerships with retail stores. The Bank started offering fast and secure payment opportunities to its customers with the collection feature through Fibabanka ATMs and business partner stores, which it continues to position in stores. Fibabanka aims to further improve its service network with innovative business solutions in the future.

## **Customer Satisfaction is at the Heart of Fibabanka**

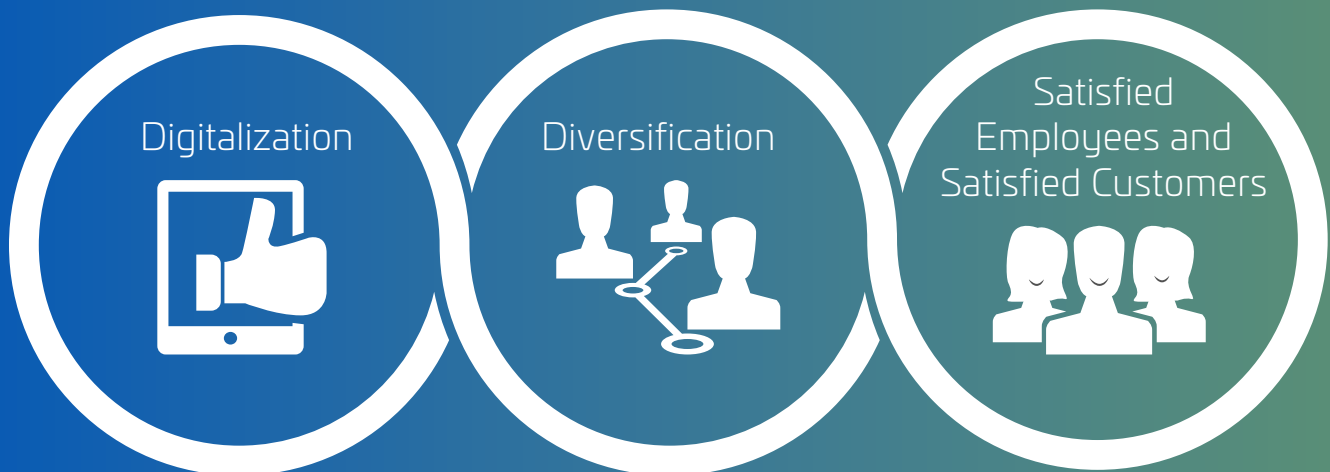
Aiming to bring customer experience to perfection, Fibabanka adopted instant the Net Promoter Score (NPS) measurement in April 2019 to understand how much its customers recommend Fibabanka. The Bank also rolled out the Happy Customer Platform as part of this effort. Conducting Customer Perception research at the same time, the Bank improves its products and services in light of research results.

# “Agile Thinking, Agile Solutions”

Since 2010, Fibabanka has provided rapid, streamlined solutions to its customers across the banking sector with innovative products and services.

Creating a powerful consumer ecosystem with business partners from a range of sectors, Fibabanka is powered by Fiba Group’s long-standing history of over three decades, contributing to the development of the sector with investments in digital transformation, innovation, and entrepreneurship.

Fibabanka continued to improve its business model and operational activities in 2019 as well, within the direction of three goals it has determined.



# Strong Support for Entrepreneurship and Financial Technology Companies

Established in 2018 to support entrepreneurship and financial technology enterprises by Fibabanka, Finberg Arařtırma Geliřtirme Danıřmanlık Yatırım Hizmetleri A.ř. (Finberg) continued to move forward in 2019. Embracing the innovative management approach of Fibabanka, Finberg made investments throughout the year while bolstering its service infrastructure.

Finberg provided funding for two different initiatives in 2019 in line with its strategy. Company, a Finberg investment, is a payment system platform that facilitates on-site loan applications to Fibabanka at smaller retailers. On-site loan applications can currently be made at large-size business partner retail stores. Compay scales this service by implementing it at small-size business partners and ensures that similar business models are executed at many different points. Thanks to its consistent growth, Bizimhesap A.ř., one of Fibabanka's first investments, received an investment from n11.com by attracting a diverse range of investor interest in 2019. Implementing innovative applications such as loan collection from stores in cooperation with Fibabanka in 2018, Birleřik Ödeme Hizmetleri A.ř. was included in Finberg's investment portfolio in the fourth quarter of 2019.

Finberg aims to further support the development of Turkey's fintech ecosystem in the coming year.

# Annual Report Compliance Opinion

## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Fibabanka Anonim Şirketi

### Qualified Opinion

We have audited the annual report of Fibabanka Anonim Şirketi (the "Bank") for the period between 1 January 2019 and 31 December 2019, since we have audited the complete set consolidated and unconsolidated financial statements for this period.

In our opinion, except for the effects of the matter described in the Basis For Qualified Opinion section of our report, the consolidated and unconsolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent, in all material respects, with the audited complete set of consolidated and unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

### Basis for Qualified Opinion

As described in the Basis For Qualified Opinion section of Independent Auditor's Report on the complete set of audited consolidated and unconsolidated financial statements of the Bank for the period between 1 January 2019 and 31 December 2019 dated 11 February 2020, the complete set of consolidated and unconsolidated financial statements of the Bank as at 31 December 2019 include a general provision of total of TL 44.500 thousands, of which TL 65.000 thousands was recognised as expense in prior periods and TL 20.500 thousands has been reversed in the current period, which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions. Additionally, the complete set of consolidated and unconsolidated financial statements of the Bank as at 31 December 2019 include a deferred tax asset for aforementioned general reserve provision of total of TL 9.790 thousands, of which TL 14.300 thousand was recognised in prior periods and TL 4.510 thousands has been reversed in the current period.

We conducted our audit in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by Banking Regulation and Supervision Agency ("BRSA Auditing Regulation") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Other Matter

The annual report of the Bank for the period between 1 January 2018 and 31 December 2018 was audited by another auditor who expressed a qualified opinion on the annual report on 28 February 2019.

### Auditor's Opinion on Complete Set of Consolidated and Unconsolidated Financial Statements

We have expressed a qualified opinion on the complete set of consolidated and unconsolidated financial statements of the Bank for the period between 1 January 2019 and 31 December 2019 on 11 February 2020.

### Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank ("Regulation") published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank's management is responsible for the following regarding the annual report:

- The Bank's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- The Bank's management prepares its annual report in such a way that it reflects the operations of the year and the consolidated and unconsolidated financial position of the Bank accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Bank's consolidated and unconsolidated financial statements. The annual report shall also clearly indicate the details about the Bank's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- The annual report also includes the matters below:
  - Significant events occurred in the Company after the reporting period,
  - The Bank's research and development activities,
  - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

### Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated and unconsolidated financial information included in the annual report in accordance with the TCC and the Regulation, and analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent with the audited consolidated and unconsolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated and unconsolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent with the consolidated and unconsolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of KPMG International Cooperative



Alper Güvenc, SMMM  
Partner  
28 February 2020  
Istanbul, Turkey



# Agenda of Ordinary General Assembly

1. Opening and Formation of the Meeting Council,
2. Reading and discussion of the 2019 Annual Report prepared by the Board of Directors,
3. Reading and discussion of the Independent Auditor's Reports,
4. Reading, discussion and approval of the Balance Sheet, Income Statements,
5. Release of Board Members and Independent Auditor,
6. Determination of use of the accrued profit, rate of dividend and dividend shares to be distributed, based on the 2019 balance sheet,
7. Changes made in the remuneration of the members of the Board of Directors and the determination of the remuneration and the rights of the members of the Board of Directors such as attendance fee, bonuses and premiums,
8. Discussion of whether an assignment should be made to a vacant Board Membership role,
9. Election of Independent Auditor,
10. Reading and discussion of the 2019 Affiliation Report,
11. Discussion and resolution regarding the distribution of premium to the employees,
12. Granting permission to Board Members, pursuant to Article 395 and 396 of TCC,
13. Wishes and conclusion.



# Amendments to the Articles of Association

No amendments were made to the Bank's Articles of Association in 2019.

# About Fiba Group

Fiba Group successfully represents Turkey in both national and international platforms with its value-added investments.

Incorporated in 1987 by Hüsni M. Özyeğin, Fiba Group continues its development with an investment portfolio of high-value brands in both financial and non-financial lines of business. Holding a prestigious position in the international business world with its overseas investments, Fiba Group employs more than 13 thousand employees from 48 different nations in 12 countries where it does business.

## **Portfolio structure focused on the finance sector**

Fiba Group's investments in the financial sector include banking, asset management, leasing, factoring, pension, and life insurance, asset management. Its non-financial investments are retail, real estate investments, renewable energy, and hotel investments.

## **Major investments of Fiba Group in the financial services sector**

- Banking: Fibabanka A.Ş., Credit Europe Bank N.V. (Netherlands), Credit Europe Bank Ltd. (Russia), Credit Europe Bank (Romania) S.A. (Romania), Credit Europe Bank (Suisse) S.A. (Switzerland), Public Joint Stock Company Credit Europe Bank (Ukraine), Credit Europe Bank (Dubai) Limited (Dubai),
- Portfolio Management: Fiba Portföy Yönetimi A.Ş.,
- Leasing: Credit Europe Leasing IFN SA (Romania), Credit Europe Leasing LLC (Russia), Credit Europe Leasing LLC (Ukraine),
- Factoring: Fiba Faktoring A.Ş.,
- Pension and Life Insurance: Fiba Emeklilik ve Hayat A.Ş.,
- Asset Management: Gelecek Varlık Yönetim A.Ş.

## **Major investments of Fiba Group in non-financial services**

- Retail: Marks & Spencer (Turkey, Russia, Ukraine), GAP (Turkey, Russia, Ukraine), Banana Republic (Turkey, Russia),
- Real Estate Investments: Shopping Malls in Turkey, Romania, Moldova and China,
- Renewable Energy: Fina Enerji Holding A.Ş. (Wind Energy, Solar Energy and Coal Mines),
- Hotel Investment: Swissotel the Bosphorus, Istanbul.

## **The social value created for Turkey**

Based on the mission determined by Hüsni M. Özyeğin, Founder and the Honorary President of Fiba Group, the Group consistently supports its investments in areas benefiting society, particularly education. As an active supporter of AÇEV (Mother Child Education Foundation), one of the leading educational foundations in Turkey, Fiba Group facilitated the establishment of Özyeğin University in 2008, via the Hüsni M. Özyeğin Foundation. Founded to offer an innovative, creative and entrepreneurial education center to Turkey, Özyeğin University quickly became a leading institution of higher learning in Turkey.



# About Fibabanka

Following the financial technology trends in the banking sector closely, Fibabanka continues to develop its business volume consistently with the business partnerships established.

Committed to standing beside its customers at all times with the approach of “Agile thinking, agile solutions” Fibabanka’s journey to success started on December 27, 2010, under Fiba Group. Specialized in the areas of Corporate, Commercial, SME and Enterprise, Retail, Agricultural and Private Banking, Fibabanka delivers services with a young, dynamic workforce consisting of 1.541 employees at a total of 63 branches as of year-end 2019.

## **More Added Value under the Partnership Model**

Fibabanka expanded its business volume consistently during the fiscal year 2019 thanks to business partnerships across different industries, particularly the retail sector. Focused on the easiest way to bring innovative products and services to its customers, the Bank’s active customers reached 788 thousand as a result of new trends in the finance sector in the fiscal year 2019. Fibabanka aims to acquire even more new customers in the coming period with the business partnership ecosystem via further diversification.

## **Major Steps toward Becoming the “Most Loved Bank of Turkey”**

Driven by Fiba Group’s long-standing history in the financial sector, Fibabanka focuses on diversifying its products and services to become the “Most Loved Bank of Turkey” while improving its service quality based on customer needs and expectations. The Bank also continues to diversify its products and services for customers successfully via its subsidiaries, Fiba Portföy Yönetimi A.Ş. and Finberg.

## **A Brief History of the Bank**

The Bank’s history dates way back to Sitebank A.Ş. The Bank was transferred to SDIF with its shares thereafter being sold to Novabank in 2002 with the permission of the Banking Regulation and Supervision Agency (BRSA). The name of the Bank was changed to Bank Europe Bankası A.Ş. in 2003. In 2006, shares owned by Novabank S.A. were transferred to Millennium BCP; the Bank’s name was changed to Millennium Bank A.Ş.

After necessary permissions were obtained upon Fiba Group’s application to the Banking Regulation and Supervision Agency (BRSA), Millennium Bank A.Ş. joined Fiba Group on December 27, 2010. Fibabanka commenced providing banking services upon the share transfer from Millennium Bank A.Ş. to Credit Europe Bank N.V., one of Fiba Group’s major investments based in Holland. Later on, Fibabanka has taken steps to consolidate its partnership structure to strengthen its growth trend along with Fiba Holding A.Ş., Fiba Faktoring Hizmetleri A.Ş., Girişim Varlık Yönetimi A.Ş., Fiba Kapital Holding A.Ş. and Fiba Araştırma Geliştirme ve Müşavirlik Hizmetleri A.Ş. companies under Fiba Group. In 2015, the International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD), two global development institutions have invested in the Bank. In 2016, TurkFinance B.V. has also invested in and became a partner of Fibabanka. Following these investments, the Bank’s capital increased to TL 941.160.553,25. Fiba Group continues to retain the majority stake in Fibabanka, with 71,57% of the Bank’s share capital as of year-end 2019. The ratios of shares held by other minority shareholders are 8,96%, 8,96% and 9,95%, respectively.



## Our Vision

Being the “Most Loved Bank of Turkey.”



## Our Mission

Delivering the fastest banking service to people.



## Our Values

As an organization, we embrace Corporate Governance Principles such as responsibility, transparency, accountability and fairness. We are also:

### **Respectful:**

- To the environment
- To society
- To all differences (ethnicity, language, religion and gender)

### **Genuine:**

- Open and straightforward
- Sincere
- Friendly

### **Results-Oriented:**

- We are aware of our targets.
- We know the value of time.
- We take action.





# Sustainability Approach

In addition to achieving successful financial and operational results, Fibabanka moves toward the future by generating sustainable value in the corporate, environmental and social arenas.



Adopting the solid corporate culture of Fiba Group, Fibabanka pursues its ongoing corporate development by creating sustainable value in the Turkish banking industry. Closely monitoring sustainability efforts of the international banking sector, the Bank achieves successful financial and operational results, while generating sustainable value in the corporate, environmental and social arenas that bolster the trust of all its stakeholders.

## **Environmental Responsibilities**

Acting with the awareness of its environmental responsibilities, Fibabanka continues its work by putting its environmental responsibilities at the forefront in all areas, especially in the fight against climate change. In 2019, Fibabanka has consistently and markedly increased the value it adds to society and the environment in the field of environmental sustainability, particularly waste management and natural resource consumption.

## **Awareness Seminars on Gender Equality**

Fibabanka has taken important steps to develop into a lasting corporate culture during the 2019 operating period through its work on the equality of women and men. In 2019, the Bank



organized seminars on “gender equality” with the cooperation of the Mother Child Education Foundation and based the participation of all its employees. Putting the Equal Opportunity model at the heart of all business processes, decisions, procedures and practices, Fibabanka aims to continue its investments in this field in 2020.

### Education Focused on Social Investments

In 2019, Fibabanka continued its investments in areas that provide social benefit, especially education. As an active supporter of the Mother Child Education Foundation (AÇEV), one of Turkey’s leading educational foundations, the Bank implemented numerous social responsibility projects in 2019. Supporting the work of AÇEV with great enthusiasm, Fibabanka has provided support to the Child Education Program (ÇEP), via which AÇEV contributes to the development of children aged 4 and over, across 64 provinces in Turkey from 2017 to 2019. Ensuring that ÇEP handbooks are distributed in schools located in disadvantaged districts of target provinces, some 16.000 children were reached between October 2017 and March 2019.

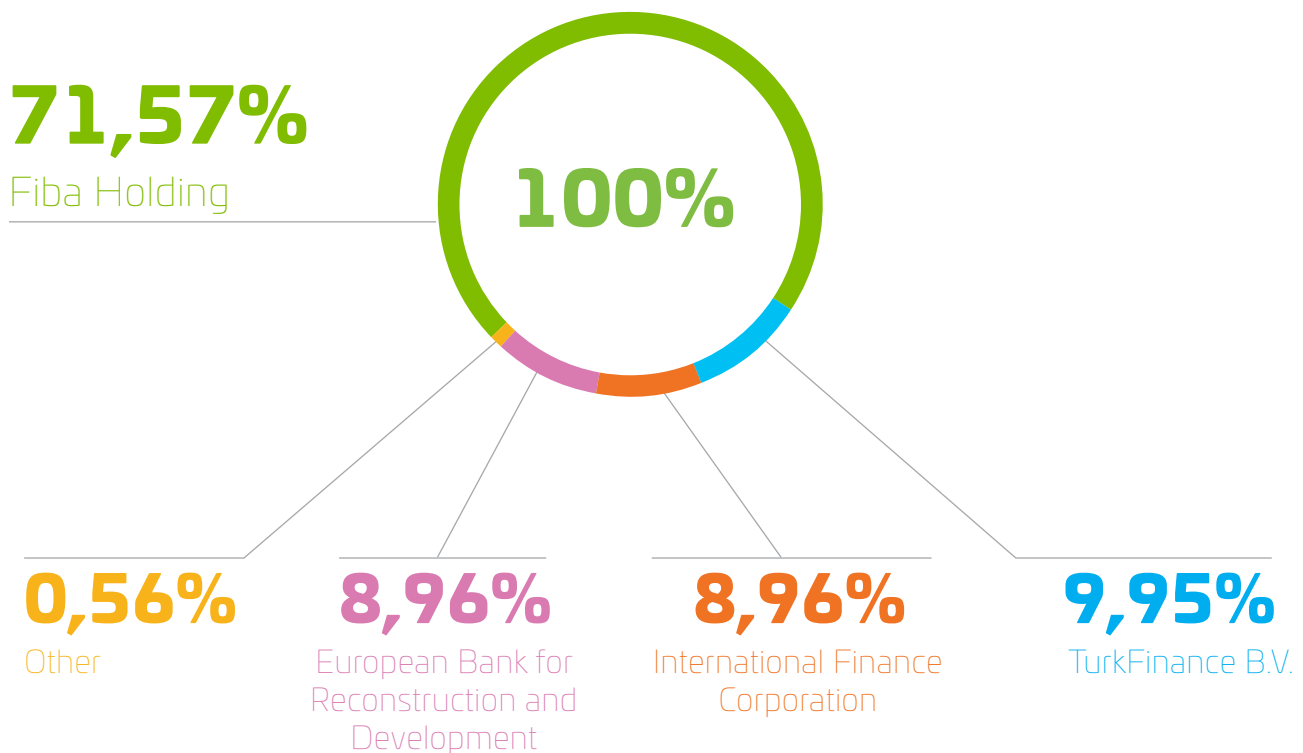


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# Shareholder Structure

Shareholders	Amount of Capital (TL)	Number of Shares	Share Ratio (%)
Fiba Holding A.Ş.	673.573.216,14	67.357.321.614	71,57
TurkFinance B.V.	93.645.475,05	9.364.547.505	9,95
International Finance Corporation	84.327.750,28	8.432.775.028	8,96
European Bank for Reconstruction and Development	84.327.750,28	8.432.775.028	8,96
Other	5.286.361,50	528.636.150	0,56
<b>TOTAL</b>	<b>941.160.553,25</b>	<b>94.116.055.325</b>	<b>100,00</b>

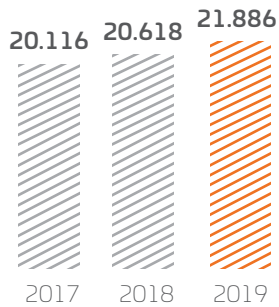
The Chairman and Members of the Board of Directors, General Manager and Assistant General Managers currently hold 528.636.150 equity shares in the Bank, amounting to TL 5.286.361,50 as of 2019.



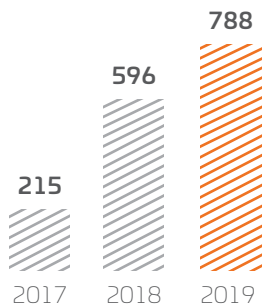
# Key Financial and Operational Indicators

Fibabanka maintained its financial profitability and operational efficiency in the 2019 operating period as well.

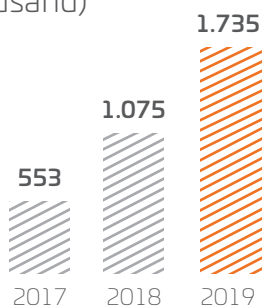
## Total Assets (TL Million)



## Number of Active Customers (Thousand)



## Total Number of Customers (Thousand)



## Unconsolidated Financial Results

(TL Million)	31.12.2017	31.12.2018	31.12.2019	Increase (%)
Assets	20.116	20.618	21.886	6,15
Loans (Net)	15.088	14.121	15.624	10,64
Deposits	12.273	11.313	13.567	19,92
Equity	1.465	1.322	1.656	25,26
Net Profit	167	197	212	7,82

## Consolidated Financial Results

(TL Million)	31.12.2017	31.12.2018	31.12.2019	Increase (%)
Assets	20.112	20.619	21.889	6,16
Loans (Net)	15.088	14.121	15.624	10,64
Deposits	12.268	11.313	13.566	19,92
Equity	1.465	1.322	1.659	25,48
Net Profit	167	197	215	9,11

## Key Operational Indicators

	31.12.2017	31.12.2018	31.12.2019	Increase (%)
Number of Employees	1.633	1.591	1.541	-3,24
Number of Branches	80	72	63	-12,50
Number of ATMs	86	82	74	-9,76
Number of Active Customers (thousand)	215	596	788	32,21
Total Number of Customers (thousand)	553	1.075	1.735	61,40

# Message from the Chairman of the Board of Directors

In 2019, Fibabanka continued its support for the real sector, while focusing on asset quality, sustainable profitability and efficiency. With this approach, we concluded the year successfully in accordance with our projections and targets.

## Esteemed Stakeholders,

2019 was a year when the expectations for the economic outlook changed constantly and market volatility was high. The trade negotiations between the USA and China and the rising tide of protectionism in other countries' foreign trade policies, made it difficult for both central banks and investors to make decisions. Therefore, global capital flows fluctuated until the last months of the year.

Financial markets started the year with the expectation that the Fed, the USA's central bank, will continue to raise interest rates. However, in the first half of 2019, the markets revised that expectation when, the Fed signaled that they would be patient in its monetary policy stance. Due to modest growth, a low inflation environment in the US and global uncertainty, the Fed effected three interest rate cuts of 25 basis points each in the second half of the year while decreasing its policy interest rate to 1,75%. A similar change occurred at the European Central Bank (ECB). Deposit interest rates were reduced to -0,50% by further expanding its expansionary monetary policy; besides, bond purchases and longer-term refinancing operations commenced once again.

On the other hand, after the country's economic contraction in 2018, it was a rebalancing year for the Turkish economy in 2019 thanks to timely measures taken by the Banking Supervision and Regulation Agency (BRSA) and the Central Bank of the Republic of Turkey (CBRT) as well as the supportive global environment. As the less volatile Turkish lira was supported with lower imports, pricing behavior became increasingly stable and the inflation outlook also improved. After registering at 20,30% in 2018, inflation declined to 11,84% in 2019 with an improved economic environment. Another positive development was the performance of the current account balance.

Recording a current account deficit of USD 27,2 billion as of year-end 2018, the Turkish economy posted a current account surplus of USD 1,7 billion as of year-end 2019. During this rebound, CBRT acted in parallel with central banks in other countries and decreased its policy interest rate by 1.200 basis points with rate cuts throughout the year. We saw the positive impact of all these developments especially starting with the third quarter and the Turkish economy posted a positive growth of 0,5% for 2019.

The improvements in macroeconomic indicators in 2019 had a positive impact on the banking industry. Both loan and deposit interest rates decreased swiftly. Total assets of the Turkish banking sector grew by 16% to TL 4,5 trillion as of year-end 2019. Total loan growth was limited to 11%, while the non-performing loan ratio was 5,4%. In 2019, the total net profit of the banking industry was TL 49,2 billion, down by 9% when compared with the previous year. The capital adequacy ratio for the sector was 18,4% as of year's end. In 2020, loan growth is expected to accelerate in the banking industry with continued support toward the real sector.

In 2019, Fibabanka continued its support for the real sector, while focusing on asset quality, sustainable profitability and efficiency. With this approach, we concluded the year successfully in accordance with our projections and targets. We reached total assets of TL 21,9 billion and recorded a net profit of TL 212,0 million, up 8% over the previous year. Meanwhile, our return on equity was 14% and our capital adequacy ratio was 19,6%. Fibabanka remains committed to delivering innovative services to its customers and

# Net Profit TL 212,0 million

Fibabanka closed 2019 with  
TL 212,0 million net profit,  
up 8% year-on-year.

continuously enhancing the quality of those services. To this end, we ramped up operational processes by investing in financial technologies and forming project and product-driven agile teams. With these efforts, we are taking pioneering steps in the digital transformation journey of our Bank. Fibabanka's primary objective for 2020 is maintaining its agility and efficiency-focused operational and technological development at full speed while pursuing prudent growth and taking asset quality into account.

Taking this opportunity, we would like to thank our valued employees who worked devotedly to achieve our success in 2019, our shareholders, and our distinguished customers and stakeholders, who continue to strengthen our Bank with their unwavering support.

Kind regards,



**Hüsnü M. Özyeğin**

Chairman of the Board of Directors



Hüsnü M. Özyeğin  
Chairman of  
the Board of Directors



# Message from the General Manager

The professional management approach of our main shareholder, Fiba Group, was instrumental in the sustainable success we achieved in 2019.

In 2019, we continued to grow our customer base. Our total customer deposits increased to TL 13,6 billion, while the outstanding balance of our Kiraz Account product, which played a major role in this increase, rose to TL 5,80 billion as of end-2019, jumping 275% year-on-year. Meanwhile, the number of Kiraz accounts totaled 140 thousand, up 125%.

## **Esteemed Stakeholders,**

Fibabanka remains one of the young and dynamic players in the Turkish banking industry. In 2019, we continued to record new successes thanks to our banking products that add value to customers' lives with our "Agile thinking, agile solutions" and "Personal customer services" approaches. With its established business partnerships, the Bank maintained its sustainable profitability by consistently expanding its business volume. The professional management approach of our main shareholder, Fiba Group, was instrumental in the sustainable success we achieved in 2019.

## **Moving Our Corporate Structure Forward into the Future with Our Successful Financial Results**

Pursuant to our performance targets and projections, we reported sound financial results in 2019. While Fibabanka's total assets reached TL 21,9 billion as of December 31, 2019, the Bank recorded an unconsolidated net profit of TL 212 million 7,82% over the previous year's figure and consolidated net profit of TL 215 million. During the year, our Bank remained focused on providing continuous support to the real economy and customers in diverse segments.

Fibabanka's total loan portfolio accounted for 71% of its total assets as of the year-end. In 2019, we continued to grow our customer base. Our total customer deposits increased to TL 13,6 billion, while the outstanding balance of our Kiraz Account product, which played a major role in this increase, rose to TL 5,80 billion as of end-2019, jumping 275% year-on-year. Meanwhile, the number of Kiraz accounts totaled 140 thousand, up 125%. Fibabanka's investment funds, another important product group, expanded to a total fund size of TL 1,5 billion with an active customer base of 4.335 as of year-end 2019. The Bank recorded a return on equity of 14,0% and a capital adequacy ratio of 19,6% at year's end.

## **Bolstering Our Financing Facilities**

Fibabanka maintains strong collaborations with international creditors. In 2019, we increased the limit of the credit guarantee agreement that we have signed jointly with the European Investment Fund at end-2018 to support micro-enterprises under the European Union Programme for Employment and Social Innovation (EaSI) to EUR 40 million. We stay committed to supporting micro-enterprises that will play a key role in the future of Turkish economy.



# Total Assets TL 21,9 billion

In line with our performance targets and projections, Fibabanka's total assets climbed to TL 21,9 billion, as we recorded solid financial results in the fiscal year 2019.

## Further Expanding Our Business Partnership Ecosystem

During the year, we continued to put innovation at the heart of all our business processes. With our diversification approach, Fibabanka included e-commerce sites in its business partners' ecosystem that was already established in the technology, retail, food, clothing and consumer durables sectors, thereby boosting the number of touch points where we serve our customers to over 2.000. While providing high-quality service to its customers with 63 branch locations as of year-end 2019, Fibabanka increased its active customers to 788 thousand and its registered customers up to 1,7 million, rising 3,1 times over the last three years thanks to the contribution of the established ecosystem.

## Consolidating Our Innovative Infrastructure

To get to know and understand our customers better, Fibabanka declared 2019 as the "Year of Data" and initiated the Data Transformation Program. With our big data and data science infrastructure investments, we started using artificial intelligence and machine learning algorithms. We established our Data Management Office and formed a team that only focused on this key area. Fibabanka's Data Management Office is taking major steps to increase our operational efficiency under the Big Data Centered Transformation project.



Ömer Mert  
General Manager and  
Board Member



## Message from the General Manager

We completed the fiscal year 2019 successfully by maintaining our focus on strong capital, excellent customer experience and efficiency.

In line with our strategic priorities, our efforts continued apace to further improve the customer experience and stand beside our customers in all their financial decisions with our customer-centered perspective in 2019.

We also continued to invest in open banking, payment systems, machine learning, integrated data architecture and innovative financial technology via Fibabanka R&D Center in 2019.

### **Making Our Digital Channels Even Stronger**

In line with our strategic priorities, our efforts continued apace to further improve the customer experience and stand beside our customers in all their financial decisions with our customer-centered perspective in 2019. We are focused on offering its customers ways to benefit from opportunities of the digital era and delivering a fast and easy banking experience. To this end, we renewed our Mobile and Internet Banking channels and our corporate website fibabanka.com.tr with a user-friendly interface and advanced functionality. 2019 was also a year when we made major investments in artificial intelligence technologies. Our artificial intelligence chat assistant Fi'bot responds to questions and transaction requests

quickly and securely via fibabanka.com.tr and Facebook Messenger. Fi'bot chats with all visitors of our website 24/7, whether they are Fibabanka customers or not.

### **Fibabanka's New Face: "Hızlı," Our Rabbit Mascot**

In 2019, we launched an advertising campaign to ensure that our approach to provide fast and easy banking services is known to a wider customer base. Throughout the year, our Bank's new face, our rabbit mascot "Hızlı," played a leading role in promoting our banking products and services to a wider population.

### **Happy Employees Create Happy Customers**

At Fibabanka, we are committed to creating value for our customers, employees and all our stakeholders. Being aware that we can only create happy customers with happy employees, we continued to invest in

human resources in 2019 by focusing on the development, satisfaction and happiness of our staff. Our employee value proposition, "You Set the Rule," was implemented in 2019, which encourages our employees to push their limits and to be open-minded and courageous across all areas of life. Additionally, Fibabanka continued to practice its performance-driven, diversity-focused and internal promotion-oriented, fair and transparent management policy which is based on equal opportunity. As a result of these various efforts, our employee satisfaction score ranks above the sector average, encouraging us to do even better in the future.

#### **Fibabanka's Brand Will Continue to Rise**

We completed the fiscal year 2019 successfully by maintaining our focus on strong capital, excellent customer experience and efficiency. I would like to express my sincere gratitude to all our stakeholders, especially our main shareholder Fiba Group for all their support throughout 2019. In the coming period, we will continue to provide our customers with the best experience by placing them at the heart of all our activities, create the highest value for all our stakeholders, and make investments to ensure happier Fibabanka employees.

Kind regards,



**Ömer Mert**  
General Manager and  
Board Member

Total  
Deposits  
**TL 13,6  
billion**

In 2019, our total  
customer deposits  
increased to  
TL 13,6 billion.

# Corporate Banking/ Commercial Banking

Fibabanka continued to offer products and services that make a difference by demonstrating a solution-oriented approach to its customers in Corporate and Commercial Banking segments in 2019.

## Corporate Banking

Corporate Banking in Fibabanka provides distinctive products and services to clients with an annual turnover of TL 200 million or more, via its branches. Services offered by Fibabanka for corporate clients include cash and non-cash loans (TL and foreign currencies), as well as corporate financial consulting on investment financing; mergers & acquisitions, and project finance loans. Corporate Banking also offers solution proposals for financing foreign trade, treasury products to mitigate interest and exchange rate exposure, corporate finance services, and deposit and cash management services. Offering a solution-driven approach to its Corporate Banking clients, Fibabanka achieved results that will further consolidate stakeholder trust in 2019. The Bank continued its customer-oriented efforts by managing customer risks effectively. As of year-end 2019, Fibabanka Corporate Banking provided services to 4.956 registered customers, 1.003 active customers and 401 loan customers. In 2019, the segment increased total cash loans by 25% and boosted demand deposit volume by 54% year-on-year. Commission income jumped 153%. The Bank's average demand deposits in the Corporate Banking segment amounted to TL 436 million while net commission income was TL 136,5 million.

During the year, Fibabanka introduced cash (FiyatSiz Kredi) and non-cash (GayriVadesiz) products to boost new customer acquisition, customer activation and demand deposit volume in the Corporate Banking segment. Additionally, new products were rolled out to increase foreign trade volume. Fibabanka aims to maintain its strong support to the Turkish real sector with advanced products and services in the Corporate Banking segment in the coming year.

## Cash Management and Foreign Trade

Fibabanka has made significant breakthroughs in Cash Management and Foreign Trade in 2019 as well. In foreign trade transactions, Fibabanka recorded an increase of 40% in US Dollars compared to the previous year, excluding Post Financing Transactions. Additionally, the Bank's Factors Chain International (FCI) membership and the intra-bank export factoring process were completed in 2019. With these efforts, Fibabanka took a major step in providing cash funding against export goods. While providing funding and credit guarantee support to Fibabanka customers who conduct exports based on a running account, the Bank aims to contribute to Turkey's foreign trade by reaching new markets and new customers. For the Unified Tax Product which launched to facilitate special consumption tax (ÖTV) payments, Fibabanka maintained its 25% market share, with the Bank figuring among the leaders in this segment. Thanks to the

Bank's Customs Tax Payment product, which facilitates payment of customs taxes, Fibabanka increased customs tax collections by 58% compared to the previous year.

The Bank continued to transfer funds to the real sector via the Supplier Finance System, specially designed to assist clients with a large network of suppliers in working capital management and enable such suppliers to access finance more quickly. Focusing on improvement in all areas, Fibabanka increased its market share in check issuance to 1,82% as of the end of the year. The Bank has activated the process of sending instructions with e-signature, which allows its customers savings, security, business continuity and mobility.

Fibabanka introduced the Transfer on Duty product at year-end 2018 as part of its digital transformation efforts and uninterrupted customer service approach. The innovative product allows customers to make TL money transfer between banks wherever and whenever they want. Transfer on Duty accounted for 2% of total EFT transactions made by Personal Banking customers via Mobile and Internet Banking channels in a short time. Focused on delivering products that are fast, efficient and that facilitate customers' lives, Fibabanka plans to continue taking major steps toward digitalization. The Bank also aims to offer its customers banking solutions in Cash Management and Foreign Trade in 2020.

### Commercial Banking

Fibabanka Commercial Banking meets all banking needs of commercial clients with a maximum annual turnover of TL 200 million by executing an innovative, fast and solution-oriented banking approach. The Bank provides specialized and fast financial solutions for each client by analyzing changing market conditions through its Commercial Banking segment, with a total of 35 branches in 12 provinces, 18 of which are located in Istanbul.

The services provided by Fibabanka in the Commercial Banking segment include cash and non-cash loans and deposit transactions; foreign trade finance; treasury transactions for currency and commodity fluctuations; long-term finance such as energy, factory and hotel investments; and cash management products and services that simplify firms' day-to-day operations. Thanks to the consistent operations carried out by Fibabanka in this field, the total number of active clients in the Commercial Banking segment reached 4.632 as of the end of 2019. Fibabanka Commercial Banking segment aims to increase customer engagement with new products and services developed to satisfy the foreign trade and credit funding needs of its customers, within the direction of aims to become the main bank and the aim of diversification for the coming period.



Fibabanka Commercial Banking segment aims to increase customer engagement with new products and services developed to satisfy the foreign trade and credit funding needs of its customers, within the direction of aims to become the main bank and the aim of diversification for the coming period.

# Retail Banking

Fibabanka Retail Banking focuses on reaching customers through alternative channels. The Bank includes delivery channels it has created with its business partners among those outside the branch, such as SMS and the internet.

**FibaTarife**  
**İşletmenizin ihtiyaçlarına göre şekillenen tarife!**

Esnaf ve KOBİ'lerin bankacılık işlemleri hem çok kolay hem de uygun fiyatlı. Siz de işinize en uygun tarifiyi seçin, kâra geçin.

FibaTarife Eko	FibaTarife Konfor	FibaTarife Business
FIYAT: 69 TL	FIYAT: 330 TL	FIYAT: 799 TL
SÜRE 1 AY	SÜRE 3 AY	SÜRE 12 AY

Fibabanka.com.tr | 444 88 88

**Fibabanka**

## 3.300 EaSI Credit Applications

Fibabanka increased its loan limit to EUR 40 million with the second support package received in 2019.

Fibabanka Retail Banking provides artisans and small enterprises with products and services that give them a competitive edge. Meeting the financial needs of companies with a maximum annual turnover of TL 5 million, Retail Banking had an active customer base of 24 thousand at year-end 2019; over 15 thousand active customers are loan customers. Commission income from customers in this segment totaled TL 15 million in 2019. Fibabanka Retail Banking focuses on reaching customers through alternative channels. The Bank includes delivery channels it has created with its business partners among those outside the branch, such as SMS and the internet. In December 2019, the Bank started providing loans to customers under the artisan category via a tablet with on-site visits, without the need for customers to visit a branch location.

In 2019, Fibabanka extended the scope of its FibaTarife product, which has been offered to customers since July 2017. FibaTarife combines the commission fees and expenses paid by customers in a single package, enabling clients to choose the option that best fits their business volume.

TarımKart holders can utilize their allocated loan limits via cash or agricultural POS member merchants. With the Fibabanka TarımKart – introduced in 2018 to support customers' agricultural production needs – cardholders can make repayments based on their harvest maturities. In 2019, Fibabanka reported 5.115 TarımKart's issued while the agricultural loan volume totaled TL 59 million.

In 2018, Fibabanka signed a loan guarantee agreement amounting to EUR 20 million with the European Investment Fund (EIF) to support micro-enterprises as part of the EU Program for Employment and Social Innovation (EaSI). As the first and only bank in Turkey to be included in the EaSI Loan Facility financed by the European Union, Fibabanka has reached a loan utilization of TL 120 million with approximately 3.300 applications since 2018. Additionally, the Bank achieved 50% of new customer acquisitions. Fibabanka increased its loan limit to EUR 40 million with the second support package received in the third quarter of 2019.

Fibabanka Retail Banking aims to make life easier for artisans and small enterprises. In 2020, Retail Banking plans to provide new services such as instant and on-site loans and sales of various products from tablets.



# 5.115

## TarımKarts

In 2019, Fibabanka reported 5.115 TarımKarts issuance while the agricultural loan volume totaled TL 59 million.



# Zahmeti yok, bereketi çok

Şimdi **TarımKart** sahibi olan herkes,  
tarım kredisini yıl boyunca kullanma  
ve hasat zamanında geri ödeme  
fırsatından yararlanıyor!

[fibabanka.com.tr](http://fibabanka.com.tr) | 444 88 88

**Fibabanka**

Fibabanka A.Ş., kart başvurularını serbestçe değerlendirme hakkına sahiptir. Detaylı bilgi [fibabanka.com.tr](http://fibabanka.com.tr) ve 444 88 88 Telefon Bankacılığı'nda.

# Personal Banking

Committed to diversification, one of the core components of its business model, Fibabanka took major steps forward in Personal Banking in 2019.



Fibabanka Personal Banking designs products and services to meet all the financial needs of individual customers. Personal Banking continued its innovative efforts and initiatives in 2019. Developing its service infrastructure consistently, taking into close consideration customer needs and expectations, Fibabanka delivers services in Personal Banking via Mobile and Internet Banking channels, fibabanka.com.tr website, branches, Call Center and non-branch sales channels thanks to its ever-expanding portfolio of business partnerships.

## 760 Thousand Active Customers

Committed to diversification, one of the core components of its business model, Fibabanka took major steps forward in Personal Banking in 2019. The Bank significantly expanded its personal customer base thanks to business partnerships formed in 2019. Reaching 758 thousand active personal customers as of year-end 2019, Fibabanka had more than 2.000 customer contact stores/points. Fibabanka aims to further diversify its Personal Banking customer base by establishing new ecosystems with the experience gained from business partnerships.

Standing out from the competition by focusing on digital technology and integrating new systems quickly, Fibabanka responded quickly to the changing financial needs of its customers and business partners in 2019. Having

developed effective projects very quickly after closing deals with its business partners, Fibabanka has become preferred for both business partners and clients.

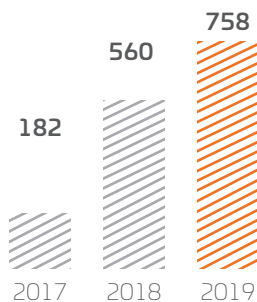
## “Shopping Loan” Service in the Retail Stores of Business Partners

Fibabanka continued to develop fast and easy financial solutions for the retail stores of business partners. The Bank aimed to satisfy a wide range of customer needs with the "Shopping Loan" offering, especially for consumer technology products. The Instant Shopping Loan service significantly accelerates business processes by utilizing loans in just a few minutes with customer identity and mobile phone numbers.

Fibabanka provides the Shopping Loan to customers with the contribution of fintech partnerships formed in light of its innovation strategy. The Bank continued to expand the sectors it provides loans to include electronic, retail, food, clothing, consumer durables and e-commerce sites in 2019. Fibabanka made contact with customers at more than 2.000 points.

Having started to develop loans for the retail stores of business partners in the fourth quarter of 2017, Fibabanka extended loans worth over TL 1,5 billion to approximately 500 thousand customers in 2019. Thanks to the advanced technology infrastructure

## Active Personal Customer Base (Thousand)





established without further burdening its current staff, Fibabanka boosted its active personal customer base to 758 thousand in 2019 (2018: 560 thousand).

With the Shopping Loan, Fibabanka offers customers the chance to purchase their consumer product needs quickly in addition to repaying their loans under favorable conditions. This lending product also offers business partners the opportunity to significantly expand their market share and improve sales strategies. Fibabanka has become one of the most preferred banks in the retail industry thanks to the Shopping Loan product.

### **Fibabanka Direct Sales Team Hits the Field**

Making an important breakthrough by restructuring its Direct Sales Team in 2018, Fibabanka enabled its potential customers to become customers of Fibabanka without need to go to the branch and to obtain the product they want instantly, all thanks to this team. The Direct Sales Team expands the Bank's customer base by making sales via tablets, through onsite visits to customer locations that currently lack Fibabanka branches. In this manner, customers can perform banking transactions comfortably, wherever they are located, meeting their financial needs without losing time in the rapidly-changing economic environment. Fibabanka's Direct Sales Team provides a wide range of services, including insurance, loan products and deposit products, including Kiraz Account.

### **Instant Loan from Fibabanka**

Focusing on innovative added-value projects in light of current developments in technology, Fibabanka provided solutions to quickly meet the cash needs of customers in 2019. The Bank offered loan facilities without the need for additional documentation or signatures via Fibabanka branch locations and Call Center to satisfy customers' cash



requirements more rapidly. With the customer preferences and cost-free loan option, Bank customers who wish to have the opportunity to receive loans without paying any allocation fee. Through the revamped Mobile and Internet Banking channels, loan transactions can now be carried out much more quickly. Both current Fibabanka customers and potential customers can apply for loans via fibabanka.com.tr, Fibabanka's corporate website, or via Fibabanka Mobile Banking application and obtain their loans if approved.

### **One-Stop Payment Service: Fibabanka KrediPlus**

In 2019, Fibabanka introduced a new loan offering to its customers – Fibabanka KrediPlus. This innovative loan was designed to meet the extra cash needs of customers while providing the chance to make payments from a single point. With this service, the Bank allows customers to combine loans obtained prior to the new loans at a single point with the option of paying both with one installment. Pre-approval loan utilization has increased 10 times on a monthly basis to an average of 4.500 while the balance of active consumer loans rose to TL 424 million. Fibabanka diversified

Thanks to the renewal of the Fibabanka Mobile and Internet Banking channels in 2019, loan transactions can now be carried out more quickly.

# Personal Banking

Focused on reaching its customers through various channels effectively and quickly, Fibabanka serves customers by visiting their location to open Kiraz Accounts on-site.

payment channels by paying attention to customer satisfaction after loan utilization and provided loan installment collection service via business partners' retail stores.

## **Advantageous Second Hand Auto Loan**

Fibabanka aims to stand by its customers by providing funding in vehicle purchases with various advantages offered with the Second Hand Auto Loan. Presenting customers with the opportunity to buy the vehicle of their dreams under favorable financing conditions, Fibabanka provides alternative channels to its customers by establishing new business partnerships at the same time.

## **Infrastructure Investment for Overdraft Account**

Delivering effective solutions to meeting the instant cash needs of its customers, Fibabanka renewed the systems infrastructure of the Overdraft account product. As a result, the Bank started offering solutions for the short-term cash needs of customers with the limit defined to customers' accounts. With the new infrastructure, where customers can select statement dates and have a payment term after the closing date, Fibabanka introduced a more customer-oriented cash solution product.

## **A Demand Deposit Account that Functions Like a Term Deposit Account: Kiraz Account**

Fibabanka continued to provide value to the customers' lives with Kiraz Account in 2019 as well. As one of the most important products of the bank, Kiraz Account helps customers utilize their savings while functioning as an overnight deposit product whereby they can perform all their banking transactions from a demand deposit account. Combining the liquidity benefits offered by a demand deposit account with the profits of a term deposit account, Kiraz Account enables customers to utilize funds without waiting for the deposit maturity. Fibabanka's Kiraz Account balance jumped from TL 1,54 billion at year-end 2018 to TL 5,80 billion at the year-end 2019, up 275%. The total number of accounts exceeds 140 thousand, rising 125% year-on-year.

Focused on reaching its customers through various channels effectively and quickly, Fibabanka visits customers at their location to open Kiraz Accounts on-site. The Bank's Kiraz Account can easily be opened via Mobile and Internet Banking, all Fibabanka Branches, Call Center and SMS channels.

## **Fibabanka Customers Benefit from Special Rates on Time Deposits**

Committed to developing innovative services to meet customer needs, Fibabanka adopted a customer-based pricing platform in time deposit rate-setting in 2019. With this new application, rates are provided specifically to each customer for their time deposits.

## **Bancassurance Services from Fibabanka**

In 2019, Fibabanka offered insurance and pension products with a focus on customer satisfaction via partnerships with leading insurance companies operating in life and non-life segments. Undertaking major efforts to boost commissions from insurance production, the Bank posted insurance income of TL 117 million in 2019, up 126% compared to the prior year. With this growth, the share of bancassurance commission earnings in total net fees and commissions rose to 34,5%, up from 25,3% a year earlier.

Fibabanka achieved these significant increases by introducing advanced technology-based insurance products that consider the everyday needs of Personal Banking customers and offering insurance coverage and the global and corporate solutions to corporate customers in line with their customer-specific risk needs. In the coming year,

Fibabanka plans to further enhance customer experience and satisfaction by offering insurance and pension products, among the income items, with innovative solutions. The Bank also aims to facilitate digital transformation via various projects, diversify alternative sales channels, and integrate products into all sales channels.

### Analytical Capabilities Continue to Strengthen

Closely tracking the big data transformation in the banking industry, Fibabanka continued its investments in this key area in the Personal Banking segment in 2019. To put data analysis and usage at the heart of Personal Banking, the Bank organized the Marketing Analytics Cross-Sales Team in 2019. In addition, Fibabanka registered major developments in product sales and penetration figures with various efforts, including improving trend models, determining channel improvement areas, and automating loan marketing processes. With the end-to-end planning of the entire consumer loan proposal process, the Bank doubled the number of customers whose daily consumer loan evaluation was made to an average of 60.000 per day. Fibabanka started to conduct targeted and product trend-oriented loan communications and completely redesigned all processes. The number of customers who have received communications for loans increased by five times to an average of 75.000 persons per day. As a result of these channel performance upgrades and end-to-end process redesigns, Fibabanka boosted the number of consumer loans drawn by customers from different sources by 80% to an average of 300 per day.

Within the scope of the Big Data approach, Fibabanka stood beside its customers with active and effective data usage and increased its loan product penetration to 5% with an increase of 2,5 times.



To put data analysis and usage at the heart of Personal Banking, Fibabanka organized the Marketing Analytics Cross-Sales Team in 2019.

# Private & Prestige Banking

Base on a customized and dedicated approach to Private & Prestige Banking, Fibabanka develops banking products and services according to the risk and ROI preferences of customers.

Propelled by the long-standing experience and know-how of Fiba Group in the banking sector, Fibabanka undertook major achievements in the Private & Prestige Banking segment in 2019 as well. The Bank considers offering customized alternatives in this segment, based on the customer's risk profile and ROI expectations as an essential priority. Focusing only on "real person," Fibabanka Private & Prestige Banking segment provides services to 20.972 active customers through the Private & Prestige Banking customer representatives in a total of 41 branches with 19 in Istanbul.

In the Private & Prestige Banking segment, Fibabanka offers a wide range of products with the support of Fiba Portföy Yönetimi A.Ş. and Fibabanka Treasury Department. In addition to term deposit accounts, fixed income securities such as treasury bills, treasury notes and private sector bills/bonds, as well as variable income securities such as mutual funds, are extended as customer portfolios are being created. Therefore, customers can trade derivative products across over-the-counter markets, while performing their transactions at competitive prices to monetize booms and busts among parities with intra-day FX and parity transactions. In 2019,

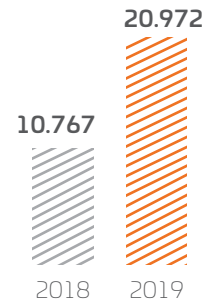
Fibabanka Private & Prestige Banking increased its assets under management by 60% and expanded its active customer base by 95%.

Adopting a sustainable growth strategy, Fibabanka Private & Prestige Banking segment aims to continue providing banking services that simplify customers' lives, administered by professional, experienced customer representatives, and driven by values such as mutual trust, long-term customer relations and customer privacy in 2020 as well.

## Size of Managed Assets TL 12,22 billion

The size of managed assets has been increased by 60% to TL 12,22 billion as of the end of 2019.

### Number of Active Private & Prestige Banking Customers



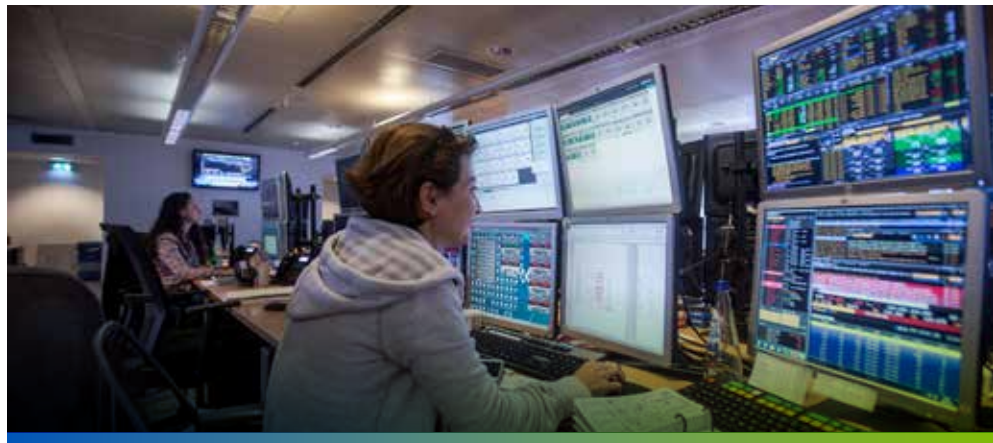
# Treasury

By closely monitoring domestic and international markets, Fibabanka Treasury Department aims to provide customers with advantageous products and prices according to their needs while also managing the Bank's assets-liabilities and liquidity in the most effective way.

Fibabanka Treasury Department operates under an organizational structure consisting of the Treasury Asset-Liability Management Unit, Treasury Trading Unit, Treasury Marketing Unit and the Strategy and Customer Support Unit.

The Treasury Asset-Liability Management Unit is responsible for managing the Bank's liquidity and balance sheet. The Unit informs members of the Asset-Liability Committee and Risk Committee in terms of current market conditions and expectations at the stage of determining the policies and strategies. The Treasury Asset-Liability Management Unit formulates the Bank's TL and foreign currency cash flow projections. The Unit organizes the money market, interest/money/currency swap, repo/reverse repo transactions to evaluate the liquidity surplus or to satisfy the liquidity requirement. In addition, the Unit conducts interbank market transactions by monitoring the maturity and cost structure of the balance sheet. The Treasury Asset-Liability Management Unit also takes measures related to compliance of legal and internal limits for the Treasury Department to remain within prescribed ratios and legal reserves.

In addition to closely monitoring domestic and international money and capital markets, the Treasury Trading Unit formulates strategies in accordance with pre-determined risk parameters and



limits. The Unit aims to realize returns by making short/long term transactions/ investments in the foreign currency, bond bill and derivative markets. Assuming a role to support the Treasury Marketing Unit in various asset classes, the Treasury Trading Unit ensures that Fibabanka customers are provided with the right financial products, at competitive prices at the right time.

The Treasury Marketing Unit understands the risks and needs of Corporate, Commercial, Private Banking and High Income Segment customers and offers them specialized risk management and investment products. Additionally, the Treasury Marketing Unit closely monitors developments in the global investment world and capital markets and informs customers accordingly on time. In

addition, the Unit provides customers with various services ranging from short-term cash flow management to long-term risk management products.

The Strategy and Customer Support Unit informs Fibabanka customers and employees on domestic and international markets as well as macroeconomic indicators via various channels and evaluates current financial conditions. As a result, the Unit supports customers in making investment decisions and determining appropriate investment strategies. In addition to preparing periodic bulletins and reports on macroeconomic indicators, the Unit conducts presentations and meets with internal and external customers at various events organized by Fibabanka.



# Customer Experience Management and Communication Activities

Committed to providing customers with an excellent experience throughout their entire banking journey, Fibabanka develops solutions according to customer needs.



Fibabanka shapes its business activities around a “respectful,” “sincere” and “solution-oriented” approach. The Bank provides products and services that comply with the needs of its customers and with the vision of becoming the “Most Loved Bank of Turkey.” Fibabanka considers customer satisfaction as one of the core components of sustainable financial and operational success performance. With its highly competent and dynamic human resources, advanced technology infrastructure, Fibabanka continuously improves its customer-oriented service approach as well as its products and services. To these ends, Fibabanka continued its efforts successfully in 2019.

Focused on providing an excellent end-to-end customer experience, not just when they are first contacted, but throughout their entire banking journey, Fibabanka develops customized solutions by fostering a customer-focused corporate culture.

## **The Bank that Listens to Customer Feedback**

To further improve the experience it delivers to customers, Fibabanka paid close attention to customers’ opinions and feedback in 2019. The Bank works to improve customer experience

consistently by collecting feedback from the website, social media channels and calls made via Call Center. Fibabanka also conducts projects based on customer ideas and suggestions and undertakes market research to enhance the experience of its customers.

To listen to the voice of customers continuously and simultaneously, Fibabanka conducts NPS research to measure Bank customers' satisfaction and tendency to recommend the Bank. In April 2019, Fibabanka adopted an instant Net Promoter Score (NPS) measurement to understand how much its customers recommend Fibabanka. The Bank introduced the Happy Customer Platform as part of its efforts to perfect the customer experience. The Happy Customer Platform enables all Fibabanka employees to monitor customers' channel and product-based evaluations instantaneously both via their mobile phones and the platform's website specific to employees. Bank customers are sent SMS and e-mail communications after the transactions they carry out at all contact points throughout their online customer journeys to monitor the end-to-end customer experience, especially of customers acquired through business partnerships. Fibabanka measures NPS related channels, products and many different processes. With the NPS measurement, the Bank's current processes are improved with customer feedback received. In addition, research studies regarding services or channels are directed and action plans are implemented to keep customer satisfaction at the highest level. With

the monthly Customer Orientation and NPS Committee meeting that includes the participation of Fibabanka senior management, the Bank ensures that customers are placed at the center of all units of the organization. The Committee also prioritizes and coordinates projects that directly affect customers.

In order to receive insights to guide the Bank's future strategies, Fibabanka conducts Brand Perception, Awareness and Customer Satisfaction research studies together with independent research firms. With these research efforts, Fibabanka better understands the approach of persons who receive banking services, those who have an opinion on services received and Bank customers regarding banking channels and services as well as issues that have an impact on customer satisfaction. In addition, the Bank measures perception and image indexes as well as NPSs of the brands.

Embracing continuous improvement, Fibabanka plans to measure new contact points that allow end-to-end research on banking journeys of customers in 2020. In addition to the channels that are currently measured, the Bank aims to improve its ATM network, website and many other products and processes with customer feedback. Fibabanka is committed to improving all business processes with a customer experience approach. The Bank also aims to measure and design its employees' experience journey at Fibabanka, understanding that the source of happy customers is happy employees. The Bank plans to take steps to further boost its NPS score in the coming year.

## Call Center

In 2019, Fibabanka Call Center developed its transaction set to ensure that all customer needs are satisfied without the need to visit a branch location. The Bank successfully expanded its inbound-outbound teams by improving its processes as part of the multidimensional transformation that commenced in 2018.

Providing services with 78 inbound and 16 outbound customer representatives as of year-end 2018, Fibabanka Call Center team expanded to a total of 135 representatives (102 inbound, 33 outbound) in 2019. The Call Center's very positive NPS results demonstrate that its transformation was appreciated by Fibabanka customers. The feature offered by Fibabanka Call Center that allows customers to directly speak to a customer representative in a short time was retained in the Interactive Voice Response renewal project in 2019. Customers are provided the opportunity to speak to a customer representative directly in the main menu as well as all sub-menus. The Outbound Team was restructured as the Telemarketing Unit; therefore, specialist teams were formed with products and services promoted successfully. The number of calls continued to increase significantly with the rise in customer numbers in 2019 at Fibabanka. The average number of calls per month in 2019 increased to 170 thousand, up from 146 thousand in 2018. With this increase, the response ratio also rose from 87% to 95% on a monthly basis.

# Customer Experience Management and Communication Activities

Mobile and Internet Banking channels continued to add value to Fibabanka customers' lives with their new design and robust technological infrastructure.

In 2019, the refreshed fibabanka.com.tr was deemed worthy of an award in the "Banking & Finance" category at the 17<sup>th</sup> Golden Spider Web Awards.

Committed to continuing its advanced technology infrastructure investments for the Call Center in 2020, Fibabanka aims to deliver its customers much faster, easier and reliable services, especially by investing in voice technologies.

## **Mobile and Internet Banking Channels were Renewed**

Having adopted the principle of standing beside its customers 24/7, Fibabanka renewed its Mobile and Internet Banking channels in the fiscal year 2019. The Bank's Mobile and Internet Banking channels continued to add value to Fibabanka customers' lives with their new design and robust technological infrastructure.

## **A New fibabanka.com.tr**

Fibabanka offers a new next-generation banking experience to those who visit its award-winning website fibabanka.com.tr that was redesigned to quickly understand and meet all the needs of Fibabanka customers. The refreshed, mobile compatible fibabanka.com.tr launched in April 2019. Website visitors can access detailed information about banking products and services more quickly and easily. fibabanka.com.tr enables applications and calculations to be made with ease. Information on products and services can be obtained via the Practical Transaction Menu on the main page. Applications for various

products and services can be made easily. In 2019, the renewed fibabanka.com.tr was deemed worthy of an award in the "Banking & Finance" category at the 17<sup>th</sup> Golden Spider Web Awards.

## **Fi'bot Always Stands by Customers**

In September 2019, Fibabanka introduced Fi'bot, the artificial intelligence chat assistant, via fibabanka.com.tr and Facebook Messenger. With this application, website visitors can chat with Fi'bot 24/7 and access information on many useful topics, such as appropriate loan solutions, deposit and FX calculations, Fibabanka branch and ATM locations as well as details regarding many banking products and services. Operating to respond to customer queries and present solutions instantly, Fibabanka was awarded the "Very Responsive to Messages" badge in 2019 with a 99% response rate and a response time of one minute via Facebook.

## **Social Media Interaction**

Fibabanka brought colorful, creative and informational content to social media visitors and customers. In addition, the Bank fostered interactivity with social media contests and surveys held throughout the year. As a result, the social media channel is an active channel for promoting products and services, facilitating sales and managing complaints.

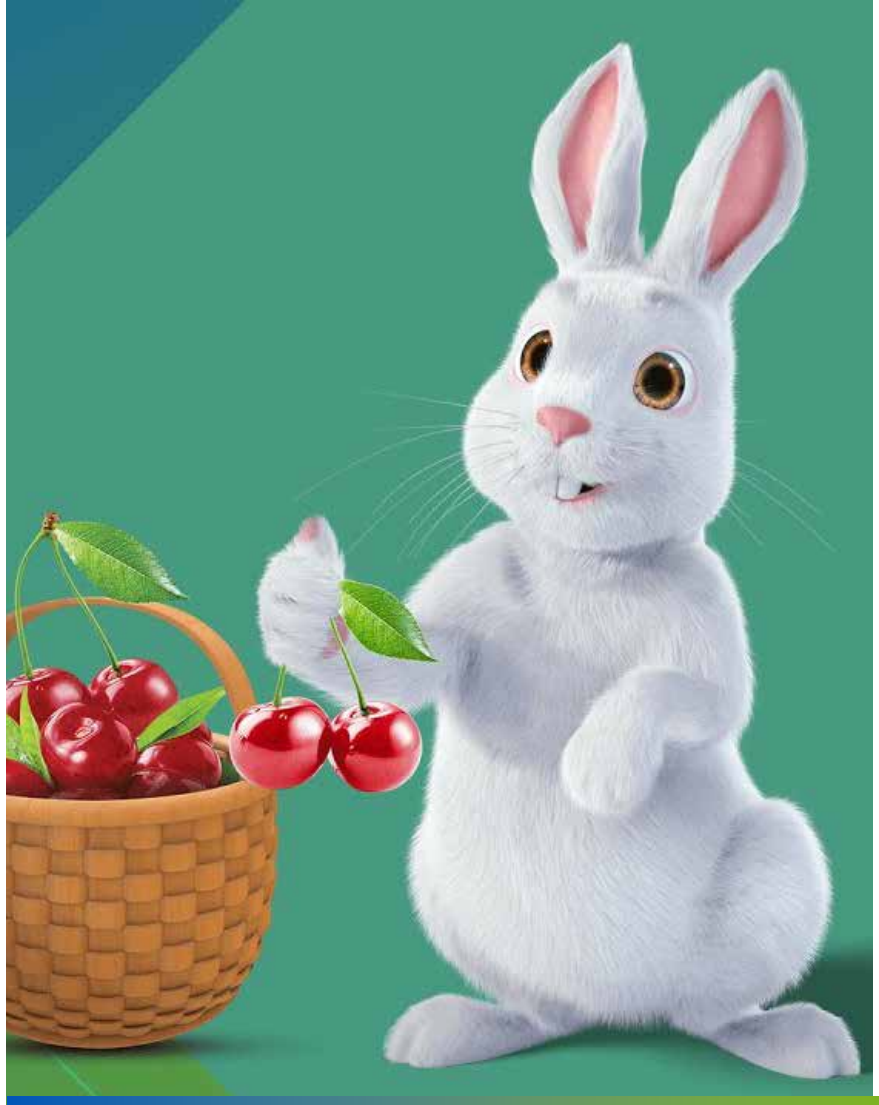


### **Many More Followers**

In 2019, Fibabanka recorded a 49,3% increase in Facebook followers, a 34,1% increase in Twitter followers, a 66,1% increase in Instagram followers and a 74,4% increase in LinkedIn followers.

### **Fibabanka's New Brand Face: "Hızlı"**

Fibabanka executed its communication activities by using next-generation communication technologies on internal and external platforms in 2019. The Bank supported its products and services that add value to customers' lives via active and sincere communications. Fibabanka promoted its "Agile thinking, agile solutions" message and the Bank's personal customer services approach with a new advertising campaign in 2019. In addition, the Bank introduced customers to a fast, accurate and easy banking service approach and advantageous Kiraz Account deposit product with its rabbit mascot – "Hızlı." Focused on meeting all the financial needs of its customers quickly, Fibabanka, one of the younger players in Turkey's banking industry, has reflected its vision to become the "Most Loved Bank of Turkey" with its new brand face, Hızlı. The Bank offered next-generation banking services to its customers with the Kiraz Account product, which combines the freedom of a checking account with the yield of a deposit account. With Hızlı, Fibabanka reaches customers through many channels –from television to radio, print media to digital channels. The Bank aims to continue its communication efforts at full speed in 2020.





# Digital Transformation

## Fibabanka continues its investments in Big Data.

In 2019, Fibabanka completed the majority of the infrastructure and system improvement investments that will accelerate data collection, evaluation and decision-making processes in parallel with global developments in technology.

With an expanding customer base, Fibabanka adopted getting to know and understand customers better as a strategic priority in 2019. The Bank aims to improve data-based decision-making competencies to support this strategy. Fibabanka implemented the Data Transformation program to manage data as a corporate asset to this end. Under this program, Fibabanka completed the majority of the infrastructure and system improvement investments that will accelerate data collection, evaluation and decision-making processes in parallel with global technological developments. Thanks to new big data and data science technology infrastructure investments, the Bank started using artificial intelligence and machine learning in decision-making processes.

In 2019, the Data Management Office was established to achieve these targets. Efforts to further develop this office have continued uninterrupted. Fibabanka gathered all data related teams from advanced analytics to data governance under one structure. As a result, the Bank gained a competitive edge with the synergy created. Fibabanka also aims to meet customer needs and expectations quickly and accurately by improving data literacy throughout the organization with competency development initiatives. Decision support systems used for strategy, planning, loan risk management, fraud prevention and other critical processes by the Bank will continue to be

developed in 2020. Real-time data will be provided by the new data infrastructure under this effort. Meanwhile, Fibabanka has invested in next-generation business intelligence tools to decrease the dependence of business units on information technology teams and boost efficiency across the Bank. Thanks to its ability to make autonomous decisions both in business processes and in the way of doing business, the Bank has started to operate faster and more efficiently.

Due to capital investments made in technology and human resources, the Bank aims to establish faster workflows by using big data and streaming data while standing beside its customers with suitable products and services in 2020.

### **Effective Digital Channel Strategy**

Embracing the digital channel strategy, Fibabanka offers customers a rapid, lean, integrated, uninterrupted and personalized experience, data-driven and tested, via digital points of contact. As of year-end 2019, Fibabanka renewed its Mobile and Internet Banking channels with a new design and advanced functionality both in terms of front end and user experience. Fibabanka aims to maintain its advanced technology investments in the Mobile and Internet Banking channels in 2020. The Bank is committed to delivering the best possible digital customer experience.

### ATM Systems Infrastructure Upgrades

In 2018, Fibabanka took initial steps to revamp its ATM systems platform and provide faster solutions to meet customer needs. The Bank continued its renewal and experience improvement efforts in 2019. Fibabanka offered customers the opportunity to perform many transactions such as cash withdrawals, deposits and loan payment through the ATMs without having a card under its Cardless Transactions project. Fibabanka continued to make improvements to increase its transaction sets in 2019.

During the year, Fibabanka provided customers the option to perform banking transactions via ATMs in retail stores of contracted business partners as well as ATMs of other banks with which it cooperates. In addition, the Bank ensured that Fibabanka's retired customers withdraw money free of charge from all other bank ATMs in Turkey.

As of year-end 2019, the Bank has a total of 74 ATMs: 15 at remote locations and 59 at branches. Compared to the start of the year, the volume of transactions processed at Fibabanka ATMs grew by 10% while the number of transactions rose by 43%. In 2019, a total of 332.053 transactions were performed with a total volume of TL 272.297.258.

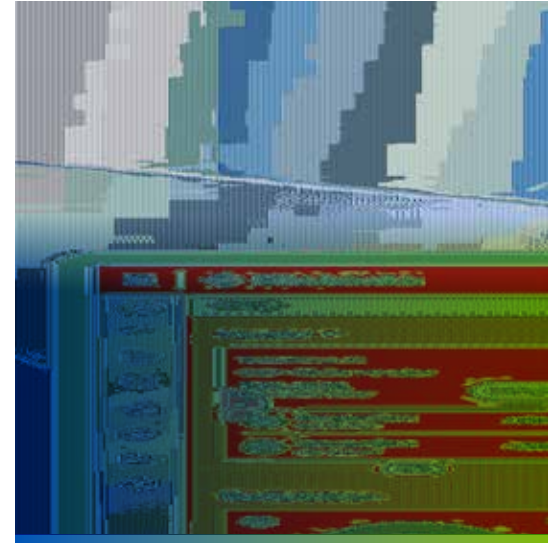
### R&D Studies with Continuous Improvement Focus

In 2019, Fibabanka R&D Center developed research and development projects in key areas – such as open banking, payment systems, machine learning, integrated data architecture

and innovative financial technology – with a focus on digital transformation and innovation. The Bank's R&D Center operates in coordination with the financial technology and investment company Finberg, an affiliate of Fibabanka. Kicking-off two different R&D projects in open banking and mobile payment systems to support initiatives in the Finberg ecosystem, Fibabanka R&D Center expanded its academic collaborations to boost the success and effectiveness of its R&D efforts. For this purpose, joint projects were developed with Özyeğin University, Boğaziçi University, İstanbul Technical University (ITU) and Gazi University. Additionally, in 2019, new teams were formed to focus on R&D initiatives in data science and machine learning. Furthermore, a collaboration was made with Özyeğin University to develop know-how in blockchain, another very important technology for the banking sector, and to implement innovative projects.

During the year, 40 new researchers started working at Fibabanka R&D Center. The total number of research staff has climbed to 150. After having commenced in 2018, the Parametric Communication Process Development and Corporate Mobile Application Development projects integrated with the Gamification and Social Sharing Infrastructure projects were completed and implemented successfully in 2019.

A total of four new R&D projects started at the R&D Center in 2019, two of which are also supported by TÜBİTAK TEYDEB. These projects are designed to renew both the core banking system



and Fibabanka's data architecture using advanced technologies and implement innovative financial products that will make customers' lives easier.

### Accelerated Business Processes with Robot-X

As part of Robot-X studies, which initiated in 2019 and brought a new perspective to business processes, Fibabanka implemented 27 new processes and saved 63 FTE units in return for these processes. With Robot-X, the correspondence process is carried out end-to-end by robots; as a result, the workforce in addition to paper savings are achieved in line with the Bank's sustainability efforts. Additionally, Branch Daily Control Reports, which take an average of two hours per day to generate, and Loan Allocation Form Files, which are required in loan assessment processes, are being prepared by Robot-X.

### Digital Transformation Performance of Fibabanka

	2018	2019	Increase (%)
<b>Total Number of Digital Customers</b>	153.714	270.337	76%
<b>Total Number of Mobile Banking Customers</b>	103.503	208.304	101%
<b>Total Number of Internet Banking Customers</b>	128.492	183.395	43%



# Financial Institutions

Since joining Fiba Group, Fibabanka prioritized expanding cooperation with international financial institutions.

In its Financial Institutions department, Fibabanka focuses on expanding its correspondent network in parallel with the foreign trade demands of its customers. Furthermore, it substantially contributes to the Bank's funding needs by obtaining medium and long-term financing via foreign currency-denominated bond issuances as well as bilateral loan agreements with international financial institutions.

## **Funding and Credit Guarantee Facilities Abroad**

Fibabanka issued a perpetual AT1 bond amounting to USD 30 million in December 2019 which was purchased by Fiba Holding.

## **The First and Only Turkish Bank to Participate in EaSI Program**

After signing a EUR 20 million credit guarantee agreement with European Investment Fund (EIF) as part of the European Union Program for Employment and Social Innovation (EaSI) in 2018, the limit of Fibabanka was increased to EUR 40 million by EIF in 2019.

Supported by the EU, the EaSI Program particularly aims to support entrepreneurs and micro-enterprises willing to grow its business. As the first and only bank to implement this program in Turkey, Fibabanka has extended loans to 3.300 micro-enterprises under this guarantee program as of the end of 2019.

## **Long Term Loans from Abroad**

Since joining Fiba Group, Fibabanka has prioritized expanding cooperation with international financial institutions. Loans borrowed from these institutions helped the Bank to have access to long-term loans and to diversify its funding sources. In 2019, Fibabanka received a USD 30 million loan from OFID (OPEC Fund for International Development), a development finance institution, with three-year maturity (with prepayment option at the end of each year) to support foreign trade transactions. Additionally, a USD 50 million loan with two-year maturity was obtained in 2019 under a bilateral agreement made with a commercial bank. As of 2019 year-end, the total amount of the long-term loan facilities received from both the international financial institutions, such as DEG, EFSE, OFID and the commercial banks reached USD 115 million.

## **Correspondent Banking**

The Fibabanka Financial Institutions department expanded its correspondent banking network by developing relations with the other banks in the field of foreign trade transactions, funding and international payments. This way the Bank serves its customers' needs in foreign business in an optimal manner.

## **Financial Institutions Credit Risk**

In 2019, the Fibabanka Financial Institutions department continued to evaluate counterparty bank risks associated with local and foreign banks and established treasury and commercial limits.

# Human Resources

Fibabanka achieves high efficiency in business processes with its qualified and young human resources.

Shaping its activities based on the vision of becoming the "Most Loved Bank of Turkey" Fibabanka treats employee satisfaction as a core factor behind the sustainable and successful performance. Fibabanka's human resources policy is based on the following principles:

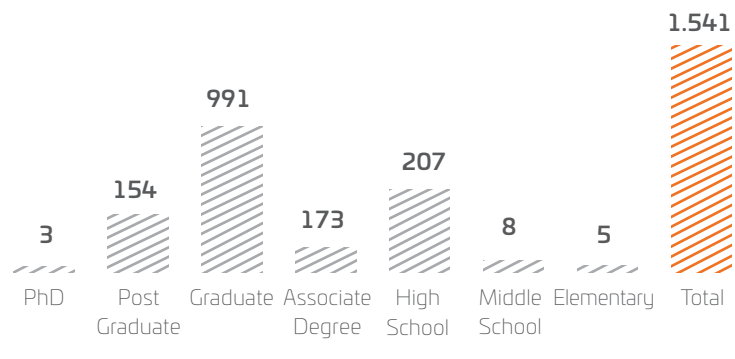
- Incorporating in Fibabanka a qualified workforce who will perform as required and bring added value to the Company,
- Ensuring that employees can realize their business objectives with HR applications and activities,
- Ensuring that all training is well-structured and sustainable,
- Achieving digital HR transformation,
- Increasing employee engagement and satisfaction.

## Human Resources Profile

As of the end of 2019, Fibabanka has 63 branches across Turkey and employs a total of 1.541 people. The Bank contributes significantly to the Turkish employment market, while actively supporting female employment.



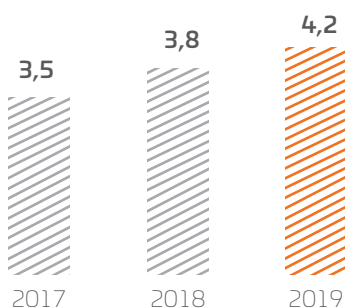
## Educational Background



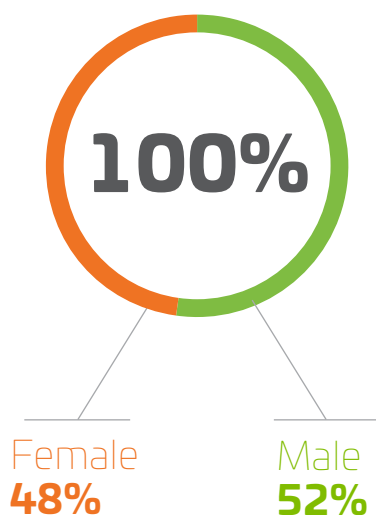
# Human Resources

Putting great emphasis on increasing its loyalty score every year, Fibabanka has increased its loyalty score to 55 points by 4 points in 2019 compared to the previous year.

## Seniority Rate (Years)



## Female-Male Employment Breakdown (%)



## HUMAN RESOURCES PRACTICES

### Performance Management System for All Employees

With a strategic focus on continuous improvement, Fibabanka included all its employees in the Performance Management System (PMS) in 2019, in line with shared corporate goals. In addition, the PMS was opened for the first time mid-year in 2019 to spur Fibabanka's corporate development. Under this effort, all managers gave face-to-face feedback to their employees. With its PMS, the Bank aims to synchronize the individual performances of employees and corporate targets while developing a feedback culture.

### Remuneration Based on Market and Seniority Structure

Fibabanka retained consultancy services to calculate employee wages in accordance with market conditions and the organizational position.

### Excellent Onboarding Project Specific for New Employees

The Excellent Onboarding Project implemented to accelerate the orientation process for new employees joining the Bank has been continued in 2019 as well. This effort ensures that new hires have a quality onboarding experience during their first days of employment.

### "We Are All Members of the Fibabanka Family" Internship Program

Launching the internship program titled "We Are All Members of the Fibabanka Family" Internship Program in 2018, Fibabanka continued to offer one-week internship opportunities to the children of employees in various departments/divisions/branches under Fibabanka in 2019 as well.

### Increase in Employee Engagement

Offering continuous development opportunities for employees, Fibabanka tracks the employees' engagement level closely through annual surveys. Putting great emphasis on increasing its loyalty score every year, Fibabanka has increased its loyalty score to 55 points by 4 points in 2019 compared to the previous year. Also, in September 2019, a short pulse survey including engagement questions was conducted by AON Hewitt to all employees; at the end of this survey, engagement score has been increased by 2 points to a total of 57 points.

### Academy Training Sessions with a Focus on Continuous Development

Fibabanka established the Bank Academy for the continuous development of its employees. In 2019, it offered further professional training opportunities to employees on a regular basis, via the Operation Academy, the Sales Academy,



the Financial Affairs Academy, the Law Academy, the Loans Academy, the Treasury Academy, the General Directorate Academy and IT Academy. Moreover, numerous e-Learning channels were created for employees in line with current developments in educational technologies.

### **Communication Activities that Boost Internal Synergy**

Fibabanka organized various events and club activities throughout the year. These efforts were designed for employees to feel valued and bring together the workforce in internal/external social activities. Additionally, the Bank develops internal communication strategies and corporate culture designs to benefit employee engagement. In 2019, the Bank held one-on-one and focus group staff meetings across the organization. As an output of these meetings, Fibabanka implemented a new employee value proposition – “You Set the Rule” – at year-end 2019. With the “You Set the Rule” initiative, Fibabanka aims to encourage employees to make the rules, by telling them to “Be Open-Minded, Brave and Push the Limits” with the manifesto related to this proposition.

Other internal communication activities and practices launched in the 2019 fiscal year are as follows:

- Internal information, announcements and practices across the Bank, as well as FibaSocial, a Digital Social Network Platform where employees can share content such as photos, videos and messages,
- Communication efforts undertaken for employees on special days,
- The FibaAktif Club, which organizes dance, sports, photography, theater and music events and trips where employees can socialize with each other,
- Internal communication activities to boost employee synergy, CSR projects, summer parties, annual motivation meetings.

## **“You Set the Rule” Manifesto**

### **A Fibabanka employee**

Sees opportunities that adding value to the lives of customers.

Changes the rules of the game by using technology.

Focuses on solution rather than a problem.

Pushes the limits and makes a difference.

Does not say “We have always done it like that” and is open to changes and new ideas.

Does not give up on the first try. Comes up with creative solutions.

Is never afraid of challenges and always bold!



Fibabanka held one-on-one and focus group employee meetings throughout the Bank in 2019 and as an output to these meetings, it has implemented a new employee value proposition named “You Set the Rule” at the end of 2019.

# Summary of the Board of Directors' Report

The Bank recorded total assets of TL 21,9 billion as of December 31, 2019, on consolidated and solo bases. For the same period, on solo and consolidated bases, total equity amounted to TL 1,7 billion and paid-in capital stood at TL 941 million. Current year net profit was TL 215 million, according to consolidated financial statements, and TL 212 million according to solo financial statements.

The Bank's total loans amounted to TL 15,6 billion in 2019, according to consolidated and unconsolidated financial statements, while the share of loans in total assets was 71%. The Bank's non-performing loans ratio was 5,6%

The Bank's solo and consolidated capital adequacy ratio is 19,55% as of December 31, 2019.

## Board of Directors

### HÜSNÜ M. ÖZYEĞİN

#### Chairman of the Board of Directors

Born in 1944, Hüsnü M. Özyeğin graduated from Robert Academy in 1963 and then obtained his undergraduate degree in Civil Engineering from Oregon State University. Hüsnü M. Özyeğin obtained his Master's degree from Harvard Business School in 1969.

He served as General Manager and Member of the Board of Directors at Pamukbank T.A.Ş. from 1974 to 1984, and founded Finansbank A.Ş. in October 1987, after serving as Deputy Chairman, Executive Director and General Manager

of Yapı Kredi Bankası A.Ş. from 1984 to 1987. Hüsnü M. Özyeğin served as Chairman at Finansbank A.Ş. from the date of its establishment until 2010. Over the years, he has made numerous social investments with exemplary social awareness.

Currently, he serves as Chairman of the Board of Directors of Fibabanka A.Ş. and Credit Europe Bank (Russia). Hüsnü M. Özyeğin is also Chairman of the Board of Trustees at Özyeğin University and a member of the Dean Advisory Board at Harvard Business School, where he is an alumnus.

### FEVZİ BOZER

#### Chair of the Corporate Governance Committee and the Credit Committee

Born in 1955, Fevzi Bozer graduated from the Department of Business Administration at Indiana University, and then he completed his MBA at Roosevelt University. Starting his banking career at Citibank in 1984, Bozer joined Finansbank A.Ş. in 1988 as a Branch Manager. He served as General Manager at Finansbank Suisse (currently called Credit Europe Bank Suisse S.A.) between 1991 and 1993, and at Finansbank A.Ş. between 1995 and 1999. Bozer has served as a Member of the Board of Directors at Fiba Group's banks abroad and at Fiba Holding A.Ş. since 1999. Fevzi Bozer serves at the Board of Directors of Fibabanka A.Ş. and Credit Europe Bank Suisse A.S.

**İSMET KAYA ERDEM****Member of the Board of Directors, the Audit Committee and Credit Committee**

Born in 1928, İsmet Kaya Erdem graduated from Marmara University. He served as Undersecretary of Treasury, Social Security Institution General Director, Minister of Finance, State Minister in charge of the Economy, and as Speaker of the Turkish Parliament between 1961 and 1999. Having joined Fiba Group in 2000, İsmet Kaya Erdem is a Member of the Board of Directors at Fibabanka A.Ş.

**MEHMET GÜLEŞÇİ****Member of the Board of Directors and the Remuneration Committee**

Born in 1962, Mehmet Güleşçi graduated from Boğaziçi University, Department of Business Administration, where he later obtained a Master's degree. From 1984 to 1996, Güleşçi worked in the Istanbul and Boston offices of Ernst & Young as an Associate Partner and received CPA certification in Turkey and the USA state of Massachusetts. As he continued working as Associate Partner, Güleşçi joined Finansbank A.Ş. as Assistant General Manager in early 1997, where he served as Executive Director of the Board of Directors until year-end 2009. He currently is a Member of the Board of Directors and the Executive Board of the Fiba Group, as well as a Member of the Board of Directors in the Group's financial and non-financial investments in Turkey and abroad.

**MEVLÜT HAMDİ AYDIN\*****Member of the Board of Directors, Corporate Governance Committee, Audit Committee and Remuneration Committee**

Born in 1957, Mevlüt Hamdi Aydın graduated from Middle East Technical University's Faculty of Administrative Sciences, Department of Business Administration. Having worked at Akbank as Auditor between 1983 and 1989, he joined Finansbank in 1989 as Chair of

the Inspection Board. Between 1992 and 1995, he served as Head of Finansbank's Inspection Board and as Human Resources Group President. For nine years from 1995, he was the Assistant General Manager in charge of Human Resources. Mevlüt Hamdi Aydın has been a Member of the Board of Directors at Fibabanka A.Ş. since January 2013.

**MEMDUH ASLAN AKÇAY****Member of the Board of Directors and Corporate Governance Committee**

Born in 1965, Memduh Aslan Akçay graduated from Ankara University's Faculty of Political Sciences, Department of Economics, and obtained a Master's degree in Economic Policy from the University of Illinois. He worked at Etibank between 1990 and 1993, and at the State Planning Organization between 1993 and 2000. He later worked at the Banking Regulation and Supervision Agency, as Head of the Economic Evaluations Department and Foreign Relations Department, as well as Chair of the Systemic Risk Committee between 2001 and 2004. He served as the Director-General of Foreign Economic Relations at the Undersecretariat of Treasury between 2004 and 2010.

During Akçay's tenure at the Undersecretariat of Treasury, he assumed roles on various internal executive committees (Debt Management Committee, Disciplinary Committee). He also served as a Member of the Board of Directors at the Council of Europe Development Bank (CEB), Industrial Development Bank of Turkey (TSKB), Black Sea Trade and Development Bank (BSTDB), Economic Cooperation Organization Trade and Development Bank (ECOBANK), and as a Member of the Audit Committee at Milli Reasürans A.Ş. In addition to these roles, Akçay represented Turkey as an Alternate Governor in international financial institutions such as World Bank (WB), European Bank for Reconstruction and Development

(EBRD), Asian Development Bank (ADB), and Islamic Development Bank (IDB). He served as a Member of the Board of Directors at EBRD between 2010 and 2013 in London, in addition to chairing the Budget and Administrative Affairs Committee of the EBRD Board of Directors for two terms. Then, he worked for the Undersecretariat of Treasury between 2013 and 2016. In April 2016, Memduh Aslan Akçay was appointed to his current position as a Member of the Board of Directors at Fibabanka A.Ş.

**HÜLYA KEFELİ****Member of the Board of Directors and Corporate Governance Committee**

Born in 1960, Hülya Kefeli graduated from Robert College and Istanbul Technical University, Department of Management Engineering. Kefeli started her career in banking at Akbank in 1983 as Assistant Specialist, followed by various positions at the Bank. Between 2007 and 2015, she served as Assistant General Manager in charge of International Banking. Having assumed Member of the Board of Directors roles at various Akbank subsidiaries, Hülya Kefeli has been a Member of the Board of Directors at Fibabanka since May 15, 2017.

**FAİK ONUR UMUT\*****Member of the Board of Directors and Credit Committee**

Born in 1962, Faik Onur Umut graduated from Boğaziçi University, Department of Industrial Engineering. He started his professional banking career at İktisat Bankası, where he worked between 1985 and 1988. Joining Fiba Group in 1988, Mr. Umut served as General Manager at Finansbank N.V. (currently called Credit Europe Bank N.V.) between 1996 and 1999 and at Finansbank A.Ş. between 1999 and 2003. He is currently a Member of the Board of Directors at Fiba Group overseas banks, Fiba Holding A.Ş. and Fibabanka A.Ş.

\* On January 14, 2020 Faik Onur Umut was appointed Member of the Audit Committee, a position previously held by Mevlüt Hamdi Aydın who resigned from his duties in January 2020.

# Board of Directors

## ÖMER MERT

### General Manager and Member of the Board of Directors

Born in 1969, Ömer Mert graduated from the Industrial Engineering Department at ITU, he obtained a Master's degree in the Engineering Management program at the same university. In 1993, he embarked upon his career in the insurance industry, working for various companies. Following that, he worked at Fortis Emeklilik ve Hayat A.Ş. between 2003 and 2005, and at Garanti Emeklilik ve Hayat A.Ş. as Assistant General Manager between 2005 and 2012.

He served as General Manager and Member of the Board of Directors at Fiba Emeklilik ve Hayat A.Ş. between 2012 and 2017. Since January 2017, he has served as a Member of the Board of Directors and General Manager at Fibabanka. Additionally, Ömer Mert is Chairman of the Board of Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş., Deputy Chairman of the Fiba Portföy Yönetimi A.Ş. and a Member of the Board of Directors at Fiba Emeklilik ve Hayat A.Ş.

## CHAIRMAN AND MEMBERS OF THE BOARD

NAME SURNAME	ROLE	APPOINTMENT DATE	EDUCATION	PROFESSIONAL EXPERIENCE IN BANKING AND BUSINESS ADMINISTRATION (YEARS)
Hüsnü M. ÖZYEĞİN	Chairman of the Board of Directors	27.12.2010	Post Graduate	45
Fevzi BOZER	Deputy Chairman of the Board of Directors	27.12.2010	Post Graduate	37
İsmet Kaya ERDEM	Member of the Board of Directors	11.02.2013	Graduate	69
Mehmet GÜLEŞCİ	Member of the Board of Directors	27.12.2010	Post Graduate	35
Mevlüt Hamdi AYDIN*	Member of the Board of Directors	24.01.2013	Graduate	36
Memduh Aslan AKÇAY	Member of the Board of Directors	13.04.2016	Post Graduate	29
Hülya KEFELİ	Member of the Board of Directors	15.05.2017	Graduate	34
Faik Onur UMUT	Member of the Board of Directors	23.01.2019	Graduate	34
Ömer MERT	General Manager and Member of the Board of Directors	18.01.2017	Post Graduate	24

\*Mevlüt Hamdi Aydın resigned from his duties in Fibabanka in January 2020.

# Senior Management



## ÖMER MERT

### General Manager and Member of the Board of Directors

Born in 1969, Ömer Mert graduated from the Industrial Engineering Department at ITU, he obtained a Master's degree in the Engineering Management program at the same university. In 1993, he embarked upon his career in the insurance industry, working for various companies. Following that, he worked at Fortis Emeklilik ve Hayat A.Ş. between 2003 and 2005, and at Garanti Emeklilik ve Hayat A.Ş. as Assistant General Manager between 2005 and 2012.

He served as General Manager and Member of the Board of Directors at Fiba Emeklilik ve Hayat A.Ş. between 2012 and 2017. Since January 2017, he has served as a Member of the Board of Directors and General Manager at Fibabanka. Additionally, Ömer Mert is Chairman of the Board of Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş., Deputy Chairman of the Fiba Portföy Yönetimi A.Ş. and a Member of the Board of Directors at Fiba Emeklilik ve Hayat A.Ş.



## ALSEV UTKU

### Deputy General Manager

Born in 1971, Alsev Utku graduated from Boğaziçi University Business Administration and obtained a Master's degree at Rotterdam School of Management, Erasmus University. Utku worked at PwC in 1994-1995, and then at Finansbank A.Ş., assuming various roles in the Financial Control and Reporting departments between 1995 and 2009. Later, she served as Assistant General Manager in charge of Financial Reporting and Planning. Utku was appointed Financial Affairs Director at Fiba Holding in 2009 and then Assistant General Manager in charge of Financial Control and Financial Reporting at Fibabanka in January 2011. Since January 2017, she has served as the Deputy General Manager at Fibabanka. Utku is also a Member of the Executive Board at Fibabanka A.Ş. In addition to her aforementioned roles, Alsev Utku is a Member of the Board of Directors at both Fiba Portföy Yönetimi A.Ş. and Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş.



## AHU DOLU

### Assistant General Manager

Born in 1975, Ahu Dolu graduated from Marmara University, Economics Department. She started her banking career in 1997 in the International Relations Department at Finansbank A.Ş. and held several positions there until 2007, followed by her appointment as Director in charge of International Relations and Financing at Fiba Holding. Ahu Dolu is still a Member of the Executive Board and Assistant General Manager in charge of Financial Institutions and Project Finance at Fibabanka A.Ş.

## Senior Management



### SEZİN ERKEN

#### Assistant General Manager

Born in 1977, Sezin Erken graduated from the Business Administration Department of Middle East Technical University. She later obtained an MBA from Columbia University. Starting her career at McKinsey & Company in 1998 as Business Analyst, Erken went on to hold various managerial positions at Capital One Bank - New York between 2003 and 2014, after which she served as Assistant General Manager of Retail Banking at ABank between 2014 and 2017. Having joined Fibabanka A.Ş. in 2017, Sezin Erken is currently a Member of the Executive Board and Assistant General Manager in charge of Retail Banking and Resource Management, as well as a Member of the Board of Directors at Fiba Portföy Yönetimi A.Ş.



### TURGAY HASDİKER

#### Assistant General Manager

Born in 1969, Turgay Hasdiker graduated from Istanbul University, Faculty of Economics in 1991. His banking career started at Yapı Kredi Bankası A.Ş. in 1991, where he worked in the Corporate & Commercial Loans and Credit Allocation Departments until 2003. He served in the Corporate and Commercial Credits Allocation Department at Oyakbank A.Ş. between 2003 and 2006, and in the Commercial and SME Marketing Department at ING Bank A.Ş., until 2011. Having joined Fibabanka in 2011, Turgay Hasdiker is a Member of the Executive Board and Assistant General Manager in charge of Credits.



### ORHAN HATİPOĞLU\*

#### Assistant General Manager

Born in 1969, Orhan Hatipoğlu graduated from Boğaziçi University, Computer Engineering Department. He started his career at Pamukbank T.A.Ş. and worked there between 1992 and 1997. He worked in the Information Technologies Department of Demirbank T.A.Ş. between 1997 and 1999; and in the Card, ADC Operations and IT departments at Finansbank A.Ş. in 1999. Following his role as Foreign Financial Subsidiaries Coordinator at Fiba Group between 2008 and 2010, he served as Assistant General Manager for Banking Operations, Information Technologies, and Support Services at Credit Europe Bank Romania until 2012. He was Head of Software Development at Akbank T.A.Ş. in 2012, and Director of Banking and ADC Operations at Türk Ekonomi Bankası A.Ş. between 2012 and 2016. Having joined Fibabanka A.Ş. in 2017, Orhan Hatipoğlu is a Member of the Executive Board and Assistant General Manager in charge of Information Technologies Banking Operations and Support Services.

\*Orhan Hatipoğlu resigned from his duties in Fibabanka on December 31, 2019.





### **KERİM L. KURİŞ**

#### **Assistant General Manager**

Born in 1973, Kerim L. Kuriş graduated from American University, Business Administration Department. He started to work at Finansbank A.Ş. as a Management Trainee in 1998. He worked in the Corporate Banking Department of Finansbank Holland N.V. (currently named Credit Europe Bank N.V.) between 1999 and 2004. He returned to Finansbank A.Ş. for the period of 2005-2008, and held various positions in the Department of Corporate and Commercial Marketing, including Branch Manager. He assumed roles in Corporate Banking for Credit Europe Bank N.V. between 2008 and 2010. Having joined Fibabanka in 2011, Kerim L. Kuriş is a Member of the Executive Board and Assistant General Manager in charge of Corporate and Commercial Banking.



### **GERÇEK ÖNAL**

#### **Assistant General Manager and Chief Legal Counsel**

Born in 1975, Gerçek Önal graduated from Ankara University, Department of Law. He obtained a Master's degree from International Business Law at Yeditepe University. He started his career at a private law firm, after which he worked as a Lawyer at T. Garanti Bankası A.Ş. between 2001 and 2008, and as a Legal Counsel at Garanti Ödeme Sistemleri A.Ş. between 2008 and 2012. Having begun working for Fibabanka in 2012, Gerçek Önal is a Member of the Executive Board, as well as Chief Legal Counsel and Corporate Secretary in charge of Legal Consultancy Services, Execution Proceedings Services, Claims Services, and Legal Operations Services at Fibabanka A.Ş. Önal is also a Member of the Board in Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş.

# Senior Management

## GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS

NAME SURNAME	ROLE	APPOINTMENT DATE	EDUCATION	PROFESSIONAL EXPERIENCE IN BANKING AND BUSINESS ADMINISTRATION (YEARS)
Ömer MERT	General Manager and Member of the Board of Directors	18.01.2017	Post Graduate	24
Alev UTKU	Deputy General Manager - Financial Control and Financial Reporting	07.01.2011	Post Graduate	25
Ahu DOLU	Assistant General Manager - Financial Institutions and Project Finance	01.12.2015	Graduate	22
Sezin ERKEN	Assistant General Manager - Personal Banking and Resource Management	10.08.2017	Post Graduate	19
Turgay HASDIKER	Assistant General Manager - Loans	01.12.2015	Graduate	28
Orhan HATİPOĞLU*	Assistant General Manager - Information Technologies, Banking Operations and Support Services	02.01.2017	Graduate	27
Kerim L. KURİŞ	Assistant General Manager - Corporate and Commercial Banking	01.12.2015	Graduate	21
Gerçek ÖNAL	Assistant General Manager and Chief Legal Counsel - Legal Consulting	01.02.2016	Post Graduate	20

\*Orhan Hatipoğlu resigned from his duties in Fibabanka on December 31, 2019.

# Managers in Internal Systems

## AHMET CEMİL BORUCU

### Head of the Inspection Board

Born in 1975, Ahmet Cemil Borucu graduated from Bilkent University, Business Administration Department. Subsequently, he obtained a Master's degree in Business Administration at Istanbul Technical University and a Ph.D. in Financial Economics from Yeditepe University. Borucu started his banking career as Inspector in 1997 at Dışbank A.Ş. and worked in the Credits Department at Türk Ekonomi Bankası A.Ş. between 2004 and 2006. After working for Deloitte - DRT Denetim A.Ş. between 2006-2007, he worked in the Risk Management Department at Fortis Bank (Türk Ekonomi Bankası) A.Ş. between 2007 and 2011. Ahmet Cemil Borucu has served as Head of the Inspection Board at Fibabanka A.Ş. since February 7, 2011.

## AYŞE TULGAR AYÇA

### Head of the Risk Management Department

Born in 1977, Ayşe Tulgar graduated from Marmara University, Business Administration Department. She obtained a Master's degree in Financial Engineering and Risk Management from Özyeğin University. She started her banking career as an Inspector in the Inspection Board at İktisat Bankası A.Ş. in 1999. She went on to work in Treasury Profitability Unit at Alternatif Bank A.Ş. between 2000 and 2002, and worked in Treasury Control Department at Oyak Bank A.Ş. between 2002 and 2004. Having assumed managerial roles at Financial Control, Risk and Treasury Profitability departments at Finansbank A.Ş. starting from 2004, Ayşe Tulgar joined Fibabanka A.Ş. on 15 March 2011, and serves as Head of the Risk Management Department.

## SERDAL YILDIRIM

### Head of the Legislation and Compliance Department

Born in 1973, Serdal Yıldırım graduated from Ankara University, Business Administration Department and obtained a Master's degree in Banking and Stock Exchange at Çukurova University. He worked as Inspector at Türkbank and TSKB between 1996 and 2002; he went on to work for Fortis Bank as Manager in the Internal Control, Legislation & Compliance and Risk Departments. Yıldırım served as a Member of the Executive Board in charge of Risk Management and Internal Control at Fortis Bank Malta between 2009 and 2010. Having joined Fibabanka A.Ş. in 2011, Serdal Yıldırım is the Head of Legislation, Compliance and Fraud Prevention units under Fibabanka A.Ş. He is also a Member of the Board of Corporate Governance.

## KANSU PULULAR

### Head of the Internal Control and Operational Risk Department

Born in 1976, Kansu Pulular graduated from Boğaziçi University, Civil Engineering Department. He obtained an MBA from Boğaziçi University and a Master's degree in Financial Engineering and Risk Management from Özyeğin University. He started his banking career on the Inspection Board of Akbank T.A.Ş. in 2003 and served as Manager in the Internal Control and Operational Risk Department of Fortis Bank A.Ş. between 2007 and 2011. Kansu Pulular took office as Manager of Operational Risk Unit at Fibabanka A.Ş. on March 22, 2011. Since 2 January 2017, he has served as Head of the Internal Control and Operational Risk Department.

NAME SURNAME	ROLE	APPOINTMENT DATE	EDUCATION	PROFESSIONAL EXPERIENCE IN BANKING AND BUSINESS ADMINISTRATION (YEARS)
Ahmet Cemil BORUCU	Head of Department - Inspection Board	07.02.2011	Ph.D.	22
Ayşe TULGAR AYÇA	Head of Department - Risk Management	15.03.2011	Post Graduate	21
Serdal YILDIRIM	Head of Department- Legislation and Compliance	06.04.2011	Post Graduate	23
Kansu PULULAR	Head of Department - Internal Control and Operational Risk	02.01.2017	Post Graduate	17

# Information Regarding Board of Directors' Committees and Member Attendance at Meetings

## Board of Directors

The Board of Directors of the Bank convenes at the Head Office of the Bank, or at an appropriate place in or out of Turkey at the times when required by the business and transactions of the Bank and in accordance with the provisions of the Turkish Commercial Code.

## Committees

Committees which carried out activities in 2019 and their duties are as follows:

### 1-Corporate Governance Committee

#### **Corporate Governance Committee Chair:**

1. Fevzi Bozer (Deputy Chairman of the Board of Directors)

#### **Members:**

2. Ömer Mert (General Manager and Board Member)
3. Mevlüt Hamdi Aydın (Board Member)\*
4. Memduh Aslan Akçay (Board Member)
5. Hülya Kefeli (Board Member)
6. Alsev Utku (Deputy General Manager)
7. Serdal Yıldırım (Head of Legislation and Compliance)

\*Mevlüt Hamdi Aydın resigned from his duties in Fibabanka in January 2020.

The Corporate Governance Committee has been established under the chairmanship of Fevzi Bozer to monitor the Bank's compliance with Corporate Governance Principles, undertake improvement efforts, and submit proposals to the Board of Directors. The Committee convenes at least four times a year.

### 2-Audit Committee

#### **Audit Committee Members:**

1. İsmet Kaya Erdem (Board Member)\*
2. Mevlüt Hamdi Aydın (Board Member)\*\*

\*On December 27, 2019 İsmet Kaya Erdem was appointed Member of the Audit Committee, a position previously held by Fevzi Bozer between 27.12.2010 – 27.12.2019.

\*\*On January 14, 2020 Faik Onur Umut was appointed Member of the Audit Committee, a position previously held by Mevlüt Hamdi Aydın, who resigned from his duties in January 2020.

The Audit Committee has been established by the Board of Directors to assist in the performance of audit and oversight activities of the Board of Directors. The Committee convenes at least four times a year.

Within the relevant accounting period, Audit Committee meetings were held on February 8, May 9, August 7 and November 8.

### 3-Credit Committee

#### **Credit Committee Chair:**

1. Fevzi Bozer (Deputy Chairman of the Board of Directors)

#### **Permanent Members:**

2. Faik Onur Umut (Board Member)
3. Ömer Mert (General Manager and Board Member)

#### **Substitute Members:**

4. İsmet Kaya Erdem (Board Member)

The Credit Committee has been established to perform the duties to be designated by the Board of Directors relating to credits. Credit Committee is the second highest body of the Bank following the Board of Directors, authorized to extend credits and it gives credit approvals within the framework of the authorization given by the Board of Directors in compliance with the provisions of the Bank's credit policy. The Credit Committee convenes regularly once in a week, chaired by Fevzi Bozer.

### 4-Risk Management Committee

#### **Risk Management Committee Members:**

- Ömer Mert (General Manager and Board Member) (Committee Chair)
- Alsev Utku (Deputy General Manager) (Member)
- Turgay Hasdiker (Assistant General Manager) (Member)
- Kerim L. Kuriş (Assistant General Manager) (Member)
- Sezin Erken (Assistant General Manager) (Member)
- Canberk Araj (Treasury Department Director) (Member)
- Ayşe Tulgar Ayça (Head of Risk Management) (Member)

The Risk Management Committee has been established to determine the risk management policies and implementation procedures thereof according to opinion and within the knowledge of the Board of Directors and to ensure their implementation. Chaired by the General Manager, the Committee convenes monthly.

## 5-Assets and Liabilities Committee

### **Assets and Liabilities Committee**

#### **Members:**

- Ömer Mert (General Manager and Board Member) (Committee Chair)
- Alsev Utku (Deputy General Manager) (Member)
- Ahu Dolu (Assistant General Manager) (Member)
- Kerim L. Kuriş (Assistant General Manager) (Member)
- Turgay Hasdiker (Assistant General Manager) (Member)
- Sezin Erken (Assistant General Manager) (Member)
- Canberk Araj (Treasury Department Director) (Member)

- Ayşe Tulgar (Head of Risk Management) (Member)

Authorized by the Board of Directors and convening regularly once in a week and chaired by the General Manager, the Assets and Liabilities Committee performs the following activities:

- Carrying out the administrative activities regarding the assets and liabilities of the Bank and define policies for all fund transactions of the Bank;
- Taking decisions to be implemented for managing the Bank's balance sheet and profitability;
- Monitoring the practices undertaken as per the resolutions of executive units

and the outcomes thereof regarding the balance sheet and profitability of the Bank;

- Managing and implementing risk strategies in line with the Bank's risk appetite;
- Deciding to start and stop the Bank's hedge accounting, and reporting to the Board of Directors regularly on these decisions and outcomes.

## 6-Remuneration Committee

### **Remuneration Committee Members:**

1. Mehmet Güleşçi (Board Member)
2. Mevlüt Hamdi Aydın (Board Member)\*

\*On January 14, 2020 Fevzi Bozer was appointed Member of the Remuneration Committee, a position previously held by Mevlüt Hamdi Aydın, who resigned from his duties in January 2020.

# Auditor

**Title:** KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

**Duty:** Auditor

**Elected General Assembly:**

27.03.2019

**Term of Office:** 1 year

**Tax ID No:** 5890269940

# Audit Committee's Evaluations on the Functioning of Internal Control, Internal Audit and Risk Management Systems, and Information Regarding the Activities during the Accounting Period

## 1- Risk Management Department

The main purpose of the Risk Management Department is to establish the methods, instruments and implementation procedures required to determine, measure, follow and control the risks carried by the Bank. Periodic assessment, measurement, reporting and control activities are conducted on a daily, weekly, monthly, quarterly and annual basis to this end. At the Assets and Liabilities Committee meetings, held once a week, and at the Risk Committee meetings, held once a month, an analysis of the details of trading portfolios, liquidity, market, interest rates, and credit risks are made, and reporting activities are conducted accordingly. The Risk Management Department carries out its tasks based on a structure by which all Risk Management activities and calculations are performed using relevant systems and infrastructure.

The Department is composed of three units, including Market Risk, Capital Planning and Modeling, and Validation and Retail Decision Support. The relevant units and their activities are as follows:

**a. Market Risk Unit:** The aim is to manage the possible losses to which the Bank may be exposed due to general market risk, currency risk, specific risk, commodity risk and settlement risk,

and the structural interest risk as well as liquidity risk arising from banking accounts. At Assets and Liabilities Committee meetings, held once a week, and at Risk Committee meetings, held once a month, an analysis of the details of trading portfolios, liquidity, market, interest rates and credit risks are made, and reporting activities are conducted accordingly. Moreover, for transactions performed to manage the interest rate risk arising from banking accounts subjected to hedge accounting, analyses are carried out to identify the presence of the related hedge; its effectiveness is measured periodically; and regular analyses are performed to identify the presence of necessary circumstances for such a relationship to be terminated.

In the work carried out by the Market Risk Unit, the testing stages of the software that will ensure the establishment of a qualified risk database which includes the assets-liabilities, off-balance-sheet commitment and derivative transactions and systematic calculation of the Liquidity Coverage Ratio, calculated pursuant to the "Regulation on Calculation of Liquidity Coverage Ratio of Banks," have been finalized.

**b. Capital Planning & Modeling and Validation Unit:** The aim is to manage the possible losses to which the Bank

may be exposed due to the failure of credit customers to comply with the requirements of the concluded contract and failure to fulfill the obligations partially or completely. In addition to IFRS 9 provision modeling, the tasks of the Unit include management and regular validation of the scoring models used in the legal person loan portfolio of the Bank. The ICAAP (Internal Capital Adequacy Assessment Process) carried out annually, monthly reports pursuant to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" under Basel II, and all the risks borne by the Bank are tracked to the extent allowed by law and the Fibabanka Risk Appetite Policy approved by the Board of Directors. Applicable reports are presented and information regarding the risk profile of the Bank is provided to the Board on a monthly basis.

**c. Retail Decision Support Unit:** This Unit is intended to integrate credit policies in the Retail, Agricultural and Micro segments into the decision support system and independently manage the decision tree models. Furthermore, information regarding the Bank's risk profile in this segment is provided by this Unit, with reports and analyses via implementation, allocation, follow-up and collections in the portfolio that fall under retail loans.



In 2019, the Bank conducted efforts to design the decision support system infrastructure used in the loan decision process for relevant segments in accordance with the parametric management; develop the decision tree infrastructure to be used for Early Warning System; and increase the decision automation in accordance with the off-branch new loan channels and the new loan sales models established in the current channels.

## **2- Internal Control and Operational Risk Department**

For the operational risks to be managed more effectively under best practices and in integration with the Bank's control systems, the Internal Control and Operational Risk Department is organized in two separate units, Internal Control and Operational Risk, and directly reports to the Audit Committee. The Internal Control and Operational Risk Department is comprised of 11 people.

The Internal Control Unit conducts its activities for the purposes of protecting the Bank's assets; ensuring maintenance of the Bank's activities in an efficient and productive manner in compliance with the Law and other related regulations, internal policies and rules of the Bank and general banking practices; and ensuring the reliability and integrity of accounting and financial reporting systems and having access to relevant information on time. The Internal Control Unit conducts auditing activities at the Head Office and branches and also performs the Management Declaration studies relating to banking processes.

The Operational Risk Unit is charged with determining operational risks defined as actual losses - incurred due to inadequate or failed internal processes, people and systems or from external events - differ, can differ, or may differ from projected losses, and their impacts, and managing

them within the scope of the limits set by the Bank Risk Appetite Policy applied by the Bank, via methods such as prevention, mitigation and transfer. Furthermore, the activities of the Bank within the scope of Business Continuity Management and the "Regulation on Support Services Received by Banks" are conducted by this Unit.

## **3- Board of Inspection**

Internal auditors holding "Certified Internal Auditor," "Certified Information Systems Auditor," "Certified Fraud Examiner," and "Independent Accountant and Financial Advisor" certification are on the Fibabanka Inspection Board, comprising 13 members. The organizational layout of the Internal Audit Department is designed to address the Banking Processes and Information Technologies processes separately.

The Annual Internal Audit Program is prepared in parallel with the risk level determined as a result of risk assessment studies performed by the Internal Audit Department.

Within the scope of the annual process and the Branch Audit Program of the Internal Audit Department, the Banking Process, COBIT Information Technologies Process within the scope of BRSA (Banking Regulation and Supervision Agency) Governance Statement, branch audits and other examinations are performed. Findings in these fields are submitted to the Audit Committee for assessment and evaluation.

## **4- Legislation and Compliance Department**

The Legislation and Compliance Department operates with a total of four different units and a team of 20 persons. The Department reports to the Audit Committee.

Legislation Unit: Responsible for ensuring that all current and prospective activities, products and services of the Bank comply with applicable laws, internal policies and procedures. The Legislation Unit is also directly in charge of governing and monitoring the Bank's corporate governance structure, processes and principles.

Compliance Unit: Responsible for activities to be performed under the Bank in compliance with national and international regulations, within the scope of Prevention of Money Laundering and Financing of Terrorism. In addition, the Compliance Unit is responsible for determining the Ethics Policy of the Bank and ensuring compliance of Bank employees with this policy.

Digital Security Unit: Responsible for the security of all kinds of electronic banking services where Fibabanka customers can carry out their banking transactions or instruct the Bank to do so without the need to visit a branch, such as Internet Banking, Mobile Banking, Telephone Banking, Television Banking, open banking services, ATM and kiosk devices provided by the Bank.

Application Fraud Prevention Unit: Responsible for the security of all customer acceptance channels of the Bank.



# Information Regarding the Risk Policies Implemented by Risk Types

## **Market Risk Arising from Trading Portfolio**

Various efforts are undertaken to ensure compliance with BRSA legislation in defining, measuring, reporting and tracking the market risk of the Bank; to minimize the losses that may be caused by the market risk of the Bank, and to improve the processes and standards.

The Bank cannot carry any positions exceeding the legal limits determined by BRSA. Additionally, Value at Risk limits has been determined for the risk due to the relevant portfolio maintained by the Bank within the scope of the Trading Portfolio Policy. Compliance with these limits is tracked daily by the Risk Management Department.

## **Interest Rate Risk Arising from Banking Accounts**

Pursuant to the Assets & Liabilities Policy, all components included in the assets and liabilities of the Bank sensitive to interest are divided into maturity tranches based on remaining maturity periods by way of repricing, and predetermined

interest shocks are applied to calculate the change in net economic value. By the stress tests made on the interest risk maintained by the Bank through the Interest Risk Analysis, sensitivity of the risk level intended to be carried out is tested against crisis scenarios and studies are performed to keep them under control.

## **Liquidity and Funding Risk**

The Bank determines its policies for defining, measuring, reporting and controlling the liquidity risk according to international best practices and the rules and regulations set by the Banking Regulation and Supervision Agency.

When considering the liquidity position of the Bank; existing and expected assets quality, existing and future profitability capacity, funding needs based on previous experiences, existing liquidity position, and funding needs estimating to occur in the future, funding resources and cash flows are taken into account.

The organization, duties and responsibilities of the Bank's Liquidity Risk Management have been defined in detail within the scope of the Liquidity and Funding Risk Policy and the basic principles, implementations, limits and reporting activities to be adopted for Liquidity Risk Management are specified. The short- and long-term liquidity risks carried by the Bank and the scenario analyses on the current positions of the Bank are presented to the Management via Liquidity Reports.

## **Credit Risk**

The Bank has set model development and validation standards to anticipate, determine, measure, monitor, eliminate, mitigate and manage credit risk. These standards are developed for the purpose of correctly defining reliable credit clients with regards to credit policies.

Various internal limits are determined for the management of credit risk and are regularly monitored.

# Transactions Made with the Risk Group in which the Bank is Involved

Relevant reports are prepared, and controls are undertaken to determine, measure, report and control the credit risk. Loan provisions are calculated via an IFRS9-compliant model and based on the applicable legislation. Limits have been set for the Bank regarding the credit risk arising from transactions performed by the Treasury Department with other banks. Counterparty credit risk is also tracked via stress tests conducted monthly.

Concentration and risk limits developed for the Bank's loan portfolio are reviewed through the Credit Risk Reports.

## Loans and other receivables within the scope of the risk group, in which the Bank is involved (According to consolidated data - TL Thousand)

### Current Period:

Risk Group in which the Group is Involved*	Affiliates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables**						
Opening Balance	--	--	--	20	402.272	55.468
Closing Balance	--	--	--	20	331.014	61.073
Income Received on Interests and Commissions	--	--	--	--	39.078	105

\*As defined in Article 49 of the Banking Law No. 5411.

\*\*Includes all transactions accepted as loans under Article 48 of the Banking Law No. 5411.

## Transactions Made with the Risk Group in which the Bank is Involved

### Information regarding the deposits of its risk group (according to consolidated data - TL Thousand)

Risk Group in which the Group is Involved*	Subsidiaries and Affiliates		Bank's Direct and Indirect Shareholders		Other Real and Legal Persons in the Risk Group	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Deposits						
Opening Balance	1.774	--	80.750	300.055	460.871	409.339
Closing Balance	7.685	1.774	57.840	80.750	231.137	460.871
Deposit Interest Expense	408	492	20.577	7427	49.554	53.501

\*As defined in Article 49 of the Banking Law No. 5411.

Information regarding the funds the Bank borrowed from its risk group (according to consolidated data - TL Thousand) There are no non-deposit funds borrowed by the Bank from the real and legal persons included in its risk group as of December 31, 2019 (December 31, 2018: TL 210.925, all of which was provided through loans utilized from IFC and EBRD).

### Information relating to forward transactions and options contracts and other similar contracts made by the Bank with parties in the risk group, in which the Bank is involved (according to consolidated data - TL Thousand)

Risk Group in which the Group is Involved*	Subsidiaries and Affiliates		Bank's Direct and Indirect Shareholders		Other Real and Legal Persons in the Risk Group	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Financial Assets at Fair Value Through Profit or Loss:						
Opening Balance	--	--	--	--	780.609	899.553
Closing Balance	--	--	--	--	741.741	780.609
Total Profit/(Loss)	--	--	--	--	(37471)	(45.510)
Transactions for Hedging Purposes						
Opening Balance	--	--	--	--	--	--
Closing Balance	--	--	--	--	--	--
<b>Total Profit/(Loss)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

\*As defined in Article 49 of the Banking Law No. 5411.



# Financial Status, Profitability and Solvency Assessment

Fibabanka's asset size increased by 6% to TL 21,9 billion as of year-end 2019 on solo and consolidated bases.

According to consolidated and unconsolidated financial statements, the volume of loans amounted to TL 15,6 billion as of year-end 2019, up from TL 14,1 billion in 2018. The share of loans in total assets was 71%.

The creditworthiness of loans and other receivables is monitored at certain intervals, under applicable legislation. For new loans, the Bank complies with the limits determined under the Banking Laws and Regulations. Collateral is taken for loans disbursed to reduce risk. According to consolidated and unconsolidated financial statements, non-performing loans as of year-end 2019 amounted to TL 920 million, for which a provision of TL 515 million was set aside.

The securities portfolio was TL 1,5 billion at year-end 2019, according to consolidated and unconsolidated financial statements. The ratio of securities to total assets was 6,7%.

The consolidated and unconsolidated deposit volume totaled TL 13,6 billion as of year-end 2019.

As per the consolidated financial statements, there was a pre-tax profit of TL 253,9 million in 2019. After tax provision amounting to TL 38,9 million, net profit increased by 9% compared to last year to TL 215,0 million.

The bank's net interest income for 2019 was TL 816,0 million and its operating gross profit was TL 1.259,5 million, an increase of 7%. These figures were TL 816,1 million and TL 1.267,4 million respectively on a consolidated basis.

Operating expenses for 2019, including personnel expenses, were TL 519,4 million on a solo basis and TL 523,6 million on a consolidated basis.

In 2019, a total provision expense of TL 490 million was written off on a solo and consolidated basis.

As of December 31, 2019, the Bank's solo and consolidated capital adequacy ratio was 19,6%. The Bank's share capital is not unpaid and it suffers no insolvency.

There are no measures required to be taken to improve the financial structure of the Bank. The Bank continues to grow profitably according to its targets.

The bank's profit distribution statement for 2019 is included in the unconsolidated financial statements of the independent audit report. The decision on dividend distribution for 2019 will be taken at the first Ordinary General Assembly meeting to be held.

The currency risk, interest rate risk and liquidity risk borne by the Bank are measured and monitored with several risk management systems, and the balance sheet is managed accordingly, within the framework of predetermined risk limits and legal limits.

To protect against market risks, for purposes of financial risk management, the Bank has identified market risk management activities and taken necessary measures under the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" published in the Official Gazette dated July 11, 2014 No. 29057 and the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette dated September 6, 2014 No. 29111.

Market risk calculations are performed on a monthly basis and the measurement results obtained are taken into account in the calculation of the capital adequacy ratio. The value at market risk as of 31.12.2019 is TL 552 million.

The Standard Method and Value at Risk Method are used in measuring the exchange rate risk encountered by the Bank. Legal position limits are used to limit foreign currency risk. As of 31.12.2019, TL 33 million foreign currency long position is carried.

Against the liquidity risk, attention is paid to ensure that consistency of maturity between assets and liabilities and liquid assets are maintained to completely meet the liquidity needs that may occur as a result of fluctuations in the market.

Efforts in this regard are supported through TL and FX cash flow projections, while changes in the maturity structure, cost and total amount of TL and FX deposits are tracked daily. Developments in previous periods and expectations regarding future developments are also taken into consideration as part of these efforts. Based on the cash flow projections, measures are taken to meet the need for liquidity by differentiating the pricing in various maturities, and alternative sources of liquidity are determined by estimating the liquidity that may be needed in exceptional circumstances.

# Five-Year Summary of Financial Information Including the Reporting Period

Consolidated and unconsolidated financial statements and information regarding the financial structure of the Bank are incorporated in the Independent Auditor's Report section of this report.

## Five-Year Summary of Unconsolidated Financial Information

(TL Thousand)	2015	2016	2017	2018	2019
Total Assets	11.191.373	15.393.509	20.116.206	20.618.271	21.885.760
Loans	8.614.777	11.441.272	15.088.157	14.121.417	15.624.411
Deposits	7.460.485	9.621.503	12.272.743	11.313.226	13.566.698
Funds Borrowed	1.024.446	1.536.663	2.084.851	1.339.212	859.381
Securities Issued	503.741	991.975	1.255.066	1.842.585	1.718.332
Subordinated Loans and Borrowing Instruments	211.913	397.278	1.194.561	1.596.143	1.789.018
Equity	1.037.100	1.289.866	1.464.590	1.321.872	1.655.804
Profit Before Tax	109.547	160.917	200.386	237.823	250.130
Net Profit	81.583	114.915	167.002	196.659	212.044

## Five-Year Summary of Consolidated Financial Information

(TL Thousand)	2015	2016	2017	2018	2019
Total Assets	11.186.584	15.388.872	20.111.668	20.619.176	21.889.207
Loans	8.614.777	11.441.272	15.088.157	14.121.417	15.624.411
Deposits	7.455.724	9.616.738	12.267.905	11.313.141	13.565.688
Funds Borrowed	1.024.446	1.536.663	2.084.851	1.339.212	859.381
Securities Issued	503.741	991.975	1.255.066	1.842.585	1.718.332
Subordinated Loans and Borrowing Instruments	211.913	397.278	1.194.561	1.596.143	1.789.018
Equity	1.036.913	1.289.761	1.464.612	1.322.249	1.659.092
Profit Before Tax	109.465	161.020	200.545	238.278	253.866
Net Profit	81.517	114.997	167.129	197.014	214.956





# Credit Ratings

The Bank holds the following credit ratings from the credit rating agency Fitch.

Fitch Ratings	Rating Note		Outlook
	Long-Term	Short-Term	
Foreign Currency	B+	B	Negative
Local Currency	B+	B	Negative
National	A-(tur)		Stable

# Important Developments Regarding 2019 Activities

Other matters to be explained pursuant to the provisions of the Customs and Trade Ministry's "Regulation on Determination of Minimum Content of Annual Report of Companies" promulgated in the Official Gazette on 28 August 2012 with No. 28395, and "Regulation on the Principles and Procedures for Preparation of Annual Reports by Banks" on the basis of Article 516, 518, 565 and 610 of the Turkish Commercial Code No. 6102:

## Trade Name of the Company

Fibabanka Anonim Şirketi

## Trade Registry No.

272902

## Preferred Shares

The Bank does not have any preferred shares.

## Relations with the Controlling Company, Its Affiliated Companies and Controlling Shareholder

On the date of realization of legal transactions made with the controlling company, affiliated companies of the controlling company and the controlling initiative, details of which are given in the Affiliation Report, according to the terms and conditions known to us as of the date when the legal transactions specified in the report, are executed appropriate consideration has been provided for each transaction. There is no measure taken or refrained for being taken nor any loss

incurred by our Bank in this context. As a result of the examination of financial transactions conducted by Fibabanka with its controlling initiative, controlling company and the affiliated companies of the controlling company, according to article 199 of the Turkish Commercial Code, it is understood that all transactions conducted by the Bank are made exactly according to the market conditions and the precedents/applicable prices, prevailing at the time when the related transaction is conducted, as if they were concluded with third persons.

With regards to the transactions made with Fiba Holding A.Ş., the direct controlling company of Fibabanka and its other affiliated companies, there is no measure taken or refrained for being taken in favor of Fibabanka. Likewise, with regards to transactions made with Mr. Hüsnü M. Özyeğin, the controlling entrepreneur of Fibabanka, there is also no measure taken or refrained for being taken in favor of Fibabanka. In all legal transactions, details of which are given in the Affiliation Report, the agreements have been subject to similar procedures, principles and terms and conditions, as if they were made with third parties outside the group companies. No measure has been implemented to the detriment of Fibabanka, according to an attempt or for interests of the Fibabanka's controlling initiative, controlling company or its affiliated companies.

## Financial Benefits Provided to the Board of Directors and Senior Executives

In 2019;

- The total amount of financial benefits such as attendance fee, salary, premium, bonus, profit share, etc. provided to the Board of Directors and senior managers of the Bank, is TL 15.474.658 on a solo basis, and TL 15.963.811 on a consolidated basis.
- The total amount of allowances, travel, accommodation and representation costs and benefits in rem and cash, insurances and similar warranties given to the Board of Directors and senior managers of the Bank, is TL 1.343.719.

## Investments Made during the Accounting Period

The Bank's transactions related to investment are on Article 12 and 13 of the Independent Auditor's Report-Section 5/I. Explanations and Disclosures Related to the Assets.

## Subsidiaries and Shares Held in Them

The Bank holds shares of Kredi Garanti Fonu A.Ş. in the amount of TL 4.896.642,32. This amount corresponds to 1,54% of the shares at the said subsidiary.

## Affiliates and Shares Held in Them

1, "Fiba Portföy Yönetimi Anonim Şirketi" has the share capital of TL 5.500.000, 99% of which is held by Fibabanka A.Ş. and 1% by Fiba Holding A.Ş. The company was incorporated to form and manage investment funds in accordance with the provisions of the applicable legislation. Its field of activity also includes management of investment

trusts, the private pension funds under the Law on Personal Pension Savings and Investment System dated 28 March 2001 with No. 4632, and the equivalent foreign organizations' portfolios of mutual funds.

**2,** The Bank has an affiliate with the trade name "Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş." with the amount of TL 31.500.000. Fibabanka A.Ş. holds 100% of the share capital of the said company. Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş. was incorporated to undertake entrepreneurial activities, create new fields of activity and technologies, make investments in fin-techs, and provide consulting services for mobile payments, P&L follow-ups, and money transfers.

#### **Information Regarding the Bank's Acquired Shares**

There are no shares of the Bank, which have been acquired.

#### **Remarks on the Independent Audit and Public Supervision Conducted in the Statement Period**

The Bank is audited by an independent audit firm at the end of each quarterly period in a limited scope and the end of each year comprehensively. Furthermore, the Bank is subject to constant monitoring and supervision by the Banking Regulation and Supervision Agency pursuant to banking laws and regulations.

#### **Information Regarding Lawsuits Filed Against the Bank and Potential Effects**

There is no lawsuit filed against the Bank which may affect the financial situation and activities of the Bank.

#### **Administrative and Penal Sanctions**

The amount of penalties paid by the Bank due to practices in breach of related laws and regulations is TL 453.297.

#### **Targets Set in the Previous Reporting Period and Execution of General Assembly Resolutions**

The Bank reached its targets and executed General Assembly resolutions in 2019.

#### **Extraordinary General Assembly Meetings Held in the Reporting Period**

Faik Onur Umut was appointed as a Member of the Board of Directors at the Extraordinary General Assembly Meeting held on 23 January 2019.

#### **Aid and Donations**

The total amount of donations and aid made by the Bank in 2019 and the expenses incurred under social responsibility projects are TL 1.757.602.

# Support Services Providers

Information on the Fields of Activity of Support Services Received and Persons and Organizations from which the Service is Received Pursuant to the Regulation on Support Services Received by Banks

## 1) Banking Operating Systems

Trade Name of the Company	Services Procured/Field of Activity
Alterna Yazılım Danışmanlık ve Eğitim Ticaret A.Ş.	Software service
Basistek Bilgi Teknolojileri San. ve Tic. A.Ş.	License and installation service
COMPRO Bilişim Teknolojileri A.Ş.	Server maintenance service
CRIF Enformasyon Derecelendirme ve Danışmanlık Hizmetleri A.Ş.	Risk-meter rating software solution application
Finastra Global Limited	Software service
Fineksus Bilişim Çözümleri Ticaret A.Ş.	SWIFT service
G Teknoloji Bilişim San. ve Tic. A.Ş.	Software development
Globit Global Bilgi Teknolojileri A.Ş.	Software service
IBM Global Services İş ve Teknoloji Hiz. ve Tic. Ltd. Şti.	Extraordinary situation server and maintenance services
Innova Bilişim Çözümleri A.Ş.	Corporate transaction center service study
Innovance Bilgi Teknolojileri Danışmanlık Yazılım Geliştirme İnş. ve Otom. Ltd. Şti.	Analysis consulting and software development
İdeal Bilişim Hizmetleri San. ve Tic. Ltd. Şti.	FX Matching/FX Nostro settlement software
İnspirit Bilgi Teknolojileri Yazılım Danışmanlık Tic. Ltd. Şti.	Software development and process optimization
JForce Bilişim Teknolojileri A.Ş.	System monitoring and management
Mapa Global Bilgisayar Yazılım Dan. San. Ltd. Şti.	Kasbox and TCMB IBS Software Pack maintenance service
Paycore Ödeme Hizmetleri Takas ve Mutabakat Sistemleri A.Ş.	Debit card/credit card and ATM operation support services
Postkom Basım Posta ve İletişim Hizmetleri A.Ş.	Account statement printing and enveloping service
Sekom İletişim Sistemleri San. ve Tic. A.Ş.	Firewall services
Servicium Bilgisayar Hizm. San. ve Dış Tic. A.Ş.	Core banking analysis consulting
Superonline İletişim Hizmetleri A.Ş.	Data center hosting service

## 2) Telephone Banking

Trade Name of the Company	Services Procured/Field of Activity
UCS Bilişim Sistemleri Ltd. Şti.	Replacing infrastructure of the Call Center

### 3) Internet Banking

Trade Name of the Company	Services Procured/Field of Activity
V.R.P Veri Raporlama Programlama Bilişim Yazılım ve Danışmanlık Hizm. Tic. A.Ş.	Internet banking software and operating systems services

### 4) Services Other Than Information Technologies

Trade Name of the Company	Services Procured/Field of Activity
Austria Card Turkey Kart Operasyonları A.Ş.	Debit card printing and enveloping services
Birleşik Ödeme Hizmetleri ve Elektronik Para A.Ş.	Intermediary services for “Transfer on Duty” services
Brinks Güvenlik Hizmetleri A.Ş.	Precious goods transportation services
Bizim Hesap Bilgi Sistemleri San. ve Tic. A.Ş.	Credit API integration
CMC İletişim ve Çağrı Merkezi Hizm. San. Tic. A.Ş.	Call center staff support
Collectürk Alacak Yönetimi ve Danışmanlık A.Ş.	Making overdue debt notifications and reminder calls
DESMER Güvenlik Hizmetleri Tic. A.Ş.	Money transportation services
ETCBASE Yazılım ve Bilişim Teknolojileri A.Ş.	Application support services for monitoring companies in follow-up and past due
Figo Ticari Bilgi ve Uygulama Platformu A.Ş.	Software interface service
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	Execution of land registry transactions by proxy
Iron Mountain Arşivleme Hizmetleri A.Ş.	Archiving physical documents
Key İnternet Hizmetleri Bilgisayar Yazılım Donanım Mühendislik Müşavirlik San. ve Tic. Ltd. Şti.	Appraisal software services
Kurye Net Motorlu Kuryecilik ve Dağ. Hiz. A.Ş.	Debit/credit card distribution service
MTM Holografi Güvenlikli Basım ve Bilişim Teknolojileri San. ve Tic. A.Ş.	Check book printing services
NCR Bilişim Sistemleri Ltd. Şti.	ATM money depositing NCR Banknote Recognition Template Services
Nemesis Alarmsis Teknoloji San. Tic. A.Ş.	Alarm control center support
Reisswolf Doküman Yönetim Hizmetler A.Ş.	Secure document destruction services
Tele Kurye Dağıtım ve Kurye Hizm. A.Ş.	Courier services for signing agreements
Webhelp Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.	Call center staff support
223 contracted firms	Signing of agreements by customers and delivery

# Statement on Annual Report 2019

Fibabanka A.Ş. 2019 Annual Report was prepared and submitted in accordance with the principles and procedures stipulated in the "Regulation on Principles and Procedures Concerning the Preparation and Publication of Annual Reports by Banks" promulgated in the Official Gazette No. 26333 on 1 November 2006 and Customs and Trade Ministry's "Regulation on Determination of Minimum Content of Annual Report of Companies," promulgated in the Official Gazette on 28 August 2012 with No. 28395.



**Hüsnü Mustafa Özyeğin**

Chairman of the Board of Directors



**Ömer Mert**

General Manager and Board Member



**İsmet Kaya Erdem**

Member of the Board of Directors,  
Member of the Audit Committee  
and Credit Committee



**Elif Alsev Utku Özbey**

Deputy General Manager



**Faik Onur Umut\***

Member of the Board of Directors  
and Credit Committee



**Ayşe Akdaş**

Director of the Financial Control and  
Financial Reporting Department

\*On January 14, 2020, Faik Onur Umut was appointed Member of the Audit Committee, a position previously held by Mevlüt Hamdi Aydın who resigned from his duties in January 2020.



# Fibabanka Anonim Şirketi

Unconsolidated Financial Statements  
as of and for the Year Ended 31 December 2019  
with Independent Auditors' Report Thereon

(Convenience Translation of Financial Statements and Related Disclosures and  
Footnotes Originally Issued in Turkish)



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
İş Kuleleri Kule 3 Kat: 1-9  
Levent 34330 İstanbul  
Tel: +90 212 316 6000  
Fax: +90 212 316 6060  
www.kpmg.com.tr

## Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English

To the Shareholders of Fibabanka Anonim Şirketi

### A) Report on the Audit of the Unconsolidated Financial Statements

#### *Qualified Opinion*

We have audited the unconsolidated financial statements of Fibabanka Anonim Şirketi ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2019 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the *Basis For Qualified Opinion* section of our report, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Fibabanka Anonim Şirketi as at 31 December 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by BRSA and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

#### *Basis for Qualified Opinion*

As stated in Note 2.8.3.1 of Section Five, the accompanying unconsolidated financial statements as at 31 December 2019 include a general reserve of total of TL 44.500 thousands, of which TL 65.000 thousand was recognised as expense in prior years and TL 20.500 thousands have been reversed in the current period, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in the economy or market conditions which does not meet the requirements of BRSA Accounting and Reporting Legislation. Additionally, the accompanying unconsolidated financial statements as at 31 December 2019 include a deferred tax asset of total of TL 9.790 thousands, of which TL 14.300 thousand was recognised in prior years and TL 4.510 thousands have been reversed in the current period, which is recognised with the aforementioned general reserve provision.



We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We declare that we are independent of the Bank in accordance with the Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the POA's Code of Ethics and other regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

#### *Impairment of loans measured at amortised cost*

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VIII of the unconsolidated financial statements.

<b>Key audit matter</b>	<b>How the matter is addressed in our audit</b>
<p>As of 31 December 2019, loans measured at amortised cost comprise 65% of the Bank's total assets.</p> <p>The Bank recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>The Bank applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually.</p> <p>The significant assumptions and estimates of the Bank's management are as follows:</p> <ul style="list-style-type: none"> <li>- significant increase in credit risk;</li> </ul>	<p>Our procedures for testing the impairment of loans included below:</p> <ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists.</li> <li>• We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard.</li> <li>• We evaluated the Bank's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist.</li> <li>• We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information and macroeconomic variables.</li> <li>• We evaluated the accuracy of the expected credit loss calculations by selecting sample</li> </ul>



<ul style="list-style-type: none"> <li>- incorporating the forward looking macroeconomic information in calculation of credit risk; and</li> <li>- design and implementation of expected credit loss model.</li> </ul> <p>The determination of the impairment of loans measured at amortised cost depends on the (i) credit default status, (ii) the model based on the change in the credit risk at the first recognition date and (iii) the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Bank calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models. Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.</p>	<p>for the loans which are assessed on individual basis and discussed the assumptions and estimates with the Bank management.</p> <ul style="list-style-type: none"> <li>• We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated.</li> <li>• We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.</li> <li>• We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk.</li> <li>• We also evaluated the adequacy of the unconsolidated financial statements' disclosures related to impairment provisions.</li> </ul>
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#### *Other matter*

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2018 was audited by another auditor who expressed a qualified opinion due to the general reserve provision provided by the Bank on 8 February 2019.



### *Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements*

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **B) Report on Other Legal and Regulatory Requirements**

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

#### **Additional paragraph for convenience translation to English:**

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative



Alper Güvenç, SMMM  
Partner

11 February 2020  
İstanbul, Türkiye



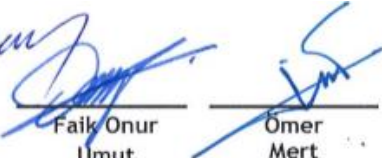
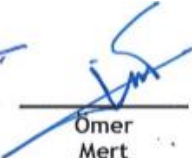
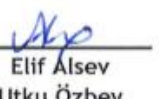

**THE UNCONSOLIDATED FINANCIAL REPORT OF  
FİBABANKA A.Ş.  
FOR THE YEAR ENDED 31 DECEMBER 2019**

Address : Esentepe Mah. Büyükdere Caddesi No:  
129 Şişli 34394 İstanbul-Türkiye  
Telephone : (212) 381 82 82  
Fax : (212) 258 37 78  
Web Site : [www.fibabanka.com.tr](http://www.fibabanka.com.tr)  
Contact E-Mail : [deniz.turunc@fibabanka.com.tr](mailto:deniz.turunc@fibabanka.com.tr)

The unconsolidated year-end financial report prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements for the year end period and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently reviewed and presented as attached.

					
Hüsnü Mustafa Özyeğin	İsmet Kaya Erdem	Faik Onur Umut	Ömer Mert	Elif Alsev Utku Özbey	Ayşe Akdaş
Chairman of the Board of Directors	Member of the Audit Committee	Member of the Audit Committee	General Manager and Member of the Board of Directors	Deputy General Manager	Director Financial Control and Reporting

Information related to personnel to whom questions related to this financial report may be directed:  
Name-Surname/Title : **Ayşe Akdaş** / Financial Control and Reporting Director  
Telephone Number : (212) 381 84 88  
Fax Number : (212) 258 37 78



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**FİBABANKA A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN**  
**1 JANUARY 2019 - 31 DECEMBER 2019**

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

## **SECTION ONE**

### **GENERAL INFORMATION**

#### **I. History of the Bank Including Its Incorporation Date, Initial Status and Amendments to the Initial Status**

On 21 December 2001, Share Transfer Agreement was signed with Novabank S.A. for the sale of all shares of Sitebank A.Ş. under the control of SDIF and the sale transaction was approved by the decision of Banking Regulation and Supervision Agency ("BRSA") No: 596 on 16 January 2002.

In the General Assembly held on 4 March 2003, the name of Sitebank A.Ş. was amended as BankEuropa Bankası A.Ş.

In the extraordinary General Assembly held on 28 November 2006, the name of Bank Europa Bankası A.Ş. was amended as Millennium Bank A.Ş.

On 27 December 2010, acquisition of the Bank by Credit Europe Bank N.V., which is an affiliate of Fiba Holding A.Ş., was realized.

In the extraordinary General Assembly held on 25 April 2011 the name of Millennium Bank A.Ş. was amended as Fibabanka A.Ş. ("the Bank").

#### **II. Shareholder Structure, Shareholders Having Direct or Indirect, Joint or Individual Control Over the Management and Internal Audit of the Bank, Changes in Shareholder Structure During the Current Period, if any and Information on the Bank's Risk Group**

On 10 February 2010, Banco Comercial Portugues S.A. and Credit Europe Bank N.V., which is an affiliate of Fiba Group, signed a share purchase agreement to transfer 95% of the Bank's shares to Credit Europe Bank N.V. and the legal approval process was completed as of 27 December 2010.

Credit Europe Bank N.V.'s share of capital increased from 95% to 97,6% after the capital increases during 2011 and 2012. Fiba Holding A.Ş. became the ultimate parent of the Bank after acquiring 97,6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2,4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012. There were sales of equity shares to the management of the Bank in 2013. As of 31 December 2019 the total shares held by the Bank's Management represent 0,56% of the Bank's Capital.

The Bank applied to the BRSA on 14 January 2015 for permission of the subordinated loan provided from Fiba Holding A.Ş. in the amount of USD 50 million to be converted to share capital. Following the authorization of the BRSA on 4 March 2015, the Board of Directors decision was taken on 5 March 2015 regarding share capital increase from TL 550.000 to TL 678.860. TL 127.045 of the increase was provided by the subordinated loan granted by Fiba Holding A.Ş. which had been approved to be converted to capital and TL 1.815 of total capital was paid in cash by the other shareholders, capital increase was recognised in financial statements following the completion of the legal procedures on 7 May 2015.

The Bank's paid-in capital amounting to TL 678.860 was increased to TL 847.515 on 23 December 2015 with equal contributions from International Finance Corporation ("IFC") and European Bank for Reconstruction and Development ("EBRD") amounting TL 168.655 in total. In addition, share issuance premium of TL 73.379 was recognised in the shareholders' equity.

The Bank's paid-in capital amounting to TL 847.515 was increased to TL 941.161 on 7 September 2016 with the capital contribution of TurkFinance B.V. by TL 93.646. In addition, TL 55.299 was recorded to the equity as share premium.

As of 31 December 2019, paid-in capital of the Bank is TL 941.161 and all paid in.

**FİBABANKA A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN**  
**1 JANUARY 2019 - 31 DECEMBER 2019**

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

**III. Explanations Regarding the Shares of the Bank Owned by and Areas of Responsibility of the Chairman and the Members of Board of Directors, Audit Committee Members, Chief Executive Officer, Executive Vice Presidents**

<u>Name Surname</u>	<u>Title</u>	<u>Assignment Date</u>
---------------------	--------------	------------------------

***Board of Directors (\*)***

Hüsnü Mustafa Özyeğin	Chairman	27-Dec-10
Fevzi Bozer	Deputy Chairman	27-Dec-10
Mehmet Güleşci	Member	27-Dec-10
Mevlüt Hamdi Aydın	Member	24-Jan-13
İsmet Kaya Erdem	Member	11-Feb-13
Memduh Aslan Akçay	Member	13-Apr-16
Hülya Kefeli	Member	15-May-17
Faik Onur Umut	Member	23-Jan-19
Ömer Mert	General Manager - Member	18-Jan-17

(\*) Bank's Board Members Mr. Selçuk Yorgancıoğlu and Mr. Mevlüt Hamdi Aydın have resigned as of 30 September 2019 and 31 January 2020 respectively. Mr. Seyfettin Ata Köseoğlu has been assigned as Bank's Board Member as of 23 January 2020.

***Audit Committee(\*)***

Mevlüt Hamdi Aydın	Member	24-Jan-13
İsmet Kaya Erdem	Member	27-Dec-19

(\*) Bank's Audit Committee Members Mr. Fevzi Bozer and Mr. Mevlüt Hamdi Aydın have resigned as of 27 December 2019 and 31 January 2020 respectively. Mr. İsmet Kaya Erdem and Mr. Faik Onur Umut have been assigned as Audit Committee Members as of 27 December 2019 and 14 January 2020 respectively.

***Assistant General Managers (\*)***

Elif Alsev Utku Özbey	Deputy GM - Financial Control & Reporting	07-Jan-11
Sezin Erken	AGM - Consumer Banking & Funding Resource Management	10-Aug-17
Kerim Lokman Kuriş	AGM - Corporate & Commercial Banking	01-Dec-15
Turgay Hasdiker	AGM - Credits	01-Dec-15
Ahu Dolu	AGM - Financial Institutions and Project Finance	01-Dec-15
Gerçek Önal	AGM - Chief Legal Officer	01-Feb-16

(\*) Mr. Adem Aykin has resigned as of 31 July 2019. Mr. Ömer Rifat Gencal has resigned as of 11 October 2019. Mr. Orhan Hatipoğlu has resigned as of 31 December 2019.

The Bank's equity shares owned by the individuals listed above are not material.

**FİBABANKA A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN**  
**1 JANUARY 2019 - 31 DECEMBER 2019**

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

**IV. Individuals and Institutions That Have Qualified Shares in the Bank**

Name Surname/ Commercial Title	Share Amount (Nominal)	Share Ratios	Paid in Capital (Nominal)	Unpaid Shares
Fiba Holding A.Ş.	673.573	71,57%	673.573	--
Hüsnü Mustafa Özyeğin (*)	666.856	70,85%	666.856	--

(\*) States indirect share of Hüsnü Mustafa Özyeğin in the Bank due to his direct share in Fiba Holding A.Ş.

**V. Summary Information on the Bank's Services and Activity Areas**

The Bank was incorporated as a privately owned bank authorized for customer deposit acceptance and the Head Office of the Bank is located in Istanbul, Turkey. As of 31 December 2019, the Bank serves with 63 domestic branches and 1.541 employees.

**VI. Other Information**

The Bank's Commercial Title	: Fibabanka Anonim Şirketi
The Bank's General Directorate Address	: Esentepe Mah. Büyükdere Caddesi No:129 Şişli 34394 İstanbul
The Bank's Phone and Fax Numbers	: Telephone : (0212) 381 82 82 Fax : (0212) 258 37 78
The Bank's Web Site Address	: <a href="http://www.fibabanka.com.tr">www.fibabanka.com.tr</a>
The Bank's E-Mail Address	: <a href="mailto:malikontrol@fibabanka.com.tr">malikontrol@fibabanka.com.tr</a>
Reporting Period	: 1 January 2019 - 31 December 2019

The financial statements, related disclosures and notes in this report are presented, unless otherwise indicated, in thousands of Turkish Lira (TL).

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

None.

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

**FİBABANKA A.Ş.****UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)****AS AT 31 DECEMBER 2019**

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

ASSETS	Footnotes	Current Period			Prior Period		
		(31/12/2019)			(31/12/2018)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>3.394.557</b>	<b>3.418.554</b>	<b>6.813.111</b>	<b>4.485.205</b>	<b>2.323.300</b>	<b>6.808.505</b>
1.1 Cash and Cash Equivalents	(5.1.1)	633.116	2.595.084	3.228.200	1.440.777	1.595.013	3.035.790
1.1.1 Cash and Balances at Central Bank		200.986	2.506.889	2.707.875	403.654	1.360.908	1.764.562
1.1.2 Banks	(5.1.3)	402.621	88.195	490.816	731.408	234.105	965.513
1.1.3 Money Market Placements		30.010	-	30.010	306.208	-	306.208
1.1.4 Expected Credit Loss (-)		501	-	501	493	-	493
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(5.1.2)	2.037.723	718	2.038.441	1.582.306	5.315	1.587.621
1.2.1 Government Debt Securities		24.835	706	25.541	22.097	3.986	26.083
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		2.012.888	12	2.012.900	1.560.209	1.329	1.561.538
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5.1.4)	11.952	795.616	807.568	7.399	696.939	704.338
1.3.1 Government Debt Securities		11.952	177.546	189.498	7.399	16.376	23.775
1.3.2 Equity Securities		-	3.800	3.800	-	2.713	2.713
1.3.3 Other Financial Assets		-	614.270	614.270	-	677.850	677.850
1.4 Derivative Financial Assets	(5.1.2)	711.766	27.136	738.902	1.454.723	26.033	1.480.756
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		711.766	27.136	738.902	1.454.723	26.033	1.480.756
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>	(5.1.6)	<b>6.656.778</b>	<b>7.594.623</b>	<b>14.251.401</b>	<b>7.729.631</b>	<b>5.237.999</b>	<b>12.967.630</b>
2.1 Loans	(5.1.5)	7.270.746	7.206.662	14.477.408	8.096.236	5.063.831	13.160.067
2.2 Lease Receivables	(5.1.10)	-	-	-	-	-	-
2.3 Factoring Receivables	(5.1.5)	1.723	1.369	3.092	14.311	-	14.311
2.4 Financial Assets Measured at Amortised Cost	(5.1.6)	188.506	386.592	575.098	188.864	174.168	363.032
2.4.1 Government Debt Securities		188.506	386.592	575.098	188.864	174.168	363.032
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		804.197	-	804.197	569.780	-	569.780
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	<b>63.247</b>	<b>-</b>	<b>63.247</b>	<b>215.235</b>	<b>-</b>	<b>215.235</b>
3.1 Assets Held for Sale		63.247	-	63.247	215.235	-	215.235
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>41.842</b>	<b>-</b>	<b>41.842</b>	<b>31.842</b>	<b>-</b>	<b>31.842</b>
4.1 Investments in Associates (Net)		4.897	-	4.897	4.897	-	4.897
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		4.897	-	4.897	4.897	-	4.897
4.2 Investments in Subsidiaries (Net)	(5.1.8)	36.945	-	36.945	26.945	-	26.945
4.2.1 Unconsolidated Financial Subsidiaries		5.445	-	5.445	5.445	-	5.445
4.2.2 Unconsolidated Non-financial Subsidiaries		31.500	-	31.500	21.500	-	21.500
4.3 Joint Ventures (Net)	(5.1.9)	-	-	-	-	-	-
4.3.1 Joint Ventures Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(5.1.12)	<b>323.651</b>	<b>-</b>	<b>323.651</b>	<b>256.817</b>	<b>-</b>	<b>256.817</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>69.877</b>	<b>-</b>	<b>69.877</b>	<b>35.001</b>	<b>-</b>	<b>35.001</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		69.877	-	69.877	35.001	-	35.001
<b>VII. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>3.509</b>	<b>-</b>	<b>3.509</b>	<b>47</b>	<b>-</b>	<b>47</b>
<b>IX. DEFERRED TAX ASSET</b>	(5.1.15)	<b>54.427</b>	<b>-</b>	<b>54.427</b>	<b>79.305</b>	<b>-</b>	<b>79.305</b>
<b>X. OTHER ASSETS</b>	(5.1.17)	<b>236.034</b>	<b>28.661</b>	<b>264.695</b>	<b>206.049</b>	<b>17.840</b>	<b>223.889</b>
<b>TOTAL ASSETS</b>		<b>10.843.922</b>	<b>11.041.838</b>	<b>21.885.760</b>	<b>13.039.132</b>	<b>7.579.139</b>	<b>20.618.271</b>

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

**FİBABANKA A.Ş.****UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)****AS AT 31 DECEMBER 2019**

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

LIABILITIES	Footnotes	Current Period			Prior Period		
		(31/12/2019)			(31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.1)	6.658.925	6.907.773	13.566.698	6.314.694	4.998.532	11.313.226
II. FUNDS BORROWED	(5.II.3)	16.773	842.608	859.381	10.298	1.328.914	1.339.212
III. MONEY MARKET FUNDS		-	733.257	733.257	-	495.936	495.936
IV. SECURITIES ISSUED (Net)	(5.II.4)	383.937	1.334.395	1.718.332	503.729	1.338.856	1.842.585
4.1 Bills		383.937	-	383.937	480.459	-	480.459
4.2 Asset Backed Securities		-	-	-	23.270	-	23.270
4.3 Bonds		-	1.334.395	1.334.395	-	1.338.856	1.338.856
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	761.112	27.093	788.205	1.490.186	26.067	1.516.253
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		761.112	27.093	788.205	1.490.186	26.067	1.516.253
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(5.II.6)	63.465	4.929	68.394	-	463	463
X. PROVISIONS	(5.II.8)	96.772	-	96.772	109.511	-	109.511
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		29.588	-	29.588	23.259	-	23.259
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		67.184	-	67.184	86.252	-	86.252
XI. CURRENT TAX LIABILITIES	(5.II.9)	40.580	-	40.580	39.376	-	39.376
XII. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	(5.II.11)	-	1.789.018	1.789.018	-	1.596.143	1.596.143
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	1.789.018	1.789.018	-	1.596.143	1.596.143
XV. OTHER LIABILITIES	(5.II.5)	382.924	186.395	569.319	691.043	352.651	1.043.694
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1.643.063	12.741	1.655.804	1.348.081	(26.209)	1.321.872
16.1 Paid-in Capital		941.161	-	941.161	941.161	-	941.161
16.2 Capital Reserves		210.253	-	210.253	128.678	-	128.678
16.2.1 Equity Share Premium		128.678	-	128.678	128.678	-	128.678
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		81.575	-	81.575	-	-	-
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(7.777)	-	(7.777)	(5.743)	-	(5.743)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		3.033	12.741	15.774	(363)	(26.209)	(26.572)
16.5 Profit Reserves		284.349	-	284.349	410.286	-	410.286
16.5.1 Legal Reserves		31.719	-	31.719	21.886	-	21.886
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		252.630	-	252.630	388.400	-	388.400
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		212.044	-	212.044	(125.938)	-	(125.938)
16.6.1 Prior Periods' Profit or Loss		-	-	-	(322.597)	-	(322.597)
16.6.2 Current Period Net Profit or Loss		212.044	-	212.044	196.659	-	196.659
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>10.047.551</b>	<b>11.838.209</b>	<b>21.885.760</b>	<b>10.506.918</b>	<b>10.111.353</b>	<b>20.618.271</b>

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



## FİBABANKA A.Ş.

## UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

AS AT 31 DECEMBER 2019

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

	Footnotes	Current Period (31/12/2019)			Prior Period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>8.357.010</b>	<b>31.229.346</b>	<b>39.586.356</b>	<b>14.192.074</b>	<b>28.752.316</b>	<b>42.944.390</b>
<b>I. GUARANTIES AND WARRANTIES</b>	(5.III.1)	<b>432.859</b>	<b>591.809</b>	<b>1.024.668</b>	<b>419.636</b>	<b>451.914</b>	<b>871.550</b>
1.1. Letters of guarantee		432.859	317.754	750.613	419.207	266.723	685.930
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		432.859	317.754	750.613	419.207	266.723	685.930
1.2. Bank Acceptances		-	105.847	105.847	-	128.996	128.996
1.2.1. Import Letter of Acceptances		-	105.847	105.847	429	128.996	129.425
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	168.208	168.208	-	56.195	56.195
1.3.1. Documentary Letters of Credit		-	168.208	168.208	-	56.195	56.195
1.3.2. Other Letters of Credit		-	-	-	-	-	-
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. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>1.400.659</b>	<b>4.244.481</b>	<b>5.645.140</b>	<b>2.090.036</b>	<b>1.909.177</b>	<b>3.999.213</b>
2.1. Irrevocable Commitments	(5.III.1)	1.400.659	4.244.481	5.645.140	2.090.036	1.909.177	3.999.213
2.1.1. Asset Purchase Commitments		282.771	4.244.481	4.527.252	1.168.457	1.909.177	3.077.634
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		876.316	-	876.316	615.901	-	615.901
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		187.578	-	187.578	199.635	-	199.635
2.1.8. Tax and Fund Liabilities from Export Commitments		5.940	-	5.940	6.502	-	6.502
2.1.9. Commitments for Credit Card Limits		32.901	-	32.901	85.881	-	85.881
2.1.10. Commitments for Credit Cards and Banking Services Promotions		1	-	1	1	-	1
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		15.152	-	15.152	13.659	-	13.659
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.III.5)	<b>6.523.492</b>	<b>26.393.056</b>	<b>32.916.548</b>	<b>11.682.402</b>	<b>26.391.225</b>	<b>38.073.627</b>
3.1. Hedging Derivative Financial Instruments		1.009.479	1.188.040	2.197.519	503.405	427.169	930.574
3.1.1. Fair Value Hedges		1.009.479	1.188.040	2.197.519	503.405	427.169	930.574
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		5.514.013	25.205.016	30.719.029	11.178.997	25.964.056	37.143.053
3.2.1. Forward Foreign Currency Buy/Sell Transactions		789.133	3.670.515	4.459.648	1.468.168	3.893.850	5.362.018
3.2.1.1. Forward Foreign Currency Transactions - Buy		300.839	1.919.936	2.220.775	622.317	2.048.015	2.670.332
3.2.1.2. Forward Foreign Currency Transactions - Sell		488.294	1.750.579	2.238.873	845.851	1.845.835	2.691.686
3.2.2. Swap Transactions Related to Foreign Currency and Interest		2.351.909	17.281.148	19.633.057	7.002.428	17.823.279	24.825.707
3.2.2.1. Foreign Currency Swap- Buy		1.305.805	8.192.207	9.498.012	2.669.515	9.553.843	12.223.358
3.2.2.2. Foreign Currency Swap- Sell		996.104	8.494.921	9.491.025	4.282.913	7.743.346	12.026.259
3.2.2.3. Interest Rate Swap- Buy		25.000	297.010	322.010	25.000	263.045	288.045
3.2.2.4. Interest Rate Swap- Sell		25.000	297.010	322.010	25.000	263.045	288.045
3.2.3. Foreign Currency, Interest Rate and Securities Options		2.372.971	3.096.321	5.469.292	2.700.476	3.545.849	6.246.325
3.2.3.1. Foreign Currency Options- Buy		1.186.485	1.568.157	2.754.642	1.258.568	1.853.870	3.112.438
3.2.3.2. Foreign Currency Options- Sell		1.186.486	1.528.164	2.714.650	1.441.908	1.691.979	3.133.887
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		-	-	-	5.484	-	5.484
3.2.4.1. Foreign Currency Futures- Buy		-	-	-	5.484	-	5.484
3.2.4.2. Foreign Currency Futures- Sell		-	-	-	-	-	-
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		-	1.157.032	1.157.032	2.441	701.078	703.519
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>139.427.639</b>	<b>69.316.021</b>	<b>208.743.660</b>	<b>119.227.962</b>	<b>57.297.849</b>	<b>176.525.811</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>2.589.824</b>	<b>486.973</b>	<b>3.076.797</b>	<b>1.499.164</b>	<b>299.350</b>	<b>1.798.514</b>
4.1. Customer Fund and Portfolio Balances		1.464.433	-	1.464.433	260.501	-	260.501
4.2. Investment Securities Held in Custody		295.983	320.411	616.394	270.090	124.099	394.189
4.3. Cheques Received for Collection		374.930	150.636	525.566	469.250	161.039	630.289
4.4. Commercial Notes Received for Collection		119.792	15.926	135.718	141.021	14.212	155.233
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		334.686	-	334.686	358.302	-	358.302
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>136.837.815</b>	<b>68.829.048</b>	<b>205.666.863</b>	<b>117.728.798</b>	<b>56.998.499</b>	<b>174.727.297</b>
5.1. Marketable Securities		299.004	90.954	389.958	245.559	330	245.889
5.2. Guarantee Notes		277.294	231.955	509.249	183.471	203.345	386.816
5.3. Commodity		-	46.554	46.554	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		9.517.452	12.306.034	21.823.486	9.339.825	8.405.100	17.744.925
5.6. Other Pledged Items		126.744.065	56.153.551	182.897.616	107.959.943	48.389.724	156.349.667
5.7. Pledged Items - Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>147.784.649</b>	<b>100.545.367</b>	<b>248.330.016</b>	<b>133.420.036</b>	<b>86.050.165</b>	<b>219.470.201</b>

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

**FİBABANKA A.Ş.****UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD BETWEEN  
1 JANUARY 2019-31 DECEMBER 2019**

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

INCOME AND EXPENSE ITEMS		Footnotes	Current Period ( 01/01/2019 - 31/12/2019)	Prior Period ( 01/01/2018 - 31/12/2018)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>2.496.581</b>	<b>2.620.846</b>
1.1	Interest on Loans		2.232.296	2.379.330
1.2	Interest on Reserve Requirements		24.574	31.645
1.3	Interest on Banks		117.175	144.796
1.4	Interest on Money Market Placements		28.968	5.312
1.5	Interest on Marketable Securities Portfolio		89.228	59.003
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		17.803	3.063
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		42.829	39.419
1.5.3	Financial Assets Measured at Amortized Cost		28.596	16.521
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		4.340	760
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>		<b>1.680.551</b>	<b>1.748.376</b>
2.1	Interest on Deposits	(5.IV.2)	1.276.701	1.243.978
2.2	Interest on Funds Borrowed	(5.IV.2)	184.436	217.688
2.3	Interest on Money Market Borrowings		21.760	15.882
2.4	Interest on Securities Issued	(5.IV.2)	179.864	270.389
2.5	Lease Interest Expense		16.975	30
2.6	Other Interest Expenses		815	409
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>816.030</b>	<b>872.470</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>199.787</b>	<b>78.524</b>
4.1	Fees and Commissions Received		234.079	120.040
4.1.1	Non-cash Loans		12.697	14.063
4.1.2	Other	(5.IV.12)	221.382	105.977
4.2	Fees and Commissions Paid (-)		34.292	41.516
4.2.1	Non-cash Loans		226	168
4.2.2	Other	(5.IV.12)	34.066	41.348
<b>V</b>	<b>DIVIDEND INCOME</b>	(5.IV.3)	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	(5.IV.4)	<b>71.978</b>	<b>7.431</b>
6.1	Trading Gain / Loss on Securities		61.235	64.586
6.2	Gain / Loss on Derivative Financial Transactions		(441)	(130.355)
6.3	Foreign Exchange Gain / Loss		11.184	73.200
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.5)	<b>171.685</b>	<b>217.803</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1.259.480</b>	<b>1.176.228</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	(5.IV.6)	<b>489.872</b>	<b>470.830</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>		<b>98</b>	<b>16.074</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>258.683</b>	<b>230.787</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.7)	<b>260.697</b>	<b>220.714</b>
<b>XIII.</b>	<b>NET OPERATING INCOME / LOSS (VIII-IX-X-XI-XII)</b>		<b>250.130</b>	<b>237.823</b>
<b>XIV.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>GAIN / LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	(5.IV.8)	<b>250.130</b>	<b>237.823</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.9)	<b>(38.086)</b>	<b>(41.164)</b>
18.1	Current Tax Provision		(22.747)	(3)
18.2	Deferred Tax Expense Effect (+)		(15.339)	(41.161)
18.3	Deferred Tax Income Effect (-)		-	-
<b>XIX.</b>	<b>NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	(5.IV.10)	<b>212.044</b>	<b>196.659</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1	Income From Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income From Other Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1	Expenses on Non-current Assets Held for Sale		-	-
21.2	Losses from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses From Other Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT / LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXII-XXIII)</b>		<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT / LOSS (XIX+XXIV)</b>	(5.IV.11)	<b>212.044</b>	<b>196.659</b>
	Earnings per share		0,00225	0,00209

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

**FİBABANKA A.Ş.****UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD BETWEEN 1 JANUARY 2019-31 DECEMBER 2019**

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

	Current Period ( 01/01/2019 - 31/12/2019)	Prior Period ( 01/01/2018 - 31/12/2018)
I. PROFIT / LOSS FOR THE PERIOD	212.044	196.659
II. OTHER COMPREHENSIVE INCOME	40.312	(16.780)
2.1 Other income/expense items not to be reclassified to profit or loss	(2.034)	(1.107)
2.1.1 Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurements Gain/Loss	(2.542)	(1.384)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	508	277
2.2 Other income/expense items to be reclassified to profit or loss	42.346	(15.673)
2.2.1 Foreign Currency Conversion Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of Financial Assets Measured at Fair Value Through Other Comprehensive Income	52.393	(19.660)
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(10.047)	3.987
III. TOTAL COMPREHENSIVE INCOME (I+II)	252.356	179.879

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

## FİBABANKA A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE PERIOD BETWEEN  
1 JANUARY 2019-31 DECEMBER 2019

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate	Other Capital Reserves	Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income or Expense That Will Be Reclassified in Profit and Loss			Profit Reserves	Prior Period Net Income / Loss	Current Period Net Income / Loss	Total Equity
					1	2	3	4	5	6				
<b>STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b> (31/12/2018) I. Balances at beginning of the period II. Correction made as per TAS 8 2.1 Effect of corrections 2.2 Effect of changes in accounting policies III. Adjusted balances at beginning of the period (I+II) IV. Total Comprehensive Income V. Capital Increase in Cash VI. Capital Increase through Internal Reserves VII. Capital reserves from inflation adjustments to paid-in capital VIII. Convertible Bonds IX. Subordinated Debt X. Increase/Decrease by Other Changes XI. Profit distribution 11.1 Dividends 11.2 Transfers to reserves 11.3 Others Balances at the end of the period (III+IV+.....+X+XI)	941.161	128.678	-	-	-	(4.636)	-	-	(10.899)	-	243.284	(322.597)	167.002	1.464.590 (322.597)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	941.161	128.678	-	-	-	(4.636)	-	-	(10.899)	-	243.284	(322.597)	167.002	1.141.993 (322.597)
	-	-	-	-	-	(1.107)	-	-	(15.673)	-	-	-	196.659	179.879
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	941.161	128.678	-	-	-	(5.743)	-	-	(26.572)	-	410.286	(322.597)	196.659	1.321.872
<b>CURRENT PERIOD</b> (31/12/2019) I. Prior period ending balance II. Correction made as per TAS 8 2.1 Effect of corrections 2.2 Effect of changes in accounting policies III. Adjusted balance (I+II) IV. Total Comprehensive Income V. Capital Increase in cash VI. Capital Increase through Internal Reserves VII. Capital reserves from inflation adjustments to paid-in capital VIII. Convertible Bonds IX. Subordinated Debt (*) X. Increase / decrease due to other changes XI. Profit Distribution 11.1 Dividends 11.2 Transfers to reserves 11.3 Other Balances at the end of the period (III+IV+.....+X+XI)	941.161	128.678	-	-	-	(5.743)	-	-	(26.572)	-	410.286	(322.597)	196.659	1.321.872
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	941.161	128.678	-	-	-	(5.743)	-	-	(26.572)	-	410.286	(322.597)	196.659	1.321.872
	-	-	-	-	-	(2.094)	-	-	42.346	-	-	-	212.044	252.356
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	941.161	128.678	-	81.575	-	(2.777)	-	-	15.774	-	284.249	-	212.044	1.655.804

(\*) Bank has classified the additional tier-1 or TL 100.000 nominal and its interest expenses, which has a capital stock character, under "other capital reserves" according to the "TAS 32 Financial Instruments: Presentation" Standards ("TAS 32").

1. Tangible and intangible asset revaluation reserve
2. Accumulated gains/losses on remeasurement of defined benefit plans
3. Other (other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss and other comprehensive income that will not be reclassified to profit or loss.
4. Exchange differences on translation.
5. Accumulated gains (losses) due to revaluation and/ or reclassification of financial assets measured at fair value through other comprehensive income.
6. Other (accumulated gains or losses on cash flow hedge, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss)

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

FİBABANKA A.Ş.

## UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD BETWEEN 1 JANUARY 2019-31 DECEMBER 2019

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

	Footnotes	Current Period ( 01/01/2019 - 31/12/2019 )	Prior Period ( 01/01/2018 - 31/12/2018 )
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>539.236</b>	<b>119.794</b>
1.1.1 Interest received (+)		2.278.792	2.294.261
1.1.2 Interest paid (-)		(1.640.347)	(1.692.442)
1.1.3 Dividend received (+)		-	-
1.1.4 Fees and commission received (+)		233.865	117.620
1.1.5 Other income (+)		245.044	148.550
1.1.6 Collections from previously written off loans and other receivables (+)		170.638	301.395
1.1.7 Cash payments to personnel and service suppliers (-)		(457.523)	(398.134)
1.1.8 Taxes paid (-)		(30.243)	(32.361)
1.1.9 Other (+/-)	(5.VI.3)	(260.990)	(619.095)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(146.131)</b>	<b>246.129</b>
1.2.1 Net (increase) / decrease in financial assets at fair value through profit or loss (+/-)		(450.384)	602.194
1.2.2 Net (increase) / decrease in due from banks (+/-)		(165.633)	940.948
1.2.3 Net (increase) / decrease in loans (+/-)		(1.229.672)	47.568
1.2.4 Net (increase) / decrease in other assets (+/-)	(5.VI.3)	(118.315)	(154.095)
1.2.5 Net (increase) / decrease in bank deposits (+/-)		(601.599)	29.784
1.2.6 Net (increase) / decrease in other deposits (+/-)		2.923.305	(1.048.098)
1.2.7 Net (increase) / decrease in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8 Net (increase) / decrease in funds borrowed (+/-)		(477.854)	(742.776)
1.2.9 Net (increase) / decrease in matured payables (+/-)		-	-
1.2.10 Net (increase) / decrease in other liabilities (+/-)	(5.VI.3)	(25.979)	570.604
<b>I. Net Cash Provided from Banking Operations (+/-)</b>		<b>393.105</b>	<b>365.923</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net Cash Flow Provided from Investment Activities (+/-)</b>		<b>(318.407)</b>	<b>(394.949)</b>
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-)		(10.000)	(21.500)
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures (+)		-	-
2.3 Cash paid for the purchase of tangible and intangible assets (-)		(109.011)	(204.147)
2.4 Cash obtained from the sale of tangible and intangible assets (+)		6.101	-
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		(203.590)	(99.053)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		257.817	158.477
2.7 Cash paid for the purchase of financial assets at amortised cost (-)		(275.476)	(193.392)
2.8 Cash obtained from the sale of financial assets at amortised cost (+)		63.410	-
2.9 Other (+/-)	(5.VI.3)	(47.658)	(35.334)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities (+/-)</b>		<b>35.502</b>	<b>587.519</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		191.995	776.839
3.2 Cash outflow from funds borrowed and securities issued (-)		(233.788)	(189.320)
3.3 Equity instruments issued (+)		77.295	-
3.4 Dividends paid (-)		-	-
3.5 Payments for financial leases liabilities (-)		-	-
3.6 Other (+/-)		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)</b>		<b>(75.064)</b>	<b>233.413</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>35.136</b>	<b>791.906</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period (+)</b>	(5.VI.1)	<b>2.087.857</b>	<b>1.295.951</b>
<b>VII. Cash and Cash Equivalents at the End of the Period (V+VI)</b>	(5.VI.1)	<b>2.122.993</b>	<b>2.087.857</b>

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

## UNCONSOLIDATED PROFIT DISTRIBUTION TABLE FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2018

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

PROFIT DISTRIBUTION TABLE	Current Period (*)	Prior Period
	(01/01/2019-31/12/2019)	(01/01/2018-31/12/2018)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	250.130	237.823
1.2 TAXES AND DUTIES PAYABLE (-)	38.086	41.164
1.2.1 Corporate Tax (Income Tax)	22.747	3
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	15.339	41.161
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>212.044</b>	<b>196.659</b>
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	9.833
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>212.044</b>	<b>186.826</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 STATUTORY RESERVES (-)	-	-
1.11 EXTRAORDINARY RESERVES	-	186.826
1.12 OTHER RESERVES	-	-
1.13 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1 To owners of ordinary shares	-	-
2.2.2 To owners of privileged shares	-	-
2.2.3 To owners of preferred shares	-	-
2.2.4 To profit sharing bonds	-	-
2.2.5 To holders of profit and loss sharing certificates	-	-
2.3 DIVIDENDS TO PERSONNEL (-)	-	-
2.4 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0,00225	0,00209
3.2 TO OWNERS OF ORDINARY SHARES (%)	0,23%	0,21%
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(\*) The decision on profit distribution of 2019 will be given at the General Assembly.

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

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## **SECTION THREE**

### **ACCOUNTING PRINCIPLES**

#### **I. Explanations on the basis of presentation**

##### **1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and the Communiqué on Principles and Procedures on the Accounting Practice and Documentation of Banks**

The Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation which includes the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board (“BRSB”) and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards (“TFRS”) published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

The financial statements are prepared in thousands of TL based on the historical cost convention, except for the financial assets and liabilities carried at fair value.

##### **Explanations about Leases Standard TFRS 16**

The Bank has begun to prepare its unconsolidated financial statements for the first time by 1st of January 2019, according to “TFRS 16 Leasing Standard” published in the Official Gazette dated 16 April 2018 with no 29826 and became valid as of 1 January 2019. Practices and effects of TFRS 16 transition has been explained in Notes XXVII of Section III.

Prior period financial statements were adopted to new format in accordance with “Communique on Change on Communique on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” published in the Official Gazette dated 1 February 2019 with no 30673.

##### **2. Accounting policies and valuation principles applied in preparation of financial statements**

The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained in Notes II and XXVII below.

The Bank applied “partial conversion approach” which led to equalization of beneficial property and leasing liabilities, during the first transition to TFRS 16, by taking all benefits of easing conditions. Accordingly, comparative information presented in the context of TAS 17 and related comments were not rearranged for year 2018.



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**II. Explanations on the usage strategy of financial instruments and on foreign currency transactions**

**1. Usage strategy of the financial instruments**

The major factor in managing interest rate and liquidity risk at the balance sheet is parallel movement of asset and liability side.

Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Value at risk models are used for this purpose.

Purchase-sale transactions of short and long-term financial instruments are realized within predetermined risk limits that are allowed for the purpose of increasing risk-free return on capital.

The foreign currency position is carried based on a currency basket to minimize the foreign exchange risk.

**2. Foreign currency transactions**

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

The Bank recognizes the foreign currency transactions in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from the foreign currency transactions are converted into Turkish Lira by using the exchange rates at the date of the transaction and recognized in accounting records. At the end of the periods, foreign currency assets and liabilities are converted into Turkish Lira by using the spot foreign currency exchange rates of the Bank at the end of the period and the related currency conversion differences are recognized as foreign exchange gains and losses.

As at the end of the related periods, the Bank's foreign currency exchange rates are as follows in full TL:

	<b>31 December 2019</b>	<b>31 December 2018</b>
US Dollar	5,9402	5,2609
Euro	6,6506	6,0280

**III. Explanations on Equity Investments**

In the unconsolidated financial statements; subsidiaries and affiliates are accounted for in accordance with "TAS 27 - Separate Financial Statements" and recognized at acquisition cost in financial statements.

**IV. Explanations on forward transactions, options and derivative instruments**

The Bank's derivative transactions mainly consist of currency swaps, interest rate swaps, currency options and currency forward purchase/sale contracts. The Bank does not have any embedded derivatives separated from the host contract.

The Bank's derivative instruments held for trading are classified as "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income" in accordance with "IFRS 9". In choosing accounting policy, IFRS 9 gives the option to postpone the acceptance of IFRS 9 financial hedging accounting and continue using TAS 39 financial hedging accounting. In accordance with this, Bank is continuing to use TAS 39 for financial hedging accounts.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values.

Derivative transactions are measured at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line as profit/loss from derivative financial transactions.

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**IV. Explanations on forward transactions, options and derivative instruments (continued)**

**Explanations on derivative financial instruments held for hedging**

The Bank enters into cross currency interest rate swap transactions in order to hedge the change in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in statement of profit or loss.

If the hedging is effective, the changes in fair value of the hedged item, which is fixed rate TL denominated loans, are presented in statement of financial position together with the hedged item. Subsequently, derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under “Derivative Financial Assets at Fair Value Through Profit or Loss” or “Derivative Financial Liabilities at Fair Value Through Profit or Loss”, respectively depending on the fair values being positive or negative. Fair value changes are recorded under statement of profit or loss.

The Bank performs effectiveness tests at the beginning of the hedge accounting period and at each reporting period.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortized to statement of profit or loss over the life of the hedged item from that date of the hedge accounting is discontinued.

**V. Explanations on interest income and expenses**

Interest income and expenses are recognized on accrual basis by using internal rate of return for financial assets and liabilities with given future cash payments and collections.

**VI. Explanations on fee and commission income and expenses**

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with “TFRS 15 Revenue from Contracts with Customers”. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted on accrual basis throughout the service period.

**VII. Explanations on financial assets**

Financial assets include cash on hand, contractual rights to receive cash or another financial asset from the counterparty or the right to exchange of financial instruments or equity instrument transactions of the counterparty. Financial assets are classified into three groups as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost.

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

Financial assets at fair value through profit or loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the statement of profit or loss.

Loans measured at fair value through profit or loss are subject to valuation in accordance with fair value principles and profit or losses, emerging as a result of valuation, are recognized under profit/loss accounts.

The Bank has classified a portion of its extended loans as financial assets at fair value through profit or loss, as per TFRS 9 standard. The aforementioned loans have been demonstrated on other financial assets line under “Financial assets at fair value through profit or loss” on the balance sheet.

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**VII. Explanations on financial assets (continued)**

**2. Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial assets at fair value through other comprehensive income are recognized by adding transaction costs to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in the equity are recognized in the statement of profit or loss.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and/or whose fair values can be reliably measured are carried at fair value.

**3. Financial assets measured at amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost 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 financial assets measured at amortized cost is accounted in statement of profit or loss.

In prior periods, the Bank has classified financial assets at fair value through other comprehensive income amounting to TL 153.266 which were classified as available-for-sale financial assets to designate at "Financial assets measured at amortized cost" as of January 2018.

**4. Loans**

Loans are financial assets generated by providing cash, commodity or service to the borrower. These loans and receivables are recorded by acquisition cost reflecting fair value and afterwards measured at amortized cost by using effective interest (internal rate of return) method. Fees and other costs paid for the assets taken as collateral for those loans are not recognized as cost of operation and accounted in expense accounts. Bank's loans are followed in "Financial Assets Measured at Amortized Cost" and "Financial Assets at Fair Value Through Profit or Loss" accounts.

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VIII. (Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)  
**Explanations on expected credit loss**

The Bank recognizes expected credit loss allowance on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 September 2016 numbered 29750.

**Calculation of expected credit loss**

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Expected credit loss is calculated by using following components: “Exposure at Default”, “Probability of Default” and “Loss at Default”.

Financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

**Stage 1**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk will be recorded in the amount of 12-month expected credit losses.

**Stage 2**

In the event of a significant increase in credit risk since initial recognition, the financial asset will be transferred to Stage 2. Impairment for credit risk will be determined on the basis of the instrument’s lifetime expected credit losses.

**Stage 3**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

As part of TFRS 9, expected credit loss models are improved in process of exposure at default, probability of default and loss given default. These models are formed by taking into consideration internal ratings systems, past data and prospective expectations and considering below factors;

- Customer type (individual, corporate, commercial and SME)
- Product type
- Ratings used as part of internal ratings systems
- Collaterals
- Collection per
- Exposure at default
- Time passed from loan disbursement
- Time to maturity

If the existing provision model is not able to reflect the situation, individual assessment is possible by using the cash flow expectations of Credits Monitoring and Collection Department.

**Exposure at Default:** Expresses the exposure amount when debtor defaults. It accounts along with the maturity of the borrower. The amount of additional risk that may occur in case of default is added to the amount of risk and included in the calculations by using the credit conversion rates (CCR) for irrevocable commitments.

**Probability of Default:** Refers to the probability of default due to the inability of the debtor to fulfill its obligations. 12-month or lifetime estimation is performed according to whether there is an increase in credit risk or not.

## **FİBABANKA A.Ş.**

### **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY 2019 - 31 DECEMBER 2019**

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#### **VIII. Explanations on expected credit loss (continued)**

**Loss Given Default:** In the default of the borrower, it is calculated as the expected credit loss to exposure at default. Loss given default models include inputs such as product type, customer segment, collateral structure, customer payment performance.

**Macroeconomics Factors:** Macroeconomics indicators are taken into account in determining the probability of default component in the expected credit loss calculation. Future macroeconomics forecasts are reflected in the expected credit loss calculations using more than one scenario.

While macroeconomics information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomics variables are taken into consideration. The main macroeconomics indicators that make up these estimation models are the Gross Domestic Product (GDP) and the unemployment rate. Macroeconomics estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

Future expectations are determined based on 2 scenarios, base and negative. Each scenario has predetermined weights, and the final provisions are calculated by weighting on these probabilities.

**Calculation of Expected Loss Period:** In determining the lifetime expected credit loss, the period in which the Bank will be exposed to credit risk is taken into consideration. Behavioural maturity analysis was performed on credit cards and overdraft accounts. The maximum period for which credit losses are to be recognized, except for credit cards and other revolving loans, is the contractual life of the financial instrument unless a legal right is required to recall the loan.

**Significant Increase in Credit Risk:** Due to the significant increase in credit risk, the Bank performs quantitative and qualitative assessments to determine the financial assets to be classified as Stage 2 (Significant Increase in Credit Risk).

Within the scope of the quantitative assessments made for the corporate segment, the Bank compares the change between the starting date and the date of the report by taking into account the time passed since the opening date. In order to make this comparison, the Bank specifies threshold values to determine which changes are accepted as significant change. The decision to classify financial assets with a significant increase in credit risk by exceeding these threshold values as Stage 2 is taken by the opinion of the Credits Department.

Also, credit risk with an overdue period between 30 and 90 days is classified as Stage 2.

Within the scope of qualitative evaluations, financial assets under close monitoring as of the reporting date are classified as Stage 2.

#### **IX. Explanations on offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank 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.

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**X. Explanations on sale and repurchase agreements and securities lending transactions**

Securities subject to repo (repurchase agreements) are classified as “Financial assets at fair value through profit or loss”, “Financial assets at fair value through other comprehensive income” or “Financial assets measured at amortized cost” according to their purposes to be held in the Bank’s portfolio and evaluated within the principles of the relevant portfolio. Funds obtained from repurchase agreements are followed under the “Funds from repo transactions” account in liabilities, and interest expense accruals are calculated using the effective interest (internal rate of return) method on the difference between the sales and repurchase prices corresponding to the period designated by a repurchase agreement.

Securities purchased under agreements to resell (“Reverse repo”) transactions are accounted under the “Money market placements” in the balance sheet.

**XI. Explanations on noncurrent assets held for sale and discontinued operations and the related liabilities**

A tangible asset (or a disposal group) classified as “asset held for sale” is measured at the lower of the carrying value or fair value less costs to sell. Assets held for sale are not depreciated and presented in the financial statements separately. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (or 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 should be actively marketed at a price consistent with its fair value.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is part of the Bank’s business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the statement of profit or loss.

The Bank does not have any discontinued operations.

**XII. Explanations on goodwill and other intangible assets**

As at the balance sheet date, there is no goodwill in the accompanying financial statements. The intangible assets of the Bank consist of software, intangible rights and other intangible assets.

The costs of the intangible assets purchased before 1 January 2005 are recognized at their inflation adjusted costs as of 31 December 2004 and intangible assets purchased after 1 January 2005 are recognized at their acquisition cost less accumulated amortization and impairment, if any.

Estimated useful lives of the intangible assets are 3 to 10 years, and amortization rates are 10% to 33,3%.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) “Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, an allowance for impairment is recognized.

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**XIII. Explanations on tangible assets**

Tangible assets are measured at cost in accordance with the Turkish Accounting Standard 16 (TAS 16) "Tangible Assets".

The costs of the tangible assets purchased before 1 January 2005 are recognized at their inflation adjusted costs as of 31 December 2004 and tangible assets purchased after 1 January 2005 are recognized at their acquisition cost less accumulated depreciation and impairment, if any.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, an allowance for impairment is recognized.

Gains/losses from the sale of the tangible assets are calculated as the difference between the net book value and the net sales price.

Maintenance and repair costs incurred for tangible assets are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

Depreciation rates and estimated useful lives used for the tangible assets are as follows:

<b>Tangible Assets</b>	<b>Estimated Useful Lives (Years)</b>	<b>Depreciation Rates (%)</b>
Safe Boxes	50	2
Vehicles	5	20
Real Estate	50	2
Other Tangible Assets	4-20	5-25

**XIV. Explanations on leasing transactions**

As "TFRS 16 Leases" standard is valid starting on 1 January 2019, difference between operational lease and financial lease disappeared so that leasing transactions will be recognized as right-of-use assets and will be recognized under "Tangible Assets" and corresponding liability under "Lease Liabilities".



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**XV. Explanations on provisions and contingent liabilities**

Provisions and contingent liabilities are accounted in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". In the financial statements, a provision is made if there is a present obligation that arises from past events as of the balance sheet date, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

Provisions recognized during the period are recognized within "other operating expenses"; reversals of provisions recognized in the prior periods are recognized within "other operating income".

**XVI. Explanations on contingent assets**

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

**XVII. Explanations on liabilities for employee benefits**

As per the existing labour laws and agreements in Turkey, entities are required to pay severance for the employees retired or fired. These payments are qualified as recognized retirement benefit plan according to revised TAS 19 Employee Benefits. Severance payment liability recognized in the balance sheet is calculated according to the net present value of expected amount in the future arising from all employees' retirements and represented in represented in financial statements. All actuarial losses and gains are accounted for as other comprehensive income.

The major assumptions used in the actuarial calculation are as follows:

- Calculation is based on discount rate of 13,50%, inflation rate of 6,00% and real rate of rise in salary of 0,00%.
- Effective as of 31 December 2019, ceiling salary amount is considered as TL 6.379,86 (full TL).
- Individuals' earliest retirement age is considered as retirement age.
- CSO 1980 mortality table is used for the death probabilities of male and female employees.

There are no employee foundation fund or similar institutions.

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**XVIII. Explanations on taxation**

**1. Current Tax**

Effective from 1 January 2006, statutory income is subject to corporate tax at 20%, on the other hand as per the provisional article 91 of Law numbered 7061, which is added to Corporate Tax Law numbered 5520 corporate tax rate regarding 2018, 2019 and 2020 fiscal periods (accounting periods starting within the related period for companies which are assigned special accounting period) has changed as 22%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes.

If there is no dividend distribution planned, no further tax charges are made. Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions no.2009/14593 and no.2009/14594 of the Council of Ministers published in the Official Gazette no.27130 dated 3 February 2009, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

**2. Deferred Tax**

The Bank calculates and recognizes deferred tax for taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base according to the Turkish Accounting Standard 12 (TAS 12) "Income Taxes".

In accordance with the provisional article, added to Corporate Tax Law, corporate tax which is 20%, shall be applied as 22% for the profit of company belonging to 2018, 2019 and 2020 fiscal periods. In accordance with this provisional article, 22% tax rate has been calculated for periods, in which the deferred tax assets and liabilities emerges and liabilities are met, while it is calculated with 20% for 2021 and following periods.

Deferred tax liabilities are generally recognized for all taxable temporary and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax rate calculation has started to be applied over temporary expected credit losses as per TFRS 9 articles from 1 January 2018. The Bank calculates deferred tax also for possible risk provisions.

As of 31 December 2019, the deferred tax asset is TL 54.427 (31 December 2018: TL 79.305 the deferred tax asset). The deferred tax asset is calculated as the net of taxable and deductible temporary differences.

Deferred tax income/(expense) is recognized within "Deferred Tax expense effect" in the statement of profit or loss; deferred tax income for the current period is TL 15.339 (1 January - 31 December 2018: TL 41.161 expense). Deferred tax effects of the transactions and events recognized directly in the shareholders' equity are also recognized directly in the shareholders' equity which is TL 9.539 expense (1 January - 31 December 2018: TL 4.264 income).

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**XVIII. Explanations on taxation (continued)**

**3. Transfer Pricing**

The article 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 at 18 November 2007, explains the application related issues on this topic.

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.

As stated in the “7.1 Annual Documentation” section of this communiqué, the 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. Related forms are submitted to tax offices on time.

**XIX. Additional explanations on borrowings**

The Bank provides resources from domestic and foreign individuals and institutions both by borrowing funds and issuing bills and bonds.

Borrowing instruments are initially measured at acquisition cost and subsequently measured at amortized cost with the effective interest method. In the accompanying financial statements, foreign currency denominated borrowing funds are converted to Turkish Lira with the Bank’s spot foreign exchange buy rates and interest expenses incurred during the period relating to the borrowing funds are recognized in statement of profit or loss.

**Additional Tier I Capital**

The Bank has recognised the issued Tier 1 securities of TL 100.000 nominal and related interest expense, as “other capital reserves” under equity within the scope of “TAS 32 Financial Instruments: Presentation”. It has recognised the issued Tier 1 “securities of USD 30.000 nominal and related interest expense as “subordinated debt”.

**XX. Explanations on share certificates issued**

None.

**XXI. Explanations on bank acceptances and bills of guarantee**

Bank acceptances and bills of guarantee are presented within off-balance sheet liabilities as being possible liabilities and commitments. Cash transactions relating to bank acceptances and bills of guarantee are realized concurrently with the customer payments.

As of the balance sheet date, there are no bank acceptances and bills of guarantee recognized as liability against an asset.

**XXII. Explanation on government incentives**

As of the balance sheet date, the Bank does not have any government incentives.

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**XXIII. Explanations on segment reporting**

The Bank operates in consumer banking services, current accounts, deposit accounts, long term investment products, clearing and custody services, credit and atm services, retail loans, long term mortgage loans, and all other kinds of consumer banking services and commercial services.

	Retail Banking(*)	Corporate & Commercial Banking	Treasury & Headquarters	Total Operations of the Bank
<b>Current Period -1 January - 31 December 2019</b>				
Operating Income	231.332	879.290	148.859	1.259.481
Operating Profit	(176.072)	259.912	166.290	250.130
Taxation				(38.086)
<b>Net Profit/(Loss) for the Period</b>				<b>212.044</b>
<b>Current Period -31 December 2019</b>				
Segment Assets	2.066.449	13.441.734	6.377.577	21.885.760
<b>Total Assets</b>				<b>21.885.760</b>
Segment Liabilities	11.018.021	2.499.553	6.712.382	20.229.956
Shareholders' Equity				1.655.804
<b>Total Liabilities</b>				<b>21.885.760</b>

(\*) January and February performance of SME segment, which has been reclassified as commercial segment as of March 2019, has been reported under Retail Banking column.

	Retail Banking	Corporate & Commercial Banking	Treasury & Headquarters	Total Operations of the Bank
<b>Prior Period -1 January - 31 December 2018</b>				
Operating Income	291.997	612.016	272.215	1.176.228
Operating Profit	(126.624)	267.152	97.295	237.823
Taxation				(41.164)
<b>Net Profit/(Loss) for the Period</b>				<b>196.659</b>
<b>Prior Period -31 December 2018</b>				
Segment Assets	3.528.275	10.541.060	6.548.936	20.618.271
<b>Total Assets</b>				<b>20.618.271</b>
Segment Liabilities	8.020.416	2.653.055	8.622.928	19.296.399
Shareholders' Equity				1.321.872
<b>Total Liabilities</b>				<b>20.618.271</b>

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**XXIV. Profit reserves and distribution of the profit**

In financial tables, except legal reserves, retained earnings can be distributed on condition that it has legal reserve requirement explained below.

Legal reserves are consisted of first and second reserves as determined in Turkish Commercial Code (TCC). First legal reserve, is appropriated by TCC at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

In the Ordinary General Assembly Meeting of the Bank, which was held on 27 March 2019, it was decided to set off the accumulated loss to extraordinary legal reserve; and to allocate the 2018 net profit amounting TL 196.659 as legal reserve of TL 9.833 and as extraordinary reserves of TL 186.826.

**XXV. Earnings Per Share**

Earnings per share disclosed in the statement of profit or loss are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the related period concerned

	<b>31 December 2019</b>	<b>31 December 2018</b>
Net Profit / (Loss) distributable to Common Shares	212.044	196.659
Average Number of Issued Common Shares (Thousand)	94.116.055	94.116.055
Earnings Per Share (Amounts presented as full TL)	<b>0,00225</b>	<b>0,00209</b>

In Turkey, companies can increase their share capital by distributing “bonus shares” to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

There are no bonus shares issued by the Bank in 2019 (31 December 2018: None).

**XXVI. Cash and Cash Equivalent Assets**

Cash, cash in transit, purchased bank cheques and demand deposits including balance with Central Bank are considered as “Cash”; interbank money market placements time deposits at banks with original maturity periods of less than three months and receivables from reverse repo are considered as “Cash Equivalents”. Required reserves kept in Central Bank under blocked account are not “Cash Equivalents” in the statement of cash flow.

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**XXVII. Explanation on TFRS 16 Leases standard**

The Bank has adopted new standard, changes and commands, which are valid as of 1 January 2019, in line with the “TFRS 16 Leases” standard’s first time applying transition commands.

TFRS 16 “Lease” Standard

The Bank as a lessee according to “Lease” Standard:

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Existence of right to use:

The right to use asset is first recognized by cost method and includes:

- a) the initial measurement amount of the lease obligation,
- b) the amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) all initial direct costs incurred by the Bank.

When applying the cost method, the Bank measures the right to use as follows:

- a) deducts accumulated depreciation and accumulated impairment losses and
- b) measures the restatement of the lease obligation at the restated cost.

Bank applies depreciation clauses of TAS 16 Tangible Assets standard when measuring the depreciation of the right to use.

Lease obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the implied leasing transaction rate, if easily identified. Otherwise Bank’s average borrowing interest rates are used.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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**XXVII. Explanation on TFRS 16 Leases standard (continued)**

**First Transition to TFRS 16 Leasing Standard**

“TFRS 16 Leases” Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting after 31 December 2018. The Bank applied TFRS 16 “Leasing” standard, which replaced TAS 17 “Leasing”, as of 1 January 2019, the date of first implementation.

The Bank, as a lessee, reflected its right and liability to use the asset pertaining to the lease to its financial tables. The new accounting principles is similar with the prior principles for the leaser.

Bank applied “partial conversion approach” which led to equalization of beneficial property and leasing liabilities, during the first transition to TFRS 16, by taking all benefits of easing conditions. According to this, comparative information presented in the context of TAS 17 and related comments were not rearranged for 2018.

The classifications and adjustments related with the first appliance to TFRS 16 Leases Standard as of 1 January 2019 can be seen below:

	31 December 2018	TFRS 16 Classification Effect	TFRS16 Transition Effect	1 January 2019	31 December 2019
Tangible Assets (Net) (*)(**)	256.817	1.557	75.901	334.275	343.479
Intangible Assets (Net)	--	--	--	--	--
Other Assets (Net) (**)	223.889	(1.557)	--	222.332	222.332
Finance Lease Liabilities (Net) (***)	463	--	75.901	76.364	85.568

(\*) TL 75.901 of right and liability to use the asset pertaining to the lease, which were previously classified as financial leasing according to TAS 17, were reflected to Bank's financials according to TFRS 16 as of 1 January 2019.

(\*\*) The Bank classified TL 1.557 as right to use asset under tangible asset according to TFRS 16 as of 1 January 2019, which were prepaid lease before.

(\*\*\*) The weighted average of interest rates applied by the Bank as of 1 January 2019, to the lease liabilities in TL and EUR were 23,9% and 1,7% respectively.

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## SECTION FOUR

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT

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 31 December 2019, the Bank’s total capital has been calculated as TL 3.664.995 and the capital adequacy ratio is 19,55% (As of 31 December 2018, the Bank’s total capital amounted to TL 3.215.081 and the capital adequacy ratio was 19,47%).

#### I. Information related to the components of shareholders’ equity:

	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
<b>TIER I CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	941.161	
Share Premium	128.678	
Reserves (**)	518.380	
Other comprehensive income according to TAS	15.774	
Profit	212.044	
Current period profit	212.044	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
<b>Tier I Capital Before Deductions</b>	<b>1.816.037</b>	
<b>Deductions From Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	--	--
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	26.202	--
Improvement costs for operational leasing (-)	11.199	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	100.046	--
Excess amount arising from deferred tax assets from temporary differences	9.790	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--
Unrealised gains and losses due to the changes in own credit risk on fair valued liabilities	--	--

(\*\*)The difference between the expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated with the method before TFRS 9 has been recorded in the "Retained Earnings" account; in accordance with Provisional Article 5 of the Regulation on Banks' Own Funds, related amount is shown net by adding back 60% of the provision difference, net of tax.



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	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
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 (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets from temporary differences (-)	--	--
Other items to be defined by the BRSA	--	--
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	--
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>147.237</b>	--
<b>Total Common Equity Tier I Capital</b>	<b>1.668.800</b>	--
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred stock not included in Tier I capital and the related share premiums	--	--
Debt instruments and the related issuance premiums defined by the BRSA	278.206	--
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	--
<b>Additional Core Capital before Deductions</b>	<b>278.206</b>	--
<b>Deductions from Additional Core Capital</b>	--	--
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	--
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 (-)	--	--

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	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	--	--
<b>Total Deductions from Additional Tier I Capital</b>	--	--
<b>Total Additional Tier I Capital</b>	<b>278.206</b>	--
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1.947.006</b>	--
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.577.984	--
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	140.016	--
<b>Tier II Capital before Deductions</b>	<b>1.718.000</b>	--
<b>Deductions from Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	--
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	11	--
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 (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Total Deductions from Tier II Capital</b>	<b>11</b>	--
<b>Total Tier II Capital</b>	<b>1.717.989</b>	--
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>3.664.995</b>	--

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	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>	<b>3.664.995</b>	
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	--
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	<b>--</b>	<b>--</b>
The portion of 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	--	--
<b>EQUITY</b>	<b>3.664.995</b>	
<b>Total Capital ( Total of Tier I Capital and Tier II Capital )</b>	<b>3.664.995</b>	--
<b>Total Risk Weighted Assets</b>	<b>18.749.737</b>	--
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	8,90	--
Tier I Capital Adequacy Ratio (%)	10,38	--
Capital Adequacy Ratio (%)	19,55	--
<b>BUFFERS</b>		
Total Additional Core Capital Requirement Ratio (a+b+c)	2,61	
a)Capital Conservation Buffer Requirement (%)	2,50	--
b)Bank-specific Counter-Cyclical Buffer Requirement(%)	0,11	--
c)Systemically Important Banks Buffer Requirement Ratio (%)	--	--

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	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to risk weighted assets	4,38	--
<b>Amounts lower than Excesses as per Deduction Rules</b>	--	--
Remaining 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	--	--
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	--	--
Remaining mortgage servicing rights	--	--
Net deferred tax assets arising from temporary differences	--	--
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	--	--
General reserves for standard based receivables (before tenthousandtwentyfive limitation)	298.165	--
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	140.016	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, limited by 0,6% risk weighted assets	--	--
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	--	--
Upper limit for Additional Tier I Capital items subject to Temporary Article 4	--	--
Amount of Additional Tier I Capital items subject to Temporary Article 4 that exceeds upper limit	--	--
Upper limit for Additional Tier II Capital items subject to Temporary Article 4	--	--
Amount of Additional Tier II Capital items subject to Temporary Article 4 that exceeds upper limit	--	--

\* The amounts to be considered under the transitional provisions

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
<b>TIER I CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	941.161	--
Share premium	128.678	
Reserves	410.286	
Other comprehensive income according to TAS	--	
Profit	196.659	
Current period profit	196.659	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
<b>Tier I Capital Before Deductions</b>	<b>1.676.784</b>	
<b>Deductions From Tier I Capital</b>		
Valuation adjustments calculated as per the Article 9 (i) of the Regulation on Bank Capital	--	--
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-) (**)	42.871	--
Improvement costs for operational leasing (-)	12.059	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	35.001	--
Excess amount arising from deferred tax assets from temporary differences	13.000	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--
Unrealised gains and losses due to the changes in own credit risk on fair valued liabilities	--	--

(\*\*)The difference between the expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated with the method before TFRS 9 has been recorded in the "Retained Earnings" account; in accordance with Provisional Article 5 of the Regulation on Banks' Own Funds, related amount is shown net by adding back 80% of the provision difference, net of tax.

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
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 (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets from temporary differences (-)	--	--
Other items to be defined by the BRSA	--	--
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	--
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>102.931</b>	--
<b>Total Common Equity Tier I Capital</b>	<b>1.573.853</b>	--
<b>ADDITIONAL TIER I CAPITAL</b>	--	--
Preferred stock not included in Tier I capital and the related share premiums	--	--
Debt instruments and the related issuance premiums defined by the BRSA	--	--
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	--
<b>Additional Core Capital before Deductions</b>	--	--
<b>Deductions from Additional Core Capital</b>	--	--
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	--
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 (-)	--	--

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	--	--
<b>Total Deductions from Additional Tier I Capital</b>	--	--
<b>Total Additional Tier I Capital</b>	--	--
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1.573.853</b>	--
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.563.671	--
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	77.804	--
<b>Tier II Capital before Deductions</b>	<b>1.641.475</b>	--
<b>Deductions from Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	--
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	245	--
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 (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Total Deductions from Tier II Capital</b>	<b>245</b>	
<b>Total Tier II Capital</b>	<b>1.641.230</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>3.215.083</b>	

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	--
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	--	--
Other items to be defined by the BRSA (-)	2	--
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	--	--
The portion of 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	--	--
<b>EQUITY</b>	<b>3.215.081</b>	
<b>Total Capital ( Total of Tier I Capital and Tier II Capital )</b>	<b>3.215.081</b>	--
<b>Total Risk Weighted Assets</b>	<b>16.511.062</b>	--
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	9,53	--
Tier I Capital Adequacy Ratio (%)	9,53	--
Capital Adequacy Ratio (%)	19,47	--
<b>BUFFERS</b>		
Total Additional Core Capital Requirement Ratio (a+b+c)	1,95	
a) Capital Conservation Buffer Requirement (%)	1,88	--
b) Bank-specific Counter-Cyclical Buffer Requirement(%)	0,07	--
c) Systemically Important Banks Buffer Requirement Ratio (%)	--	--



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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014*
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to risk weighted assets (%)	3,53	--
<b>Amounts lower than Excesses as per Deduction Rules</b>	--	--
Remaining 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	--	--
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	--	--
Remaining mortgage servicing rights	--	--
Net deferred tax assets arising from temporary differences	--	--
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	--	--
General reserves for standard based receivables (before tenthousandtwentyfive limitation)	288.131	--
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	77.804	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	--	--
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	--	--
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--

\* The amounts to be considered under the transitional provisions

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### **Explanations on reconciliation of shareholder's equity items to balance sheet:**

The difference between "Equity" in equity table and "Shareholder's Equity" in the unconsolidated balance sheet mainly arises from the subordinated bonds, general reserves and TFRS 9 transition effect. In the calculation of Total Capital, general reserve up to 1,25% of credit risk is taken into consideration as Tier II Capital.

On the other hand, in the calculation of the "Equity", improvement costs for operational leases presented under tangible assets in the balance sheet, together with related deferred tax liabilities and deferred tax assets calculated for provision for possible losses and other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

### **Debt instruments included in shareholder's equity calculation:**

Issuer	Fibabanka A.Ş.	Fibabanka A.Ş.	Fibabanka A.Ş.
Code of debt instrument (CUSIP, ISIN etc.)	XS1386178237	TRSFIBA10016	XS2096028571
Regulation of debt instrument	BRSA's "Regulation on Equities of Banks" dated 1 November 2006" and English Law	BRSA's "Regulation on Equities of Banks" dated 1 November 2006"	BRSA's "Regulation on Equities of Banks" dated 1 November 2006" and English law
<b>Consideration Status in Shareholders' Equity Calculation</b>			
Situation of being subject to practice of being taken into consideration with 10% deduction after 1/1/2015	No	No	No
Eligible at unconsolidated / consolidated	Unconsolidated and Consolidated	Unconsolidated and Consolidated	Unconsolidated and Consolidated
Type of debt instrument	Subordinated Security	Subordinated Security	Subordinated Security
Recognized amount in shareholders' equity calculation (As of the most recent reporting date - Thousand TL)	1.577.984	81.575	178.206
Nominal value of debt instrument (Thousand TL)	1.782.060	100.000	178.206
Related account of debt instrument	Subordinated Debt Instruments	Shareholders' Equity	Subordinated Debt Instruments
Issuing date of debt instrument	24/03/16-10/05/17	20/03/19	31/12/19
Maturity structure of debt instrument (Demand/Time)	Time	Demand	Demand
Initial term of of debt instrument	11 years	--	--
Issuer call subject to prior BRSA approval	Has repayment right	Has repayment right	Has repayment right
Optional call date, reimbursement amount	24/11/2022; USD 300 million	13/03/2024; TL 100 million	31/12/2024; USD 30 million
Subsequent call date, if any	None	At the end of every 5th year following	On each interest payments date after first 5 years

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**Interest/Dividend Payments**

Fixed or floating interest/dividend payments	Floating interest	Floating interest	Floating interest
	Upto pay back option date 7,75% (5 years mid-swap rate+5,758%); afterwards current 5 years mid-swap rate+5,758%	8% additional return on TRLibor	10% additional return on Libor
Interest rate or index value of interest rate			
Whether there is any restriction to stop dividend payments or not	None	None	None
Feature of being fully optional, partially optional or obligatory	Obligatory	Optional	Optional
Whether there is any stimulant to repayment like interest rate hike or not	None	None	None
Feature of being cumulative or noncumulative	--	--	--
<b>Feature of being convertible bonds</b>			
If there is convertible bonds, trigger incidents cause this conversion	--	--	--
If there is convertible bonds, feature of full or partially conversion	--	--	--
If there is convertible bonds, rate of conversion	--	--	--
If there is convertible bonds, feature of conversion -obligatory or optional-	--	--	--
If there is convertible bonds, types of convertible instruments	--	--	--
If there is convertible bonds, exporter of convertible debt instruments	--	--	--
<b>Feature of value reduction</b>			
		Under the condition that unconsolidated and/or consolidated Tier I capital adequacy ratio drop below BRSA's ratio	Under the condition that unconsolidated and/or consolidated Tier I capital adequacy ratio drop below BRSA's ratio
If there is a feature of value reduction, trigger incidents cause this reduction	--		
If there is a feature of value reduction, feature of full or partially reduction of value	--	Partially and totally	Partially and totally
If there is a feature of value reduction, feature of being constant of temporary	--	--	--
If there is a feature of value reduction, mechanism of value incrementation	--	--	--
Claiming rank in case of winding up (Instrument that is just above debt instrument)	After the other borrowers except depositors	After depositors, other borrowers and Tier II capital	After depositors, other borrowers and Tier II capital
Whether meeting the conditions defined by 7th or 8th articles of Shareholders' Equity of Banks Regulation	Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article.	Meets the conditions defined by 7th article, does not meet the conditions defined by 8th article.	Meets the conditions defined by 7th article, does not meet the conditions defined by 8th article.
The conditions not met which were defined by 7th or 8th of the 7th or 8th articles of Shareholders' Equity of Banks Regulation	--	Can not be converted to stock.	Can not be converted to stock.

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**Explanations on TFRS9 Transition Process**

	2019	2020	2021	2022
<b>EQUITY ITEMS</b>				
Common Equity	1.668.800	1.590.791	1.512.780	1.434.770
<b>Common Equity if transition process not implemented <sup>a</sup></b>	1.434.770	1.434.770	1.434.770	1.434.770
Tier 1 Capital	1.947.006	1.868.997	1.790.986	1.712.976
<b>Tier 1 Capital if transition process not implemented <sup>b</sup></b>	1.712.976	1.712.976	1.712.976	1.712.976
Total Capital	3.664.995	3.637.146	3.577.914	3.499.904
<b>Equity if transition process not implemented <sup>c</sup></b>	3.499.904	3.499.904	3.499.904	3.499.904
<b>TOTAL RISK WEIGHTED AMOUNTS</b>				
Total Risk Weighted Amounts	18.749.737	18.749.737	18.749.737	18.749.737
<b>CAPITAL ADEQUACY RATIO</b>				
Common Equity Adequacy Ratio (%)	8,90	8,48	8,07	7,65
<b>Common Equity Ratio if transition process not implemented <sup>ç</sup> (%)</b>	7,65	7,65	7,65	7,65
Tier 1 Capital Adequacy Ratio (%)	10,38	9,97	9,55	9,14
<b>Tier 1 Capital Adequacy Ratio if transition process not implemented <sup>ç</sup> (%)</b>	9,14	9,14	9,14	9,14
Capital Adequacy Ratio (%)	19,55	19,40	19,08	18,67
<b>Capital Adequacy Ratio if transition process not implemented <sup>ç</sup> (%)</b>	18,67	18,67	18,67	18,67
<b>LEVERAGE</b>				
Leverage Ratio Total Risk Amount	28.586.700	28.586.700	28.586.700	28.586.700
Leverage (%)	6,81	6,54	6,27	5,99
<b>Leverage Ratio if transition process not implemented <sup>d</sup> (%)</b>	5,99	5,99	5,99	5,99

<sup>a</sup> Common Equity if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

<sup>b</sup> Tier 1 Capital if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

<sup>c</sup> Equity if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

<sup>ç</sup> Capital Adequacy Ratio calculated with Equity Items if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

<sup>d</sup> Leverage Ratio calculated with Equity Items if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

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**II. Explanation on credit risk**

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set.

The debtors or group of debtors are subject to credit risk limits. The debtors' or group of debtors' and industrial risk limitations are monitored weekly. Industry concentration is followed monthly.

Credit risk limits and breakdowns for daily transactions are followed daily. Risk concentrations of off-balance sheet risks are followed by remote and on-site control activities.

Credit worthiness of both commercial loans' and all other debtors are being regularly monitored in accordance with the regulations. By utilizing risk rating models which were developed for these purposes, in case the debtors' risk level increases, credit lines are readjusted and additional collaterals are received if needed. The necessary documentation for utilized loans is taken in compliance with the related legislation.

In accordance with the Bank's lending policies, the debtor's creditworthiness is analysed and the adequate collateral is obtained based on the financial position of the company and the type of loan; such as cash collateral, bank guarantees, mortgages, pledges, bills and corporate guarantees.

There are control limits based on VaR over the positions of the Bank which are held as futures, option contracts and other similar contracts. The credit risks carried for such instruments are managed together with the risks arising from market fluctuations.

Indemnified non-cash loans are subject to the same risk weight with overdue loans.

The Bank performs foreign trade finance and other interbank credit transactions through widespread correspondent network. Accordingly, the Bank assigns limits periodically to domestic banks, foreign banks and other financial institutions based on review of their credit worthiness.

Within the Bank's risk appetite policy, the following concentrations are measured. They are presented to the Asset and Liability Committee weekly and to the Risk Committee monthly.

As per Customer Group Concentration, Top 20 corporate debtor's / risk group's credit risk sum shall not exceed 30% of the Bank's total credit risk.

Within the industry concentration, the Bank has set its risk appetite as "reasonable", not to exceed 10% of total loans per sector except the industries listed below.

Industry	Proportional Limit
Construction	20%
Tourism	20%
Factoring	15%
Wholesale and Retail Business	15%

Within the framework of risk appetite policy, the sum of long-term loans which have a maturity more than 1 year, shall not exceed 45% of the bank's total loans. This ratio is monitored on a weekly basis at the Asset and Liability Committee and on a monthly basis at the Risk Committee.

The Bank's largest 100 and 200 cash loan customers compose 65% and 74% of the total cash loan portfolio, respectively (31 December 2018: 55% and 65%, respectively).

The Bank's largest 100 and 200 non-cash loan customers compose 85% and 95% of the total non-cash loan portfolio, respectively (31 December 2018: 78% and 89%, respectively).

The Bank's largest 100 and 200 cash and non-cash loan customers represent 61% and 72% of the total "on and off balance sheet" assets, respectively (31 December 2018: 53% and 64%, respectively).

Expected credit loss for total credit risk (Stage 1 and Stage 2) amounts to TL 296.663 (31 December 2018: TL 288.131).

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	Current Period Risk Amount *	Average Risk Amount **
<b>Exposure Categories</b>		
Conditional and Unconditional Exposures to Central Governments or Central Banks	3.273.949	3.171.676
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	2.508.203	3.031.935
Conditional and Unconditional Exposures to Corporates	11.309.687	9.844.832
Conditional and Unconditional Retail Exposures	3.551.221	3.705.244
Conditional and Unconditional Exposures Secured by Real Estate Property	1.563.502	1.638.160
Past Due Receivables	356.201	300.081
Receivables Defined in High Risk Category by BRSA	54.222	24.055
Exposures in the Form of Collective Investment Undertakings	83.713	65.647
Other Receivables	988.747	962.545
<b>Total</b>	<b>23.689.445</b>	<b>22.744.175</b>

(\*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(\*\*) Represents the arithmetical average of quarterly reports.

	Prior Period Risk Amount *	Average Risk Amount **
<b>Exposure Categories</b>		
Conditional and Unconditional Exposures to Central Governments or Central Banks	2.101.390	2.921.161
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	3.232.362	2.466.479
Conditional and Unconditional Exposures to Corporates	9.407.193	9.648.683
Conditional and Unconditional Retail Exposures	3.774.842	4.406.467
Conditional and Unconditional Exposures Secured by Real Estate Property	1.829.885	1.979.665
Past Due Receivables	287.004	232.015
Receivables Defined in High Risk Category by BRSA	43.854	33.484
Exposures in the Form of Collective Investment Undertakings	35.621	34.312
Other Receivables	954.612	719.935
<b>Total</b>	<b>21.666.763</b>	<b>22.442.201</b>

(\*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(\*\*) Represents the arithmetical average of quarterly reports.

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**1. Profile of significant exposures in major regions:**

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to administrative units and noncommercial enterprises	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Collective investment undertakings	Other receivables	Total
<b>Current Period *</b>											
Domestic	3.589.913	--	1.040.245	10.493.460	3.344.639	1.513.509	356.201	53.735	83.713	988.747	21.464.162
EU Countries	--	--	1.116.960	192.220	36	307	--	--	--	--	1.309.523
OECD Countries **	--	--	308.236	--	105	--	--	--	--	--	308.341
Off-Shore Banking Region	--	--	--	402.193	--	--	--	--	--	--	402.193
USA, Canada	--	--	29.818	23.987	--	--	--	--	--	--	53.805
Other Countries	--	--	12.944	137.694	20	276	--	487	--	--	151.421
Associates, Subsidiaries and Joint -Ventures	--	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>3.589.913</b>	<b>--</b>	<b>2.508.203</b>	<b>11.249.554</b>	<b>3.344.800</b>	<b>1.514.092</b>	<b>356.201</b>	<b>54.222</b>	<b>83.713</b>	<b>988.747</b>	<b>23.689.445</b>

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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

(\*\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to administrative units and noncommercial enterprises	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Collective investment undertakings	Other receivables	Total
<b>Prior Period(**)</b>											
Domestic	3.128.931	--	1.712.308	8.757.942	3.050.196	1.729.963	287.004	43.828	35.621	954.612	19.700.405
EU Countries	--	--	1.489.035	182.977	29	353	--	--	--	--	1.672.394
OECD Countries **	--	--	5.544	--	133	--	--	--	--	--	5.677
Off-Shore Banking Region	--	--	--	240.528	--	--	--	--	--	--	240.528
USA, Canada	--	--	18.664	21.314	--	--	--	--	--	--	39.978
Other Countries	--	--	6.811	--	25	919	--	26	--	--	7.781
Associates, Subsidiaries and Joint -Ventures	--	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>3.128.931</b>	<b>--</b>	<b>3.232.362</b>	<b>9.202.761</b>	<b>3.050.383</b>	<b>1.731.235</b>	<b>287.004</b>	<b>43.854</b>	<b>35.621</b>	<b>954.612</b>	<b>21.666.763</b>

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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

(\*\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.



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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY 2019 - 31 DECEMBER 2019

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

### 2. Risk profile by sectors or counterparties

Current Period	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
Agricultural	51.883	--	--	50.003	110.059	49.428	18.948	5.121	--	--	247.004	38.438	285.442
Farming and Stockbreeding	48.451	--	--	34.471	101.617	47.784	17.708	5.093	--	--	232.394	22.730	255.124
Forestry	2.858	--	--	--	5.330	1.644	1.134	28	--	--	10.818	176	10.994
Fishing	574	--	--	15.532	3.112	--	106	--	--	--	3.792	15.532	19.324
Manufacturing	92.533	--	--	2.758.909	549.664	225.823	78.061	20.226	--	--	1.898.833	1.826.383	3.725.216
Mining and Quarrying	4.887	--	--	239.278	30.203	714	6.286	59	--	--	110.790	170.637	281.427
Production	87.238	--	--	1.690.266	512.319	224.589	70.982	20.063	--	--	1.457.815	1.147.642	2.605.457
Electricity, Gas and Water	408	--	--	829.365	7.142	520	793	104	--	--	330.228	508.104	838.332
Construction	28.630	--	--	2.295.539	1.696.156	510.869	56.258	10.690	--	--	2.955.670	1.642.472	4.598.142
Services	3.395.313	--	2.481.870	4.690.432	636.993	687.227	163.234	12.188	--	988.747	4.341.020	8.714.984	13.056.004
Wholesale and Retail Trade	53.738	--	--	673.857	362.643	64.951	53.713	3.821	--	--	807.063	405.660	1.212.723
Accommodation and Dining	28.423	--	--	1.735.039	58.739	419.795	79.571	3.662	--	--	428.542	1.896.687	2.325.229
Transportation and Telecom.	15.661	--	--	824.610	68.987	70.103	10.135	339	--	--	196.782	793.053	989.835
Financial Institutions	3.274.397	--	2.481.870	452.622	42.866	--	57	509	--	988.747	1.960.206	5.280.862	7.741.068
Real Estate and Rental Services	3.422	--	--	485.654	15.777	2.191	8.533	6	--	--	313.039	202.544	515.583
Self-Employment Services	585	--	--	--	5.570	2.600	740	2	--	--	9.157	340	9.497
Educational Services	6.649	--	--	167.120	27.411	126.647	3.693	12	--	--	203.946	127.586	331.532
Health and Social Services	12.438	--	--	351.530	55.000	940	6.792	3.837	--	--	422.285	8.252	430.537
Other*	21.554	--	26.333	1.454.671	351.928	40.745	39.700	5.997	83.713	--	1.412.581	612.060	2.024.641
<b>Total*</b>	<b>3.589.913</b>	<b>--</b>	<b>2.508.203</b>	<b>11.249.554</b>	<b>3.344.800</b>	<b>1.514.092</b>	<b>356.201</b>	<b>54.222</b>	<b>83.713</b>	<b>988.747</b>	<b>10.855.108</b>	<b>12.834.337</b>	<b>23.689.445</b>

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1: Conditional and unconditional exposures to central governments or central banks

2: Conditional and unconditional exposures to administrative units and non-commercial enterprises

3: Conditional and unconditional exposures to banks and brokerage houses

4: Conditional and unconditional exposures to corporates

5: Conditional and unconditional retail exposures

6: Conditional and unconditional exposures secured by real estate property

7: Past due receivables

8: Receivables defined in high risk category by BRSA

9: Exposures in the form of collective investment undertakings

10: Other receivables

Prior Period	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
Agricultural	94.084	--	--	110.342	155.073	74.353	13.773	828	--	--	431.603	16.890	448.493
Farming and Stockbreeding	81.826	--	--	100.704	138.040	72.745	13.344	825	--	--	393.514	13.970	407.484
Forestry	11.214	--	--	9.638	15.247	1.608	353	3	--	--	35.183	2.880	38.063
Fishing	1.044	--	--	--	1.786	--	76	--	--	--	2.906	--	2.906
Manufacturing	356.820	--	--	2.622.702	600.714	201.768	75.224	1.841	--	--	2.573.796	1.285.273	3.859.069
Mining and Quarrying	16.794	--	--	347.531	44.149	1.314	10.535	2	--	--	337.331	82.994	420.325
Production	336.053	--	--	1.485.441	542.219	199.307	64.357	1.703	--	--	1.763.631	865.449	2.629.080
Electricity, Gas and Water	3.973	--	--	789.730	14.346	1.147	332	136	--	--	472.834	336.830	809.664
Construction	76.674	--	--	1.953.331	1.168.476	677.812	40.973	3.605	--	--	2.410.533	1.510.338	3.920.871
Services	2.036.468	--	2.688.991	3.482.484	714.778	688.797	135.569	36.717	--	954.612	5.402.441	5.335.975	10.738.416
Wholesale and Retail Trade	216.827	--	--	653.733	436.657	84.083	37.854	1.664	--	--	1.056.753	374.085	1.430.838
Accommodation and Dining	69.927	--	--	679.251	65.331	416.388	54.705	34.879	--	--	418.825	901.656	1.320.481
Transportation and Telecom.	39.394	--	--	531.038	64.713	41.797	4.055	132	--	--	249.477	431.652	681.129
Financial Institutions	1.627.508	--	2.688.991	777.599	24.326	1.418	19	28	--	954.612	2.870.425	3.204.076	6.074.501
Real Estate and Rental Services	7.249	--	--	368.150	22.587	17.934	32.407	1	--	--	138.150	310.178	448.328
Self-Employment Services	2.249	--	--	--	14.642	441	2.927	13	--	--	20.272	--	20.272
Educational Services	21.979	--	--	312.523	23.305	117.862	81	--	--	--	366.027	109.723	475.750
Health and Social Services	51.335	--	--	160.170	63.217	8.874	3.521	--	--	--	282.512	4.605	287.117
Other*	564.885	--	543.371	1.033.902	411.342	88.505	21.465	863	35.621	--	1.696.586	1.003.368	2.699.954
<b>Total*</b>	<b>3.128.931</b>	<b>--</b>	<b>3.232.362</b>	<b>9.202.761</b>	<b>3.050.383</b>	<b>1.731.235</b>	<b>287.004</b>	<b>43.854</b>	<b>35.621</b>	<b>954.612</b>	<b>12.514.959</b>	<b>9.151.804</b>	<b>21.666.763</b>

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1: Conditional and unconditional exposures to central governments or central banks

2: Conditional and unconditional exposures to administrative units and non-commercial enterprises

3: Conditional and unconditional exposures to banks and brokerage houses

4: Conditional and unconditional exposures to corporates

5: Conditional and unconditional retail exposures

6: Conditional and unconditional exposures secured by real estate property

7: Past due receivables

8: Receivables defined in high risk category by BRSA

9: Exposures in the form of collective investment undertakings

10: Other receivables



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

**3. Analysis of maturity-bearing exposures according to remaining maturities**

Exposure Categories / Current Period*	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
Conditional and Unconditional Exposures to Central Governments or Central Banks	2,441,738	6,195	102,282	23,467	938,172
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--	--	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	1,585,010	54,894	29,674	76,704	761,914
Conditional and Unconditional Exposures to Other Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to SME Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to Corporates	1,011,186	1,037,506	1,136,771	1,667,593	6,383,099
Conditional and Unconditional Retail Exposures	299,620	450,232	832,010	728,814	870,809
Conditional and Unconditional Exposures Secured by Real Estate Property	44,488	81,430	59,187	96,303	1,231,802
Past Due Receivables	--	--	--	--	--
Receivables Defined in High Risk Category by BRSA	24,665	3,488	1,335	3,569	21,165
Exposures in the Form of Bonds Secured by Mortgages	--	--	--	--	--
Short term Exposures to Banks, Brokerage Houses and Corporates	--	--	--	--	--
Exposures in the Form of Collective Investment Undertakings	--	--	--	--	--
Other Receivables	--	--	--	--	--
<b>Total**</b>	<b>5,406,707</b>	<b>1,633,745</b>	<b>2,161,259</b>	<b>2,596,650</b>	<b>10,206,961</b>

\* Items with determined maturities are classified according to remaining maturities

\*\* Items without determined maturities are not included: TL 78,059 central bank receivables, TL 259,795 cash and equivalents, TL 6,581 credit card limits, TL 207,339 non-cash loan limits ve payment commitments, TL 691,436 other receivables, TL 356,201 overdue receivables, TL 83,713 investment funds, TL 999 sundry receivable.

Exposure Categories / Prior Period*	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
Conditional and Unconditional Exposures to Central Governments or Central Banks	1,111,914	2,594	73,433	74,255	1,266,301
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--	--	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	2,065,505	15,095	131,350	65,223	955,180
Conditional and Unconditional Exposures to Other Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to SME Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to Corporates	1,907,526	1,008,988	1,509,616	994,991	3,772,725
Conditional and Unconditional Retail Exposures	456,625	443,621	630,324	496,462	908,759
Conditional and Unconditional Exposures Secured by Real Estate Property	105,457	60,680	90,437	228,891	1,245,004
Past Due Receivables	--	--	--	--	--
Receivables Defined in High Risk Category by BRSA	36,826	1,415	548	781	4,284
Exposures in the Form of Bonds Secured by Mortgages	--	--	--	--	--
Short term Exposures to Banks, Brokerage Houses and Corporates	--	--	--	--	--
Exposures in the Form of Collective Investment Undertakings	--	--	--	--	--
Other Receivables	40,183	--	--	--	--
<b>Total**</b>	<b>5,724,036</b>	<b>1,532,393</b>	<b>2,435,708</b>	<b>1,860,603</b>	<b>8,152,253</b>

\* Items with determined maturities are classified according to remaining maturities

\*\* Items without determined maturities are not included: TL 600,434 central bank receivables, TL 138,332 cash and equivalents, TL 17,176 credit card limits, TL 147,033 non-cash loan limits ve payment commitments, TL 736,170 other receivables, TL 287,004 overdue receivables, TL 35,621 investment funds.

The Bank uses long-term credit ratings announced by an international rating firm, The Islamic International Ratings Agency (IIRA). Such ratings are used in compliance with regulation on “The Licencing and Operations of the Rating Firms”. For the Bank's capital adequacy calculation, only the latest credit ratings are used that are currently accepted as valid by the issuing Credit Rating Agency.

Credit ratings are used for the receivables from banks and brokerage houses. The securities in the trading book have credit ratings. Therefore, no credit ratings is used for issuer or issue.

Based on “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” Appendix 1, The Islamic International Ratings Agency (IIRA)’s credit ratings corresponds to credit grades below:

	BRSA Credit Quality Grades	IIRA Risk Rating
Long Term Credit Quality Grades	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below

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**4. Exposures by risk weights**

Risk Weights / Current Period	0%	10%	20%	35%	50%	75%	100%	150%	Deductions from Equity	Total
Exposures Before Credit Risk Mitigation	2.552.016	--	971.944	--	2.835.437	3.825.703	13.422.671	81.674	--	23.689.445
Exposures After Credit Risk Mitigation	3.998.933	--	634.032	136.021	3.344.610	3.341.825	12.152.350	81.674	--	23.689.445

Risk Weights / Prior Period	0%	10%	20%	35%	50%	75%	100%	150%	Deductions from Equity	Total
Exposures Before Credit Risk Mitigation	2.212.516	--	1.582.006	--	1.942.229	4.309.154	11.478.584	142.274	--	21.666.763
Exposures After Credit Risk Mitigation	3.997.165	--	1.401.302	257.814	2.779.452	3.048.853	10.039.903	142.274	--	21.666.763

**5. Information by major sectors and type of counterparties**

As per TFRS;

*Significant Increase in Credit Risk (Stage 2)*; when the loan is not under default yet, but there is a significant increase in the credit risk since origination date, the life time expected credit losses are calculated for these loans.

*Credit Impaired (Stage3)*; includes financial assets whose probability of default is considered to be 100%. The life time expected credit losses are recognized for impaired loans.

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Current Period	Loans		Provisions
	Impaired (TFRS 9)		Expected
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Credit Losses (TFRS 9)
<b>Major Sector / Counterparties</b>			
<b>Agriculture</b>	<b>84.994</b>	<b>60.781</b>	<b>35.955</b>
Farming and Stockbreeding	81.802	48.260	27.445
Forestry	3.192	12.521	8.510
Fishery	--	--	--
<b>Manufacturing</b>	<b>106.834</b>	<b>201.682</b>	<b>123.367</b>
Mining and Quarrying	31.444	62.585	40.076
Production	74.804	133.484	79.332
Electricity, Gas and Water	586	5.613	3.959
<b>Construction</b>	<b>630.492</b>	<b>144.241</b>	<b>178.827</b>
<b>Services</b>	<b>883.661</b>	<b>417.420</b>	<b>275.825</b>
Wholesale and Retail Trade	295.624	220.831	155.203
Accommodation and Dining	125.524	112.285	38.749
Transportation and Telecommunication	154.102	27.748	41.551
Financial Institutions	4.177	98	261
Real Estate and Rental Services	240.931	20.616	15.917
Self-Employment Services	1.389	4.712	3.624
Educational Services	7.580	8.018	4.450
Health and Social Services	54.334	23.112	16.070
<b>Other</b>	<b>117.753</b>	<b>96.214</b>	<b>72.762</b>
<b>Total</b>	<b>1.823.734</b>	<b>920.338</b>	<b>686.736</b>

Prior Period	Loans		Provisions
	Impaired (TFRS 9)		Expected
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Credit Losses (TFRS 9)
<b>Major Sector / Counterparties</b>			
<b>Agriculture</b>	<b>117.581</b>	<b>28.954</b>	<b>24.907</b>
Farming and Stockbreeding	84.806	20.209	14.369
Forestry	30.972	8.419	10.223
Fishery	1.803	326	315
<b>Manufacturing</b>	<b>212.166</b>	<b>132.476</b>	<b>89.951</b>
Mining and Quarrying	55.125	51.428	25.448
Production	138.816	80.439	58.596
Electricity, Gas and Water	18.225	609	5.907
<b>Construction</b>	<b>292.345</b>	<b>87.393</b>	<b>77.341</b>
<b>Services</b>	<b>698.835</b>	<b>305.229</b>	<b>184.011</b>
Wholesale and Retail Trade	242.642	132.174	100.186
Accommodation and Dining	93.911	109.878	25.194
Transportation and Telecommunication	172.576	13.042	35.811
Financial Institutions	6.551	54	953
Real Estate and Rental Services	119.667	41.351	15.565
Self-Employment Services	9.780	2.348	2.641
Educational Services	19.193	1.132	1.304
Health and Social Services	34.515	5.250	2.357
<b>Other</b>	<b>366.356</b>	<b>67.811</b>	<b>89.123</b>
<b>Total</b>	<b>1.687.283</b>	<b>621.863</b>	<b>465.333</b>

**6. Information on movements in value adjustments and provisions**

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Closing Balance
Specific Provisions(Stage 3)	295.835	468.497	--	(249.214)	515.118
General Provisions (Stage 1 and 2)	273.944	18.355	(3.308)	--	288.992

(\*)Write-off items and the sales from the NPL portfolio are disclosed here.

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Closing Balance
Specific Provisions(Stage 3)	348.695	367.753	--	(420.613)	295.835
General Provisions (Stage 1 and 2)	302.458	102.777	(131.291)	--	273.944

(\*)Write-off items and the sales from the NPL portfolio are disclosed here.

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**7. Exposures subject to countercyclical capital buffer**

Current Period			
Country	RWAs of Banking Book for Private Sector Credit Exposures	RWAs of Trading Book	Total
Turkey	15.457.788	133.555	15.591.343
Russia	143.178	67	143.245
Malta	175.121	--	175.121
Marshall Islands	402.193	--	402.193
England	8.904	213.440	222.344
Germany	2.466	13.556	16.022
France	931	4.091	5.022
Others	25.899	46.760	72.659
<b>Total</b>	<b>16.216.480</b>	<b>411.469</b>	<b>16.627.949</b>

Prior Period			
Country	RWAs of Banking Book for Private Sector Credit Exposures	RWAs of Trading Book	Total
Turkey	13.250.156	279.170	13.529.326
Russia	5.726	--	5.726
Malta	82.837	--	82.837
Marshall Islands	240.528	--	240.528
England	40.550	330.849	371.399
Germany	1.593	49.031	50.624
France	2.122	3.034	5.156
Others	13.975	605	14.58
<b>Total</b>	<b>13.637.487</b>	<b>662.689</b>	<b>14.300.176</b>

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**8. Information on collaterals, impairment, rating and maturity related to loans granted to individuals and corporates**

Details of collaterals of standard and close monitoring loans granted to individuals and corporates are as follows:

Cash loans granted to individuals and corporates	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Secured Loans:	13.300.077	12.287.279	1.810.865	1.680.504
Secured by Cash Collateral	411.093	405.626	--	--
Secured by Mortgages	2.870.874	2.381.771	938.407	869.669
Secured by Treasury Guarantees or Securities Issued by Public Sector	--	--	--	--
Guarantees Issued by Financial Institutions	--	--	--	--
Other Collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	10.018.110	9.499.882	872.458	810.835
Non-Secured Loans	384.371	94.772	12.869	6.779
<b>Total</b>	<b>13.684.448</b>	<b>12.382.051</b>	<b>1.823.734</b>	<b>1.687.283</b>

Details of collaterals for non-cash granted to individuals and corporates are as follows:

Non-cash loans granted to individuals and corporates	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Secured Loans:	941.317	804.578	31.350	28.522
Secured by Cash Collateral	--	5.602	--	--
Secured by Mortgages	58.046	61.256	778	5.497
Secured by Treasury Guarantees or Securities Issued by Public Sector	--	--	--	--
Guarantees Issued by Financial Institutions	--	--	--	--
Other Collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	883.271	737.720	30.572	23.025
Non-Secured Loans	52.001	38.450	--	--
<b>Total</b>	<b>993.318</b>	<b>843.028</b>	<b>31.350</b>	<b>28.522</b>

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**III. Explanations on currency risk**

Position limit on currency risk is determined in line with net general position standard ratio on foreign currency. The Bank does not take material foreign exchange and parity risk; transactions are usually hedged. Measurable and manageable risks are taken within legal limits.

As of 31 December 2019, the Bank's net long position is TL 33.387 (31 December 2018: TL 193.034 net long position) resulting from short position on the balance sheet amounting to TL 690.786 (31 December 2018: TL 2.327.903 short position) and long position on the off-balance amounting to TL 724.173 (31 December 2018: TL 2.520.937 long position). The Bank uses "Standard Method" in legal reporting to measure the foreign exchange risk.

The announced foreign exchange buying rates of the Bank at balance sheet date and the previous five working days in full TL are as follows:

US Dollar purchase rate as at the balance sheet date	TL 5,9402
Euro purchase rate as at the balance sheet date	TL 6,6506

Date	USD	EURO
25 December 2019	5,9364	6,5773
26 December 2019	5,9293	6,5755
27 December 2019	5,9302	6,5759
30 December 2019	5,9370	6,6117
31 December 2019	5,9402	6,6506

The US Dollar and EUR buying rates are TL 5,8376 and TL 6,4809 (in full TL amounts) respectively, according to simple arithmetic average on December 2019.

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**III. Explanations on currency risk (continued)**

Current Period	EUR	USD	Other	Total
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	984.364	1.291.768	230.757	2.506.889
Due From Banks	34.162	41.549	12.484	88.195
Financial Assets at Fair Value through Profit/Loss (*)	384	334	--	718
Money Market Placements	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	162.406	633.210	--	795.616
Loans and Receivables(**)	5.631.467	1.686.164	9.254	7.326.885
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	--	--	--	--
Financial Assets Measured at Amortized Cost	386.592	--	--	386.592
Derivative Financial Assets Hedging Purposes	--	--	--	--
Tangible Assets	--	--	--	--
Intangible Assets	--	--	--	--
Other Assets (***)	2.103	591	--	2.694
<b>Total Assets</b>	<b>7.201.478</b>	<b>3.653.616</b>	<b>252.495</b>	<b>11.107.589</b>
<b>Liabilities</b>				
Bank Deposits	8.209	13.222	41.413	62.844
Foreign Currency Deposits	825.897	5.960.481	58.551	6.844.929
Money Market Borrowings	304.228	429.029	--	733.257
Funds Provided from Other Financial Institutions	302.762	539.846	--	842.608
Securities Issued(****)	--	3.123.413	--	3.123.413
Sundry Creditors	13.826	133.983	70	147.879
Derivative Fin. Liabilities for Hedging Purposes	--	--	--	--
Other Liabilities(*****)	24.146	17.889	1.410	43.445
<b>Total Liabilities</b>	<b>1.479.068</b>	<b>10.217.863</b>	<b>101.444</b>	<b>11.798.375</b>
<b>Net Balance Sheet Position</b>	<b>5.722.410</b>	<b>(6.564.247)</b>	<b>151.051</b>	<b>(690.786)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(5.718.363)</b>	<b>6.593.739</b>	<b>(151.203)</b>	<b>724.173</b>
Financial Derivative Assets (*****)	3.783.231	11.210.249	683.591	15.677.071
Financial Derivative Liabilities (*****)	9.501.594	4.616.510	834.794	14.952.898
Non-Cash Loans (*****)	269.674	322.135	(0)	591.809
<b>Prior Period</b>				
Total Assets	4.435.491	3.063.703	284.398	7.783.592
Total Liabilities	1.247.226	8.791.657	72.612	10.111.495
<b>Net Balance Sheet Position</b>	<b>3.188.265</b>	<b>(5.727.954)</b>	<b>211.786</b>	<b>(2.327.903)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(3.178.584)</b>	<b>5.939.735</b>	<b>(240.214)</b>	<b>2.520.937</b>
Financial Derivative Assets (*****)	4.413.738	10.667.639	329.291	15.410.668
Financial Derivative Liabilities (*****)	7.592.322	4.727.904	569.505	12.889.731
<b>Non-Cash Loans (*****)</b>	<b>247.144</b>	<b>204.723</b>	<b>47</b>	<b>451.914</b>

(\*) Accruals of trading derivative financial assets amounting to TL 27.136 are not included.

(\*\*) Includes foreign currency indexed loans and accruals amounting to TL 118.854.

(\*\*\*) TL 25.967 of prepaid expenses are not included.

(\*\*\*\*) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(\*\*\*\*\*) TL 27.093 of accruals of derivative financial liabilities are not included.

(\*\*\*\*\* In the current period, foreign currency purchase commitments within the financial derivative assets amounted to TL 2.115.194 (31 December 2018: TL 912.202), foreign currency sale commitments within the derivative financial liabilities amounted to TL 2.129.285 (31 December 2018: TL 996.974).

(\*\*\*\*\* There is no effect on the net off-balance sheet position.

The following table demonstrates prospective increase and decrease in equities and profit/loss as of 31 December 2019 and 2018 (excluding tax effect) in case of a 10% decrease of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, are constant.

	Current Period		Prior Period	
	Profit/Loss	Equity	Profit/Loss	Equity
USD	2.949	3.660	21.178	18.368
Euro	405	969	968	1.158
Other FC	(15)	(15)	(2.843)	(2.843)
<b>Total (Net)</b>	<b>3.339</b>	<b>4.613</b>	<b>19.303</b>	<b>16.683</b>

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**IV. Explanations on interest rate risk**

Interest sensitivity of assets, liabilities and off-balance sheet items are evaluated weekly by considering market developments in the Asset-Liability Committee.

Standard method and Asset-Liability risk measurement methods are used to measure the Bank's interest rate risk.

Measurements by the standard method are carried out monthly by using maturity ladder. Bank applies interest rate shock analysis to interest rate sensitive assets and liabilities considering historic economic crisis. Change in the net present value of the net assets of the Bank are monitored within the limits set by the Board of Directors.

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	Over 5 Years	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with Banks	1.793.051	--	--	--	--	914.824	2.707.875
Financial Assets at Fair Value Through Profit or Loss	379.617	--	--	--	--	111.199	490.816
Interbank Money Market Placements	133.111	64.695	158.441	472.922	154	--	829.323
Financial Assets Measured at Fair Value through Loans(*)	30.010	--	--	--	--	--	30.010
Financial Assets Measured at Amortized Cost	98.944	1.027	23.741	664.919	15.137	3.800	807.568
Other Assets(**)	2.418.490	3.444.489	3.760.128	4.436.418	1.448.658	116.228	15.624.411
	20.983	--	--	144.239	409.788	--	575.010
	--	--	--	--	--	820.747	820.747
<b>Total Assets</b>	<b>4.874.206</b>	<b>3.510.211</b>	<b>3.942.310</b>	<b>5.718.498</b>	<b>1.873.737</b>	<b>1.966.798</b>	<b>21.885.760</b>
<b>Liabilities</b>							
Bank Deposits	12.262	14.705	--	--	--	22.159	49.126
Other Deposits	9.766.155	2.214.981	277.179	619	--	1.258.638	13.517.572
Interbank Money Market Borrowings	267.655	465.602	--	--	--	--	733.257
Sundry Creditors	--	--	--	--	--	358.628	358.628
Marketable Securities Issued(***)	363.510	86.980	57	2.878.597	178.206	--	3.507.350
Funds Borrowed From Other Institutions	3.032	337.501	208.036	310.812	--	--	859.381
Other Liabilities(****)	138.489	61.742	150.741	505.627	--	2.003.847	2.860.446
<b>Total Liabilities</b>	<b>10.551.103</b>	<b>3.181.511</b>	<b>636.013</b>	<b>3.695.655</b>	<b>178.206</b>	<b>3.643.272</b>	<b>21.885.760</b>
Balance Sheet Long Position	--	328.700	3.306.297	2.022.843	1.695.531	--	7.353.371
Balance Sheet Short Position	(5.676.897)	--	--	--	--	(1.676.474)	(7.353.371)
Off-Balance Sheet Long Position	--	--	--	322.010	--	18.462.430	18.784.440
Off-Balance Sheet Short Position	--	--	--	(322.010)	--	(18.337.350)	(18.659.360)
<b>Total Position</b>	<b>(5.676.897)</b>	<b>328.700</b>	<b>3.306.297</b>	<b>2.022.843</b>	<b>1.695.531</b>	<b>(1.551.394)</b>	<b>125.080</b>

(\*) Non-performing loans (TL 920.338), net-off related provision for expected loss of stage 3 loans (TL 515.118) and expected losses for stage 1 (TL 117.374) and stage 2 (TL 171.618) are presented in "non-interest bearing" column.

(\*\*) Non-interest bearing column includes TL 41.842 associations, TL 323.651 tangible assets, TL 69.877 intangible assets, TL 57.936 tax asset, TL 63.247 assets held for sale and TL 264.695 other assets and TL (501) of financial assets provisions for expected losses.

(\*\*\*) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(\*\*\*\*) Non-interest bearing column includes TL 1.655.804 shareholders' equity, TL 210.691 other liabilities, TL 96.772 provisions and TL 40.580 tax liabilities.



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**IV. Explanations on interest rate risk (continued)**

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	Over 5 Years	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.031.089	--	--	--	--	733.473	1.764.562
Banks	724.480	--	--	--	--	241.033	965.513
Financial Assets at Fair Value Through Profit or Loss	148.976	60.461	242.369	1.096.761	2.991	--	1.551.558
Interbank Money Market Placements	306.208	--	--	--	--	--	306.208
Financial Assets Measured at Fair Value through Other Comprehensive Income	--	--	178.444	525.855	326	2.713	707.338
Loans(*)	3.036.288	3.849.812	2.920.235	3.762.600	500.399	52.083	14.121.417
Financial Assets Measured at Amortized Cost	20.631	--	--	104.114	238.287	--	363.032
Other Assets(**)	--	--	--	--	--	841.643	841.643
<b>Total Assets</b>	<b>5.267.680</b>	<b>3.910.273</b>	<b>3.341.638</b>	<b>5.489.155</b>	<b>742.048</b>	<b>1.867.477</b>	<b>20.618.271</b>
<b>Liabilities</b>							
Bank Deposits	538.394	12.950	--	--	--	88.411	639.755
Other Deposits	5.636.092	3.165.001	1.121.893	46.253	--	704.232	10.673.471
Interbank Money Market Borrowings	16.694	434.228	45.014	--	--	--	495.936
Sundry Creditors	--	--	--	--	--	699.054	699.054
Marketable Securities Issued(***)	204.462	365.965	--	2.868.301	--	--	3.438.728
Funds Borrowed From Other Institutions	195.549	627.885	515.778	--	--	--	1.339.212
Other Liabilities(****)	106.774	52.553	114.431	1.241.850	645	1.815.862	3.332.115
<b>Total Liabilities</b>	<b>6.697.965</b>	<b>4.658.582</b>	<b>1.797.116</b>	<b>4.156.404</b>	<b>645</b>	<b>3.307.559</b>	<b>20.618.271</b>
Balance Sheet Long Position	--	--	1.544.522	1.332.751	741.403	--	3.618.676
Balance Sheet Short Position	(1.430.285)	(748.309)	--	--	--	(1.440.082)	(3.618.676)
Off-Balance Sheet Long Position	--	--	--	288.045	--	20.330.867	20.618.912
Off-Balance Sheet Short Position	--	--	--	(288.045)	--	(20.244.305)	(20.532.350)
<b>Total Position</b>	<b>(1.430.285)</b>	<b>(748.309)</b>	<b>1.544.522</b>	<b>1.332.751</b>	<b>741.403</b>	<b>(1.353.520)</b>	<b>86.562</b>

(\*) Non-performing loans net-off related provision for expected loss of stage 3 loans and expected losses for stage 1 and stage 2 are presented in "non-interest bearing" column.

(\*\*) Non-interest bearing column includes TL 31.842 investments in associates, TL 256.817 tangible assets, TL 35.001 intangible assets, TL 79.352 tax assets, TL 215.235 non-current assets held for sale and TL 223.889 other assets.

(\*\*\*) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(\*\*\*\*) Non-interest bearing column includes TL 1.321.872 shareholders' equity, TL 348.730 other liabilities, TL 463 finance lease liabilities, TL 109.511 provisions and TL 39.376 tax liabilities.

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**IV. Explanations on interest rate risk (continued)**

**Average interest rates applied to financial instruments**

Current Period	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	--	--	--
Banks	--	--	--	11,00
Financial Assets at Fair Value Through Profit/ Lo	2,43	6,68	--	31,29
Interbank Money Market Placements	--	--	--	12,21
Financial Assets Measured at Fair Value through	3,28	5,55	--	8,79
Loans	6,03	6,14	--	18,47
Financial Assets Measured at Amortized Cost	5,22	--	--	9,10
<b>Liabilities</b>				
Bank Deposits	--	1,75	--	10,09
Other Deposits	0,36	2,66	--	12,10
Interbank Money Market Borrowings	0,47	3,45	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued(*)	--	7,25	--	14,59
Funds Borrowed from Other Financial Institution:	2,62	4,44	--	11,84

(\*) Includes subordinated debts, which are classified under "Subordinated Debts- Other Debt Instruments" in Balance Sheet, as well.

Prior Period	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	2,00	--	13,00
Banks	--	--	--	23,89
Financial Assets at Fair Value Through Profit/ Lo	2,04	5,34	--	24,37
Interbank Money Market Placements	--	--	--	24,81
Financial Assets Measured at Fair Value through	3,43	5,39	--	8,38
Loans	6,25	7,91	--	24,82
Financial Assets Measured at Amortized Cost	--	--	--	8,96
<b>Liabilities</b>				
Bank Deposits	--	2,45	--	22,46
Other Deposits	1,66	4,65	--	23,96
Interbank Money Market Borrowings	0,80	4,53	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued(*)	--	6,95	--	24,76
Funds Borrowed from Other Financial Institution	3,15	4,00	--	10,76

(\*) Includes subordinated debts, which are classified under "Subordinated Debts- Other Debt Instruments" in Balance Sheet, as well.

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**Interest rate on banking book**

As per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method” published by the BRSA on 23 August 2011, the Bank analyses and reports to the Bank’s senior management the interest rate sensitivity of equity on a monthly basis by applying positive and negative shocks to the interest sensitive on balance sheet and off-balance sheet positions which are distributed into groups based on their cash flows.

Interest rate sensitivity of equity as of 31 December 2019:

Current Period	Shocked Applied (+/- x bps)	Gains/ Losses	Gains/ Equity - Losses /Equity
TRY	500	(107.159)	-2,92%
TRY	-400	94.296	2,57%
USD Dollar	200	96.116	2,62%
USD Dollar	-200	(102.254)	-2,79%
Euro	200	(193.924)	-5,29%
Euro	-200	215.017	5,87%
<b>Total (For Positive Shocks)</b>		<b>(204.967)</b>	<b>-5,59%</b>
<b>Total (For Negative Shocks)</b>		<b>207.059</b>	<b>5,65%</b>

Prior Period	Shocked Applied (+/- x bps)	Gains/ Losses	Gains/ Equity - Losses /Equity
TRY	500	32.101	1,00%
TRY	-400	(37.396)	-1,16%
USD Dollar	200	67.941	2,11%
USD Dollar	-200	(74.103)	-2,30%
Euro	200	(104.903)	-3,26%
Euro	-200	116.840	3,63%
<b>Total (For Positive Shocks)</b>		<b>(4.861)</b>	<b>-0,15%</b>
<b>Total (For Negative Shocks)</b>		<b>5.341</b>	<b>0,17%</b>

**V. Explanations on position risk of equity securities resulted from banking book**

The Bank has no position risk of equity shares as of 31 December 2019 (31 December 2018: None).

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**VI. Explanations on liquidity risk and liquidity coverage ratio**

The Board of Directors reviews the liquidity and funding risk management policy weekly or in case of necessity. Liquidity risk is managed by Asset and Liability Committee (ALCO) in line with risk management policy as short and long term liquidity risk.

Liquidity Risk is managed by ALCO in order to take the necessary measures in a timely and correct manner against possible liquidity shortages. Treasury department manages cash inflows and outflows in line with strategies determined by ALCO. As deemed necessary by the ALCO members, liquidity meetings are performed for the purposes of close monitoring. Treasury department manages short term liquidity by adhering to the ALCO strategy and ensuring compliance with legal liquidity limits and stress testing.

In the context of TL and foreign currencies liquidity management, the Bank monitors the cash flows weekly and action plan is made based on ALCO decisions. The funding balance is directly monitored and compensated by making the risk-return-cost evaluation.

For long-term liquidity "Maturity Mismatch Report" is prepared and presented to ALCO on a weekly basis. The Bank, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 1 year maturity period. The Bank intends to eliminate liquidity mismatch shifting focus to long-term funding alternatives. Such decisions of the risk of incompatibility are taken by ALCO. The Bank diversifies its funding sources among customer deposits, domestic and foreign borrowings, bills and bonds issued, taking into consideration the maturity match between its assets and liabilities and keeps liquid assets in order to fully meet the liquidity requirements that may emerge in case of market volatility.

**Information on the use of stress testing**

Department of Risk Management implements stress testing according to Liquidity and Funding Risk Policy approved by the Board of Directors on a weekly basis. These stress tests are based on the scenarios of the deposit outflow, funds obtained from bonds issued will outflow and banks limits will not be used during a 14-day period, the results are included in the presentation of ALCO on a weekly basis and in the Presentation of Risk Committee on a monthly basis. In this way, the Bank's funding structure is closely monitored and actions are taken on behalf of existing risk management.

Alternative funding sources are identified in case of need. ALCO members are responsible for taking actions against short-term liquidity shocks. In the case of a crisis or if deemed necessary, ALCO summon a meeting and take necessary actions immediately. These action plans are approved by the Board of Directors under the ICAAP. The Bank reviews resources that are available in any emergency situation constantly and takes into consideration the results of the above-mentioned stress testing and scenario analysis by the early warning system.

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks"; published in the Official Gazette numbered 28948, dated 21 March 2014; liquidity ratio is required to be 80% for foreign currency assets/liabilities and 100% for total assets/liabilities in the calculation of the banks' weekly and monthly reporting effective from 1 January 2019.

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**VI. Explanations on liquidity risk and liquidity coverage ratio (continued)**

Current Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>				
1 Total high-quality liquid assets (HQLA)			3.133.402	2.368.071
<b>CASH OUTFLOWS</b>				
2 Deposits from natural persons and retail deposits	10.935.097	5.035.241	1.006.981	503.565
3 Stable deposits	1.729.909	--	86.493	--
4 Less stable deposits	9.205.188	5.035.241	920.488	503.565
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	3.326.774	2.055.377	2.265.367	1.564.407
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	1.438.703	786.008	575.117	313.806
8 Other unsecured funding	1.888.071	1.269.368	1.690.250	1.250.601
9 Secured funding	--	--	125.765	125.765
10 Other cash outflows	2.257.072	768.783	491.818	294.347
11 Outflows related to derivative exposures and other collateral requirements	275.511	237.497	275.294	237.281
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	1.981.562	531.286	216.524	57.066
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	40.684	31	40.685	31
16 <b>TOTAL CASH OUTFLOWS</b>			<b>3.930.617</b>	<b>2.488.116</b>
<b>CASH INFLOWS</b>				
17 Secured receivables	27.580	27.580	13.953	13.953
18 Unsecured receivables	2.036.936	847.627	1.557.400	706.939
19 Other cash inflows	45.611	31.923	45.648	31.960
20 <b>TOTAL CASH INFLOWS</b>	<b>2.110.127</b>	<b>907.130</b>	<b>1.617.001</b>	<b>752.852</b>
21 <b>TOTAL HQLA</b>			<b>3.133.402</b>	<b>2.368.071</b>
22 <b>TOTAL NET CASH OUTFLOWS</b>			<b>2.313.616</b>	<b>1.735.264</b>
23 <b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>135,43</b>	<b>136,47</b>

\* The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

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**VI. Explanations on liquidity risk and liquidity coverage ratio (continued)**

Prior Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>				
1 Total high-quality liquid assets (HQLA)			2.322.158	1.931.358
<b>CASH OUTFLOWS</b>				
2 Deposits from natural persons and retail deposits	7.929.540	3.318.673	751.133	331.758
3 Stable deposits	835.702	--	41.777	--
4 Less stable deposits	7.093.838	3.318.673	709.356	331.758
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	3.617.398	1.884.445	2.405.586	1.398.972
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	1.608.133	629.016	642.227	251.933
8 Other unsecured funding	2.009.265	1.255.429	1.763.359	1.147.039
9 Secured funding	--	--	180.986	180.986
10 Other cash outflows	1.935.006	614.944	371.324	157.352
11 Outflows related to derivative exposures and other collateral requirements	181.684	108.085	183.395	109.160
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	1.753.322	506.859	187.929	48.192
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	33.761	110	33.903	110
16 TOTAL CASH OUTFLOWS			3.742.933	2.069.177
<b>CASH INFLOWS</b>				
17 Secured receivables	35.572	34.572	29.038	29.038
18 Unsecured receivables	3.228.634	801.540	2.185.439	702.364
19 Other cash inflows	185.132	148.759	186.439	149.854
20 TOTAL CASH INFLOWS	3.448.338	984.872	2.400.916	881.256
21 TOTAL HQLA			2.322.158	1.931.358
22 TOTAL NET CASH OUTFLOWS			1.342.017	1.187.921
23 LIQUIDITY COVERAGE RATIO (%)			173,03	162,58

\* The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

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**VI. Explanations on liquidity risk and liquidity coverage ratio (continued)**

The table below shows the lowest, highest and average Liquidity Coverage Ratio in the last 3 months of the 1 January - 31 December 2019 period.

Current Period	Highest	Date	Lowest	Date	Average
TL+FC	220,20%	23/12/2019	108,91%	02/12/2019	140,28%
FC	229,35%	25/12/2019	107,14%	26/11/2019	141,26%
Prior Period	Highest	Date	Lowest	Date	Average
TL+FC	255,22%	09/11/2018	133,07%	30/11/2018	174,10%
FC	264,40%	09/11/2018	114,14%	31/12/2018	166,86%

The Bank implements the calculation in accordance with the Regulation of Liquidity Coverage Ratio Calculation of Banks dated 21 March 2014 and numbered 28948 published in the Official Gazette. As per the related regulation high quality liquid assets are mainly securities portfolio, cash assets and reserve requirements. The important factors affecting the results of the liquidity coverage ratio are the changes in the remaining maturities of the items and changes in the amounts of deposits and money market transactions, the remaining maturities of which are less than 30 days. Deposits form a significant portion of the Bank's sources of funds, on the other hand bonds issued, money market borrowings, funds provided from abroad are other important sources of funding.

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**VI. Explanations on liquidity risk and liquidity coverage ratio (continued)**

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 Year	5 Years and Over	Unallocated*	Total
<b>Assets</b>								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.071.324	1.636.551	--	--	--	--	--	2.707.875
Banks	111.199	379.617	--	--	--	--	--	490.816
Financial Assets at Fair Value Through Profit or Loss	--	108.831	64.654	158.434	497.250	154	--	829.323
Interbank Money Market Placements	--	30.010	--	--	--	--	--	30.010
Financial Assets Measured at Fair Value through Other Comprehensive Income	3.800	98.944	1.027	21.275	664.919	17.603	--	807.568
Loans (*)	--	1.904.239	2.357.855	5.611.010	4.714.373	920.706	116.228	15.624.411
Financial Assets Measured at Amortized Cost	--	--	--	--	144.239	430.771	--	575.010
Other Assets(**)	--	--	--	--	--	--	820.747	820.747
<b>Total Assets</b>	<b>1.186.323</b>	<b>4.158.192</b>	<b>2.423.536</b>	<b>5.790.719</b>	<b>6.020.781</b>	<b>1.369.234</b>	<b>936.975</b>	<b>21.885.760</b>
<b>Liabilities</b>								
Bank Deposits	22.159	12.262	14.705	--	--	--	--	49.126
Other Deposits	1.258.638	9.766.155	2.214.981	277.179	619	--	--	13.517.572
Funds Borrowed from Other Financial Institutions	--	5.737	28.929	385.127	439.588	--	--	859.381
Interbank Money Market Borrowings	--	267.655	465.602	--	--	--	--	733.257
Marketable Securities Issued(***)	--	133.255	317.235	57	1.300.613	1.756.190	--	3.507.350
Sundry Creditors	--	358.628	--	--	--	--	--	358.628
Other Liabilities(****)	--	262.301	69.361	178.036	548.848	735	1.801.165	2.880.446
<b>Total Liabilities</b>	<b>1.280.797</b>	<b>10.805.993</b>	<b>3.110.813</b>	<b>840.399</b>	<b>2.289.668</b>	<b>1.756.925</b>	<b>1.801.165</b>	<b>21.885.760</b>
<b>Net Liquidity Surplus / (Gap)</b>	<b>(94.474)</b>	<b>(6.647.801)</b>	<b>(687.277)</b>	<b>4.950.320</b>	<b>3.731.113</b>	<b>(387.691)</b>	<b>(864.190)</b>	<b>--</b>
<b>Net Off-Balance Sheet Position</b>	<b>--</b>	<b>15.048</b>	<b>10.035</b>	<b>5.928</b>	<b>94.533</b>	<b>--</b>	<b>--</b>	<b>125.544</b>
Derivative Financial Assets	--	4.174.644	5.037.678	3.140.414	4.168.309	--	--	16.521.045
Derivative Financial Liabilities	--	4.159.596	5.027.643	3.134.486	4.073.776	--	--	16.395.501
Non-Cash Loans	--	60.914	193.352	337.775	125.390	307.237	--	1.024.668
<b>Prior Period</b>								
<b>Total Assets</b>	<b>974.091</b>	<b>5.218.850</b>	<b>2.366.949</b>	<b>5.260.928</b>	<b>5.354.771</b>	<b>552.424</b>	<b>890.258</b>	<b>20.618.271</b>
<b>Total Liabilities</b>	<b>792.643</b>	<b>7.740.990</b>	<b>4.236.091</b>	<b>2.041.090</b>	<b>2.801.581</b>	<b>1.564.578</b>	<b>1.441.298</b>	<b>20.618.271</b>
<b>Net Liquidity Gap</b>	<b>181.448</b>	<b>(2.522.140)</b>	<b>(1.869.142)</b>	<b>3.219.838</b>	<b>2.553.190</b>	<b>(1.012.154)</b>	<b>(551.040)</b>	<b>--</b>
<b>Net Off-Balance Sheet Position</b>	<b>--</b>	<b>(11.408)</b>	<b>(23.834)</b>	<b>127.481</b>	<b>(6.816)</b>	<b>(350)</b>	<b>--</b>	<b>85.073</b>
Derivative Financial Assets	--	7.823.307	1.934.703	2.438.061	6.878.019	5.260	--	19.079.350
Derivative Financial Liabilities	--	7.834.715	1.958.537	2.310.580	6.884.835	5.610	--	18.994.277
Non-Cash Loans	--	63.245	70.059	379.523	77.337	281.386	--	871.550

(\*) Non-performing loans net-off related provision for expected loss of stage 3 loans and expected losses for stage 1 and stage 2 are presented in "unallocated" column.

(\*\*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short term such as tangible assets,

stationary supplies and prepaid expenses are included in this column.

(\*\*\*) Securities issued as subordinated loan classified under "Subordinated debt- Other debt instruments" in the balance sheet are also included.

(\*\*\*\*) Shareholders' equity and provisions are classified in other liabilities in unallocated column.

**Contractual maturity analysis of liabilities according to remaining maturities**

Current Period	Carrying Values	Gross Nominal Outflows	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposit	49.126	49.282	22.159	12.263	14.860	--	--	--
Other Deposit	13.517.572	13.562.692	1.258.638	9.780.215	2.232.550	290.484	805	--
Money Market Funds	733.257	735.252	--	267.977	467.275	--	--	--
Securities Issued	1.718.332	1.957.608	--	139.018	283.867	39.018	1.495.705	--
Funds Borrowed	859.381	955.232	--	3.038	30.678	428.540	492.976	--
Subordinated Debts	1.789.018	2.576.717	--	--	61.147	61.147	489.175	1.965.248
<b>Total</b>	<b>18.666.686</b>	<b>19.836.783</b>	<b>1.280.797</b>	<b>10.202.511</b>	<b>3.090.377</b>	<b>819.189</b>	<b>2.478.661</b>	<b>1.965.248</b>

Prior Period	Carrying Values	Gross Nominal Outflows	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposit	639.755	640.648	88.411	538.943	13.294	--	--	--
Other Deposit	10.673.471	10.907.538	704.230	5.661.669	3.237.764	1.244.665	59.210	--
Money Market Funds	495.936	498.649	--	16.710	436.497	45.014	--	--
Securities Issued	1.842.585	2.176.361	--	212.480	346.140	39.139	1.578.602	--
Funds Borrowed	1.339.212	1.584.779	--	199.722	204.774	878.979	301.303	--
Subordinated Debts	1.596.143	2.674.528	--	--	60.592	60.592	484.738	2.068.606
<b>Total</b>	<b>16.587.102</b>	<b>18.482.503</b>	<b>792.641</b>	<b>6.629.524</b>	<b>4.299.061</b>	<b>2.268.389</b>	<b>2.423.853</b>	<b>2.068.606</b>



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**VII. Explanations on leverage level**

The table of leverage level calculated in accordance with the Regulation on Assessment and Calculation of Banks' Leverage Level published in the Official Gazette numbered 28812 and dated 5/11/2013 shown below.

Bank's unconsolidated leverage ratio calculated in accordance with the "Regulation on Assessment and Calculation of Banks' Leverage Level" is 6,81%. The decrease in the ratio is due to the increase in total risk. Minimum leverage ratio has to be 3% according to the regulation.

	Balance sheet assets	Current Period(*)	Prior Period(*)
1	Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	22.018.765	19.228.962
2	(Assets deducted in determining Tier 1 capital)	(147.849)	(399.525)
3	Total balance sheet risks (sum of lines 1 and 2)	21.870.916	18.829.437
<b>Derivative financial instruments and credit derivatives</b>			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	156.336	534.882
5	Potential credit risk associated with all derivative financial instruments and credit derivatives	285.715	383.359
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	442.051	918.241
<b>Securities or commodity financing transactions (SCFT)</b>			
7	Risks from SCFT assets (except for on-balance sheet)	1.217.268	607.250
8	Risks from brokerage activities related exposures	-	--
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1.217.268	607.250
<b>Off-balance sheet transactions</b>			
10	Gross notional amounts of off-balance sheet transactions	5.028.249	4.313.214
11	(Adjustments for conversion to credit equivalent amounts)	-	--
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	5.028.249	4.313.214
<b>Capital and total risks</b>			
13	Tier 1 capital	1.806.880	1.593.630
14	Total risks (sum of lines 3, 6, 9 and 12)	28.558.484	24.668.142
<b>Leverage ratio</b>			
15	Leverage ratio	6,32	6,48

(\*)Represents three-month average amounts.

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**VIII. Explanation on presentation of assets and liabilities at their fair values**

Valuation methods of the financial instruments valued with their fair value are shown below.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Current Period</b>				
<b>Financial assets</b>	<b>17.527.903</b>	<b>16.460.508</b>	<b>17.710.353</b>	<b>16.165.247</b>
Money market placements	30.010	306.208	30.010	306.208
Due from banks	490.816	965.513	490.816	965.513
Financial assets at fair value through other comprehensive income	807.568	704.338	807.568	704.338
Financial assets measured at amortized cost	575.098	363.032	605.709	332.424
Loans	15.624.411	14.121.417	15.776.250	13.856.764
<b>Financial liabilities</b>	<b>18.292.057</b>	<b>16.790.220</b>	<b>18.292.057</b>	<b>16.790.220</b>
Interbank deposits	49.126	639.755	49.126	639.755
Other deposits	13.517.572	10.673.471	13.517.572	10.673.471
Funds provided from other financial institutions	859.381	1.339.212	859.381	1.339.212
Marketable securities issued	3.507.350	3.438.728	3.507.350	3.438.728
Miscellaneous payables	358.628	699.054	358.628	699.054

(\*)Securities issued as subordinated loan classified under "Subordinated debt - Other debt instruments" in the balance sheet are included.

Fair values of "Financial Assets at Fair Value Through Other Comprehensive Income" and "Financial Assets Measured at Amortised Cost" are identified either by their market prices or, when the market price is not available, market prices of similar securities in the respect of interest rate, maturity and similar other conditions.

Fair value of fixed rate loans is calculated by discounting the future cash flows with current market prices. Book value of floating rate loans refer to their fair value.

Fair value of other asset and liabilities is measured as amortised cost of the financial asset or liability calculated by effective interest rate method.

Current Period	Level 1 TL		Level 2 TL		Level 3 TL	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>						
Financial Assets Measured at Fair Value through Profit and Loss	90.421	70.802	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	807.568	704.338	--	--	--	--
Derivative Financial Assets	--	--	738.902	1.480.756	--	--
Loans Measured at Fair Value through Profit and Loss	--	--	1.948.020	1.516.819	--	--
<b>Total</b>	<b>897.989</b>	<b>775.140</b>	<b>2.686.922</b>	<b>2.997.575</b>	<b>--</b>	<b>--</b>
<b>Financial Liabilities</b>						
Derivative Financial Liabilities	--	--	788.205	1.516.253	--	--
<b>Total</b>	<b>--</b>	<b>--</b>	<b>788.205</b>	<b>1.516.253</b>	<b>--</b>	<b>--</b>

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

**IX. Explanation on transactions carried out on behalf of customers and fiduciary activities**

None.

**X. Explanations on securitisations positions**

The Bank does not have any securitization positions as of balance sheet date.

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**XI. Explanations on risk management objectives and policies**

The Bank does not apply any netting on balance sheet and off-balance sheet. Guarantees and derivatives are not used as credit mitigation techniques; but only financial collaterals consisting of cash blockages are used.

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, the Asset-Liability Committee and the Risk Management Department which have been composed in order to manage systemic risks that the Bank is exposed to. The Board of Directors is the owner of the Bank's Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Bank's Risk Management System is to identify, measure, monitor and control the risks that the Bank is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Bank's future cash flows, the level and the quality of related activities.

As part of the Risk Management System, the Asset and Liability Committee presentation is prepared on a weekly basis and the Risk Committee and the Board of Directors presentations are prepared on a monthly basis. The presentations mainly consist of the Bank's financial statements, profit and loss analysis, credit risk, market risk, liquidity risk, concentration risk, interest rate risk due to banking book, and operational risk as well as the risk that the Bank is currently exposed to or possible risks.

The Board of Directors of the Bank delegated the authorization related to the hedge accounting to the Asset and Liability Committee with the condition of providing regular information. At the same time the Bank has organized credit policies and risk mitigation policies due to credit risk. All processes of the Bank are controlled by the Bank's Internal Control Department's control matrices regularly and are subject to supervision by the Internal Audit Department at the same time.

The Bank uses credit rating models and/or decision trees and rating systems using financial and non-financial data for loan customers as a risk measurement system. Market risk measures are calculated within the scope of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks and using only internal model and market data for intra-bank use. In addition to these, risks are measured and reported with regular stress tests. Three stress tests (base, negative, extremely negative) are performed on a yearly basis, stress tests are performed on a monthly basis for market risk and counter party credit risk, stress tests are performed on a weekly basis for interest rate risk and liquidity risk by Risk Management Department of Bank and then they are shared with senior management in the ALCO and the Risk Committee meetings.

Periodic reports about liquidity risk, interest risk, securities portfolio, credit risk, customer concentration, sectorial concentration, collateral structure and capital adequacy are reported to the Board of Directors and senior management.

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**XI. Explanations on risk management objectives and policies (continued)**

Notes and explanations in this section have been prepared in accordance with the “Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. As the Bank uses the standard approach for the calculation of capital adequacy, the following tables those have to be disclosed in accordance with the Communiqué on an annual basis were not presented by the Bank as of 31 December 2019:

- RWA flow statements of credit risk exposures under IRB (Internal Ratings Based)
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an Internal Model Approach (IMA)
- Qualitative disclosures related to IRB models
- IRB - Credit risk exposures by portfolio and PD range
- IRB - Effect on RWA of credit derivatives used as CRM techniques
- IRB - Backtesting of probability of default (PD) per portfolio
- IRB (specialised lending and equities under the simple risk weight method)
- CCR exposures by portfolio and PD scale
- Quantitative disclosures related to IRB models
- Internal model approach for trade account

**a) Internal Models Approach values for trading portfolios**

	Risk Weighted Amounts		Minumum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	16.132.769	13.601.866	1.290.622
2 Of which standardised approach (SA)	16.132.769	13.601.866	1.290.622
3 Of which internal rating-based (IRB) approach	--	--	--
4 Counterparty credit risk	499.911	850.549	39.993
5 Of which standardised approach for counterparty credit risk (SA-C)	499.911	850.549	39.993
6 Of which internal model method (IMM)	--	--	--
7 Equity position in banking book under basic risk weighting or internal rating-based	--	--	--
8 Equity investments in funds - look-through approach	83.713	35.620	6.697
9 Equity investments in funds - mandate-based approach	--	--	--
10 Equity investments in funds - 1250% risk weighting approach	--	--	--
11 Settlement risk	--	--	--
12 Securitisation exposures in banking book	--	--	--
13 Of which IRB ratings-based approach (RBA)	--	--	--
14 Of which IRB supervisory formula approach (SFA)	--	--	--
15 Of which SA/simplified supervisory formula approach (SSFA)	--	--	--
16 Market risk	552.463	911.638	44.197
17 Of which standardised approach (SA)	552.463	911.638	44.197
18 Of which internal model approaches (IMM)	--	--	--
19 Operational risk	1.480.881	1.111.389	118.470
20 Of which basic indicator approach	1.480.881	1.111.389	118.470
21 Of which standardised approach	--	--	--
22 Of which advanced measurement approach	--	--	--
23 Amounts below the thresholds for deduction from capital (subject)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	18.749.737	16.511.062	1.499.979

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**XI. Explanations on risk management objectives and policies (continued)**

**b) Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation**

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		Subject to credit risk	Subject to counterparty credit risk(*)	Securitisation exposures	Subject to market risk (**)	Not subject to capital requirements or subject to deduction from
Current Period						
Assets						
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances With Central Bank of Turkey Banks	2.707.875	2.707.875	--	--	--	--
Money Markets Placements	490.816	490.816	--	--	--	--
Financial Assets Measured at Fair Value Through Profit or Loss	30.010	--	30.010	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	90.421	64.868	--	--	--	--
Financial Assets Measured at amortized cost	807.568	807.568	632.282	--	--	--
Derivative financial assets	575.098	575.098	419.376	--	--	--
Non-performing Financial Assets	738.902	--	160.284	--	738.902	--
Loans (net)	(589)	(589)	--	--	--	--
Assets Held for Sale and Assets of Discontinued Operations(net)	15.624.411	15.624.411	--	--	--	--
Investment in Associates (net)	63.247	63.247	--	--	--	--
Investment in Subsidiaries (net)	4.897	4.897	--	--	--	--
Joint-Ventures (net)	36.945	36.945	--	--	--	--
Tangible Assets (net)	--	--	--	--	--	--
Intangible Assets (net)	323.651	323.651	--	--	--	--
Investment Property (net)	69.877	--	--	--	--	69.877
Tax Asset	--	--	--	--	--	--
Other Assets	57.936	57.936	--	--	--	--
Total Assets	264.695	264.695	--	--	--	--
	21.885.760	21.021.418	1.241.952	--	738.902	69.877
Liabilities						
Deposits	13.566.698	--	--	--	--	13.566.698
Funds Borrowed	859.381	--	--	--	--	859.381
Money Market Funds	733.257	--	733.257	--	--	733.257
Securities Issued	1.718.332	--	--	--	--	1.718.332
Funds	--	--	--	--	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--	--	--
Derivative financial liabilities	788.205	--	--	--	788.205	788.205
Factoring Payables	--	--	--	--	--	--
Lease Payables	68.394	--	--	--	--	68.394
Provisions	96.772	--	--	--	--	--
Tax Liability	40.580	--	--	--	--	40.580
Liabilities for Assets Held for Sale and Assets of Discontinued Operations (net)	--	--	--	--	--	--
Subordinated Debts	1.789.018	--	--	--	--	--
Other liabilities	569.319	--	--	--	--	569.319
Shareholders' Equity	1.655.804	--	--	--	--	1.655.962
Total Liabilities	21.885.760	--	733.257	--	788.205	20.000.128

(\*) Disclosed based on gross amounts of the securities.

(\*\*) Disclosed based on gross position amounts subject to general market risk and specific risk.

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**XI. Explanations on risk management objectives and policies (continued)**

- b) Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		Subject to credit risk	Subject to counterparty credit risk(*)	Securitisation exposures	Subject to market risk (**)	Not subject to capital requirements or subject to deduction from
<b>Prior Period</b>						
<b>Assets</b>						
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances With Central Bank of Turkey	1.764.562	1.764.562	--	--	--	--
Banks	965.513	965.513	--	--	--	--
Money Markets Placements	306.208	306.208	--	--	--	--
Financial Assets Measured at Fair Value Through Profit or Loss	70.809	36.722	--	--	70.809	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	707.732	707.732	642.482	--	--	--
Financial Assets Measured at amortized cost	363.099	363.099	90.935	--	--	--
Derivative financial assets	1.480.756	--	446.187	--	1.480.756	--
Non-performing Financial Assets	(3.961)	(3.961)	--	--	--	--
Loans (net)	14.121.417	14.121.415	--	--	--	2
Assets Held for Sale and Assets of Discontinued Operations(net)	215.235	215.235	--	--	--	--
Investment in Associates (net)	4.897	4.897	--	--	--	--
Investment in Subsidiaries (net)	26.945	26.945	--	--	--	--
Joint-Ventures (net)	--	--	--	--	--	--
Tangible Assets (net)	256.817	244.758	--	--	--	12.059
Intangible Assets (net)	35.001	--	--	--	--	35.001
Investment Property (net)	--	--	--	--	--	--
Tax Asset	79.352	79.352	--	--	--	--
Other Assets	223.889	223.889	--	--	--	--
<b>Total Assets</b>	<b>20.618.271</b>	<b>19.056.366</b>	<b>1.179.604</b>	--	<b>1.551.565</b>	<b>47.062</b>
<b>Liabilities</b>						
Deposits	11.313.226	--	--	--	--	11.313.226
Funds Borrowed	1.339.212	--	--	--	--	1.339.212
Money Market Funds	495.936	--	495.936	--	--	495.936
Securities Issued	1.842.585	--	--	--	--	1.842.585
Funds	--	--	--	--	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--	--	--
Derivative financial liabilities	1.516.253	--	--	--	1.516.253	1.516.253
Factoring Payables	--	--	--	--	--	--
Lease Payables	463	--	--	--	--	463
Provisions	109.511	--	--	--	--	109.511
Tax Liability	39.376	--	--	--	--	39.376
Liabilities for Assets Held for Sale and Assets of Discontinued Operations (net)	--	--	--	--	--	--
Subordinated Debts	1.596.143	--	--	--	--	1.596.143
Other liabilities	1.043.694	--	--	--	--	1.043.694
Shareholders' Equity	1.321.872	--	--	--	--	1.321.872
<b>Total Liabilities</b>	<b>20.618.271</b>	--	<b>495.936</b>	--	<b>1.516.253</b>	<b>20.618.271</b>

(\*) Disclosed based on gross amounts of the securities.

(\*\*) Disclosed based on gross position amounts subject to general market risk and specific risk.

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**XI. Explanations on risk management objectives and policies (continued)**

- c) The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

	Total	Credit risk	Subject to the securitization	Counterparty	Market risk(*)
<b>Current Period</b>					
1 Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial Statements"	21.815.884	21.021.418	--	1.241.952	738.902
2 Carrying value of liabilities that are subjected to counterparty credit risk as per TAS	--	--	--	733.257	788.205
3 Total Net Amount	21.815.884	21.021.418	--	508.695	(49.303)
4 Off-balance sheet amounts(**)	23.806.133	6.671.862	--	17.134.271	17.134.271
5 Valuation differences	--	--	--	--	--
6 Differences due to different netting rules	--	--	--	--	(16.532.505)
7 Differences due to consideration of provisions	--	--	--	--	--
8 Differences resulted from the BRSA's applications	--	--	--	(16.843.709)	--
9 Differences due to risk mitigation	--	--	--	733.257	--
10 Risk Amounts	45.622.017	27.693.280	--	1.532.514	552.463

(\*)Risk amounts include financial instruments in trading accounts as per to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and market risk due to calculated capital requirement for currency risk.

(\*\*)Off-balance sheet amounts subject to capital adequacy ratio calculation.

	Total	Credit risk	Subject to the securitization	Counterparty	Market risk(*)
<b>Prior Period</b>					
1 Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial Statements"	20.571.209	19.064.288	--	1.179.604	1.551.565
2 Carrying value of liabilities that are subjected to counterparty credit risk as per TAS	--	--	--	495.936	1.516.253
3 Total Net Amount	20.571.209	19.064.288	--	683.668	35.312
4 Off-balance sheet amounts(**)	24.038.869	4.871.866	--	19.167.003	19.167.003
5 Valuation differences	--	--	--	--	--
6 Differences due to different netting rules	--	--	--	--	(18.290.677)
7 Differences due to consideration of provisions	--	--	--	--	--
8 Differences resulted from the BRSA's applications	--	--	--	(18.752.631)	--
9 Differences due to risk mitigation	--	--	--	495.936	--
10 Risk Amounts	44.610.078	23.936.154	--	1.593.976	911.638

(\*)Risk amounts include financial instruments in trading accounts as per to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and market risk due to calculated capital requirement for currency risk.

(\*\*)Off-balance sheet amounts subject to capital adequacy ratio calculation.

**Explanation on the differences between the risk amounts and the amounts assessed in accordance With TAS in the financial statements:**

**Disclosures regarding differences between amounts valued according to TAS and risk exposures**

The differences between the amounts assessed under TAS and the amounts after risk reduction in transactions subject to counterparty credit risk stem from the addition of potential risk amounts to the renewal costs of derivative transactions subject to the CPR and the volatility adjustments for repo / reverse repo transactions. Funds provided to differences arising from risk reduction are also included by opening separate line for them.

Valuations of securities subject to market risk in accordance with TAS represent the fair value of held for trading financial instruments. On the other hand, the values in the risk amount line represents the amount subject to market risk based on the capital requirements calculated for the losses arising due factors such as interest rate risk of the market risk, equity price risk, currency risk in accordance with the "Regulation for Measurement and Evaluation of Banks' Capital Adequacy Ratio".

If financial instruments that are accounted for at their fair value are traded in an active market, the valuation is based on that market price. The TL borrowing instruments in the held for trading securities portfolio comprise of government securities. These securities are evaluated at the weighted average trading price in the Istanbul Stock Exchange. For TL securities that are not traded, the market price is calculated based on the CBRT prices. For the FX securities in the same portfolio, the average of purchase and sale quotations in the market are considered as the market price. Derivative financial instruments are evaluated using the discounted cash flow model using market data. Input data used in evaluations using market value and/or valuation methods are periodically checked for validity and independence.



## **FİBABANKA A.Ş.**

### **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY 2019 - 31 DECEMBER 2019**

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#### **Information on Credit Risk**

##### **General Qualitative Information on Credit Risk:**

The Bank's credit risk management policies are established in line with the strategy approved by the Board of Directors in accordance with the related regulations and are based on prudence, sustainability and the customers' credit worthiness principles.

The limits are set in accordance with the Risk Policies by the Board of Directors based on the Bank's risk appetite. In accordance with the determined risk limits, the authorizations and sub-authorizations are done by the Credit Policies which is in line with the determined limits. Special attention is given to ensure that the limits are in line with market expectations and the Bank's strategies.

Credit rating models and decision trees are used in the credit underwriting processes in accordance with the risk appetite, credit policies set by the Bank and the targets of the Bank. The grading of all customers except for individual credit customers by the Bank is essential. The individual loan portfolio is managed via an automated decision trees.

Customer selection is carried out in accordance with policies and strategies of the Bank and is based on the ability to pay on time and the cash flows expected to be received from its operations independent from guarantees, sureties and pledged assets. When needed; it is mandatory for the Bank to obtain appropriate collateral in line with the source of the payment for the repayment of the credit from the customers to ensure that their obligations arising from the credit are met on time and in full. The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risks. In this context, a minimum collateral margin is determined by taking into account the collateral quality and the collection expectations given default and it is ensured that the appropriate collateral is obtained based on the credit type. Before a credit relationship is established with a customer, an analysis and intelligence collection are carried out in order to measure the creditworthiness of the customers. Before the credit decisions; the customer is examined and evaluated with an analysis for factors that have affected its past, present and future performances and any other factors (financial and non-financial data) that may affect its past, present and future performances.

Credit risk is encountered when the counterparty is unable to fulfill its obligations defined with the agreement. All credit risk bearing banking products are managed with prudent credit policies and procedures in the Bank. The credit quality of the counterparty is evaluated with an internal rating score in all corporate, commercial and SME credit transactions. In order to monitor the credit risk, internal limits are determined on the basis of sector, maturity, customer and internal rating to avoid the risk of concentration.

Credit risk management is a process in which credit risks are assessed and monitored in a consistent manner, besides all credit portfolios are included on a consolidated basis. Credit risk is managed on the basis of portfolios, risk / return balance and asset quality of the Bank, and the credit risk is governed by the principles contained in the policy documents. In addition, credit-based evaluation, underwriting and follow-up are carried out by the units in the Loans group within the framework of the relevant processes. Loans proposals are evaluated by the credit units of the Headquarters, if necessary, within the framework of the level of authority based on the determined amount and finalized the loan proposal by the Credit Committee and the Board of Directors.

The units carry out their risk management activities in accordance with the risk appetite and capacity of the Bank through the use of risk measurement and management tools within the policies established by the Board of Directors. In this context, the organizational structure for credit risk management and control functions is detailed as follows the units included in the scope of Credit Risk Management are Corporate Loans, Commercial Loans Allocation, Credit Monitoring and Collection Department and Risk Analysis Department. Decisions on credit policies are taken by the Credit Committee.

Allocated credit limits and usages, exceeded limits, assessments of large risks and overdue loans are regularly reported to the senior management.

In the course of credit risk management, the Risk Management Department conducts monitoring and reporting of internal concentration limits. It is ensured that the policies related to the concentration risk management are prepared and processed within the policies of allocation, monitoring, limit monitoring and management. Regular reporting on the cost of the loan and the development of the following loans is made. In addition, stress test and scenario analysis studies related to the loan portfolio are carried out within the scope of ICAAP.

The evaluation of the internal systems established to cover all branches and units and the maintenance of the continuity of functioning, competence and efficiency are among the highest priorities of the Bank's Board of Directors. Within the scope of internal systems, the duties and responsibilities of the Board of

Directors, Internal Audit, Internal Control and Operational Risk and Risk Management activities are carried out by the Audit Committee.



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**General Qualitative Information on Credit Risk (continued):**

**Credit Quality of Assets**

	Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared in accordance with statutory consolidation		Allowances/ amortisation and impairments	Net value
	Defaulted	Non-defaulted		
<b>Current Period</b>				
1 Loans	920.338	15.508.182	804.110	15.624.410
2 Debt securities	--	1.469.287	2.528	1.466.759
3 Off-balance sheet exposures	19.003	6.650.805	19.121	6.650.687
<b>4 Total</b>	<b>939.341</b>	<b>23.628.274</b>	<b>825.759</b>	<b>23.741.856</b>
	Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared in accordance with statutory consolidation		Allowances/ amortisation and impairments	Net value
	Defaulted	Non-defaulted		
<b>Prior Period</b>				
1 Loans	621.863	14.069.334	569.780	14.121.417
2 Debt securities	--	1.138.927	3.961	1.134.966
3 Off-balance sheet exposures	14.768	4.855.995	19.084	4.851.679
<b>4 Total</b>	<b>636.631</b>	<b>20.064.256</b>	<b>592.825</b>	<b>20.108.062</b>

**Changes in stock of default loans and debt securities**

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	621.863	468.493
2 Loans and debt securities defaulted since the last reporting	718.328	896.886
3 Receivables back to non-defaulted status	--	--
4 Amounts written off(*)	249.214	442.120
5 Other changes (**)	(170.639)	(301.396)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	920.338	621.863

(\*) Sales of non-performing loan portfolios are disclosed here.

(\*\*) Other changes include collections during the period.

# **FİBABANKA A.Ş.** **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN** **1 JANUARY 2019 - 31 DECEMBER 2019**

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## **Breakdown of receivables by geographical area, sectors and outstanding maturity:**

### **Breakdown by geographical area:**

<b>Loans and Other Receivables</b>	<b>Current Period</b>	<b>Prior Period</b>
Domestic	14.737.586	13.663.328
European Union (EU) Countries	175.043	143.054
OECD Countries	105	--
Off-Shore Banking Regions	402.193	240.528
USA, Canada	23.987	21.314
Other Countries	169.268	1.110
<b>Total</b>	<b>15.508.182</b>	<b>14.069.334</b>

### **Sectorial Breakdown:**

<b>Loans and Other Receivables</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Agriculture</b>	<b>292.098</b>	<b>406.009</b>
Farming and Stockbreeding	249.587	288.025
Forestry	42.511	115.111
Fishery	--	2.873
<b>Manufacturing</b>	<b>3.052.932</b>	<b>3.070.790</b>
Mining and Quarrying	507.039	814.717
Production	1.656.486	1.452.693
Electricity, Gas and Water	889.407	803.380
<b>Construction</b>	<b>2.957.739</b>	<b>2.627.124</b>
<b>Services</b>	<b>6.763.379</b>	<b>6.163.805</b>
Wholesale and Retail Trade	1.359.296	1.885.956
Accommodation and Dining	2.318.262	1.152.852
Transportation and Telecommunication	975.185	657.432
Financial Institutions	240.621	561.826
Real Estate and Rental Services	479.302	417.420
Self-Employment Services	761.672	470.911
Educational Services	198.509	699.346
Health and Social Services	430.532	318.062
<b>Others</b>	<b>2.442.034</b>	<b>1.801.606</b>
<b>Total</b>	<b>15.508.182</b>	<b>14.069.334</b>

### **Breakdown by outstanding maturity:**

#### **Breakdown by outstanding maturity:**

	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 years and over</b>	<b>Total</b>
<b>Current Period</b>	1.904.238	2.357.855	5.611.010	4.714.373	920.706	15.508.182
<b>Prior Period</b>	3.026.588	2.307.003	4.841.401	3.606.316	288.026	14.069.334

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Exposures provisioned against by major regions and sectors and write-offs:

Current Period	Non-performing loans	Specific Provisions	Write-offs
Domestic	920.338	515.118	249.214
European Union (EU) Countries	--	--	--
OECD Countries	--	--	--
Off-Shore Banking Regions	--	--	--
USA, Canada	--	--	--
Other Countries	--	--	--
<b>Total</b>	<b>920.338</b>	<b>515.118</b>	<b>249.214</b>

Prior Period	Non-performing Loans	Specific Provisions	Write-offs
Domestic	621.863	295.835	442.120
European Union (EU) Countries	--	--	--
OECD Countries	--	--	--
Off-Shore Banking Regions	--	--	--
USA, Canada	--	--	--
Other Countries	--	--	--
<b>Total</b>	<b>621.863</b>	<b>295.835</b>	<b>442.120</b>

Current Period	Non-performing Loans	Specific Provisions	Write-offs
<b>Agriculture</b>	<b>60.781</b>	<b>33.729</b>	<b>5.515</b>
Farming and Stockbreeding	48.260	25.352	3.295
Forestry	12.521	8.377	2.143
Fishery	--	--	77
<b>Manufacturing</b>	<b>201.682</b>	<b>120.638</b>	<b>70.888</b>
Mining and Quarrying	62.585	39.068	17.127
Production	133.484	77.645	53.523
Electricity, Gas and Water	5.613	3.925	238
<b>Construction</b>	<b>144.241</b>	<b>78.496</b>	<b>32.460</b>
<b>Services</b>	<b>417.420</b>	<b>220.459</b>	<b>110.907</b>
Wholesale and Retail Trade	220.831	139.919	76.912
Accommodation and Dining	112.285	29.436	19.712
Transportation and Telecommunication	27.748	16.355	6.078
Financial Institutions	98	74	36
Real Estate and Rental Services	20.616	12.077	307
Self-Employment Services	4.712	3.567	3.667
Educational Services	8.018	4.348	677
Health and Social Services	23.112	14.683	3.518
<b>Others</b>	<b>96.214</b>	<b>61.796</b>	<b>29.444</b>
<b>Total</b>	<b>920.338</b>	<b>515.118</b>	<b>249.214</b>

Prior Period	Non-performing Loans	Specific Provisions	Write-offs
<b>Agriculture</b>	<b>28.954</b>	<b>15.723</b>	<b>16.735</b>
Farming and Stockbreeding	20.209	9.999	9.585
Forestry	8.419	5.474	6.091
Fishery	326	250	1.059
<b>Manufacturing</b>	<b>132.476</b>	<b>65.851</b>	<b>176.869</b>
Mining and Quarrying	51.428	15.700	122.057
Production	80.439	49.875	53.626
Electricity, Gas and Water	609	276	1.186
<b>Construction</b>	<b>87.393</b>	<b>46.234</b>	<b>64.34</b>
<b>Services</b>	<b>305.229</b>	<b>121.960</b>	<b>126.195</b>
Wholesale and Retail Trade	132.174	79.215	104.128
Accommodation and Dining	109.878	20.697	2.285
Transportation and Telecommunication	13.042	8.677	6.795
Financial Institutions	54	39	761
Real Estate and Rental Services	41.351	8.943	391
Self-Employment Services	2.348	1.878	173
Educational Services	1.132	781	4.664
Health and Social Services	5.250	1.730	6.998
<b>Others</b>	<b>67.811</b>	<b>46.067</b>	<b>57.981</b>
<b>Total</b>	<b>621.863</b>	<b>295.835</b>	<b>442.120</b>

## FİBABANKA A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY 2019 - 31 DECEMBER 2019

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#### Aging analysis:

	Current Period Amount	Prior Period Amount
Days past due		
0-30	15.307.058	13.430.906
31-60	82.355	419.880
61-90	118.770	218.548
90+	920.338	621.863
<b>Total</b>	<b>16.428.520</b>	<b>14.691.197</b>

#### Breakdown of restructured receivables based on whether or not provisions are allocated:

Breakdown of restructured receivables based on whether or not provisions are allocated:

Current Period	Performing loans	Loans under follow-up	Non-performing loans
Provisioned	--	--	24.322
Not provisioned (*)	56.505	1.100.594	--
<b>Total</b>	<b>56.505</b>	<b>1.100.594</b>	<b>24.322</b>

(\*) The Bank calculates Stage 1 provisions for performing loans and Stage 2 provisions for loans under follow-up.

Prior Period	Performing loans	Loans under follow-up	Non-performing loans
Provisioned	--	--	4.411
Not provisioned (*)	57.796	412.242	--
<b>Total</b>	<b>57.796</b>	<b>412.242</b>	<b>4.411</b>

(\*) The Bank calculates Stage 1 provisions for performing loans and Stage 2 provisions for loans under follow-up.

#### Credit risk mitigation techniques-Overview

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	14.405.387	1.508.015	1.192.051	315.964	315.964	--	--
2 Debt Securities	1.466.759	--	--	--	--	--	--
3 Total	15.872.146	1.508.015	1.192.051	315.964	315.964	--	--
4 Of which defaulted	301.507	103.713	103.713	--	--	--	--
Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	11.225.357	3.170.005	2.142.464	1.027.541	1.027.541	--	--
2 Debt Securities	1.134.966	--	--	--	--	--	--
3 Total	12.360.323	3.170.005	2.142.464	1.027.541	1.027.541	--	--
4 Of which defaulted	208.740	117.288	117.288	--	--	--	--

**FİBABANKA A.Ş.**  
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**Credit risk exposure and credit risk mitigation techniques**

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to sovereigns and their central banks	3.273.949	--	3.589.913	--	554.500	15,4%
2 Exposures to regional and local governments	--	--	--	--	--	0,0%
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	0,0%
4 Exposures to multilateral development banks	--	--	--	--	--	0,0%
5 Exposures to international organizations	--	--	--	--	--	0,0%
6 Exposures to banks and brokerage houses	2.473.858	57.992	2.473.858	34.345	687.579	27,4%
7 Exposures to corporates	10.875.808	772.631	10.815.675	433.879	10.838.666	96,3%
8 Retail exposures	3.272.470	1.020.155	3.066.049	278.751	2.506.369	74,9%
9 Exposures secured by residential property	271.085	1.851	267.589	777	179.952	67,1%
10 Exposures secured by commercial property	1.255.880	44.625	1.209.966	35.760	801.550	64,3%
11 Past-due items	356.201	--	356.201	--	294.493	82,7%
12 Exposures in high-risk categories	49.506	9.432	49.506	4.716	33.380	61,6%
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0,0%
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	0,0%
15 Exposures in the form of coll. investment undertakings(*)	83.713	--	83.713	--	83.713	100,0%
16 Other exposures	912.762	4.765.176	912.762	75.985	647.747	65,5%
17 Equity share investments	--	--	--	--	--	0,0%
18 Total	22.825.232	6.671.862	22.825.232	864.213	16.627.949	70,1%

(\*) Content management methodology is used to calculate the risk-weighted amount of investments in the form of collective investment undertakings, table above contains final values that obtained by using the content methodology.

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to sovereigns and their central banks	2.101.390	--	3.128.931	--	170.450	5,4%
2 Exposures to regional and local governments	--	--	--	--	--	0,0%
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	0,0%
4 Exposures to multilateral development banks	--	--	--	--	--	0,0%
5 Exposures to international organizations	--	--	--	--	--	0,0%
6 Exposures to banks and brokerage houses	3.210.856	40.442	3.210.856	21.506	950.520	29,4%
7 Exposures to corporates	9.085.125	562.649	8.880.693	322.068	8.795.135	95,6%
8 Retail exposures	3.522.110	827.975	2.797.651	252.732	2.286.640	75,0%
9 Exposures secured by residential property	361.124	2.189	349.714	742	182.877	52,2%
10 Exposures secured by commercial property	1.430.988	50.203	1.343.748	37.031	878.543	63,6%
11 Past-due items	287.004	--	287.004	--	291.549	101,6%
12 Exposures in high-risk categories	39.100	9.508	39.100	4.754	58.266	132,9%
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0,0%
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	0,0%
15 Exposures in the form of coll. investment undertakings(*)	35.621	--	35.621	--	35.621	100,0%
16 Other exposures	854.360	3.378.901	854.360	100.252	650.575	68,2%
17 Equity share investments	--	--	--	--	--	0,0%
18 Total	20.927.678	4.871.867	20.927.678	739.085	14.300.176	66,0%

(\*) Content management methodology is used to calculate the risk-weighted amount of investments in the form of collective investment undertakings, table above contains final values that obtained by using the content methodology.

# **FİBABANKA A.Ş.** **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN** **1 JANUARY 2019 - 31 DECEMBER 2019**

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

## **Exposures by asset classes and risk weights**

Current Period											
Risk Classes/ Risk Weight	0%	10%	20%	835(*)	50%	950(*)	75%	100%	150%	200%	Total Risk Amount (**)
1 Exposures to sovereigns and their central banks	2.480.913	..	..	..	1.105.000	..	..	..	..	..	3.589.913
2 Exposures to regional and local governments	..	..	..	..	..	..	..	..	..	..	..
3 Exposures to adm. bodies and non-commercial entities	..	..	..	..	..	..	..	..	..	..	..
4 Exposures to multilateral development banks	..	..	..	..	..	..	..	..	..	..	..
5 Exposures to international organizations	..	..	..	..	..	..	..	..	..	..	..
6 Exposures to banks and brokerage houses	763.157	..	634.032	..	1.100.483	..	..	10.531	..	..	2.508.203
7 Exposures to corporates	410.888	..	..	..	..	..	..	10.838.666	..	..	11.249.554
8 Retail exposures	2.975	..	..	..	..	..	3.341.825	..	..	..	3.344.800
9 Exposures secured by residential property	..	..	..	136.021	..	..	..	132.345	..	..	268.366
10 Exposures secured by commercial property	..	..	..	..	..	888.351	..	357.375	..	..	1.245.726
11 Past-due items	..	..	..	..	199.622	..	..	80.374	76.205	..	356.201
12 Exposures in high-risk categories	..	..	..	..	47.154	..	..	1.599	5.469	..	54.222
13 Exposures in the form of bonds secured by mortgages	..	..	..	..	..	..	..	..	..	..	..
14 Short term exposures to banks, brokerage houses and corp.	..	..	..	..	..	..	..	..	..	..	..
15 Exposures in the form of coll. investment undertakings	..	..	..	..	..	..	..	83.713	..	..	83.713
16 Equity share investments	..	..	..	..	..	..	..	..	..	..	..
17 Other Exposures	341.000	..	..	..	..	..	..	647.747	..	..	988.747
18 Total	3.998.933	..	634.032	136.021	2.456.259	888.351	3.341.825	12.152.350	81.674	..	23.689.445

(\*) Collateralized by real estate mortgages

(\*\*) After CCF and CNA

(\*\*\*) Content management methodology is used to calculate the risk-weighted amount of investments in the form of collective investment undertakings, final value obtained by using the content methodology.

Prior Period											
Risk Classes/ Risk Weight	0%	10%	20%	835(*)	50%	950(*)	75%	100%	150%	200%	Total Risk Amount (**)
1 Exposures to sovereigns and their central banks	2.788.032	--	--	--	340.899	--	--	--	--	--	3.128.931
2 Exposures to regional and local governments	--	--	--	--	--	--	--	--	--	--	--
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to banks and brokerage houses	495.940	--	1.401.302	--	1.329.722	--	--	5.398	--	--	3.232.362
7 Exposures to corporates	407.626	--	--	--	--	--	--	8.795.125	--	--	9.202.761
8 Retail exposures	1.520	--	--	--	--	--	3.048.853	--	--	--	3.050.383
9 Exposures secured by residential property	--	--	--	257.814	--	--	--	92.642	--	--	350.456
10 Exposures secured by commercial property	--	--	--	--	--	1.004.471	--	376.308	--	--	1.380.779
11 Past-due items	--	--	--	--	99.767	--	--	78.380	108.857	--	287.004
12 Exposures in high-risk categories	--	--	--	--	4.593	--	--	5.844	33.417	--	43.854
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	35.621	--	--	35.621
16 Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17 Other Exposures	394.037	--	--	--	--	--	--	650.575	--	--	954.612
18 Total	3.997.165	--	1.401.302	257.814	1.774.981	1.004.471	3.048.853	10.039.903	142.274	--	21.666.763

(\*) Collateralized by real estate mortgages

(\*\*) After CCF and CNA

(\*\*\*) Content management methodology is used to calculate the risk-weighted amount of investments in the form of collective investment undertakings, final value obtained by using the content methodology.

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**Information on credit risk mitigation techniques**

The Bank does not apply any netting on balance sheet and off-balance sheet. Guarantees and derivatives are not used as credit mitigation technique; only financial collaterals consisting of cash blockages are used.

Applications related to the valuation and management of collaterals are defined as follows: Appraisals for the mortgages that are received as collaterals are only performed by the firms that have been approved by the BRSA and licensed by the Capital Markets Board ("CMB"). Appraisal reports for the real estates that are received as collaterals for commercial loans, are renewed each year as long as the risk continues. As a rule, each year a different appraisal firm is preferred. Management of the appraisal process is carried out by the Appraisal & Real Estate Project Finance Unit. Vehicle pledges are followed through their insurance values. Regular investigations are performed for the cheques and bills that are received as collaterals and in case of any negative finding the Bank seeks to replace the collateral.

The Bank's collaterals are mainly composed of cheques, notes, mortgages, guarantees, vehicle pledges and deposit pledges. The Bank's credit risk concentration mainly consists of corporate receivables and are followed by receivables that are collateralized with mortgage, SME and retail receivables, respectively.

Exposure Categories *	Amount	Financial Collaterals	Other/Physical Collaterals **	Guarantees and Credit Derivatives
<b>Current Period</b>				
Receivables from Central Governments	3.589.913	--	--	315.964
Receivables, Coins, Purchased Cheques from Regional or Local Governments and CBT Banks	--	--	--	--
Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--
Receivables from Multilateral Development Banks	--	--	--	--
Receivables from International Organisations	--	--	--	--
Receivables from Banks and Brokerage Houses	2.508.203	763.157	--	--
Corporate Receivables	11.249.554	410.888	--	--
Retail Receivables	3.344.800	3.080	--	--
Receivables that are Collateralized by Residential Property	1.514.092	--	1.024.372	--
Past due Receivables	356.201	--	72.268	--
Receivables Defined in High Risk Category by BRSA	54.222	--	--	--
Securities Collateralised by Mortgages	--	--	--	--
Short-term Receivables from Banks, Brokerage Houses and Corporates	--	--	--	--
Investments Similar to Collective Investment Funds	83.713	--	--	--
Other Receivables	988.747	--	--	--
<b>Total</b>	<b>23.689.445</b>	<b>1.177.125</b>	<b>1.096.640</b>	<b>315.964</b>

(\*) Non-cash risks presented above after credit conversion.

(\*\*) Other / Physical Collaterals are shown with full amounts which are possible to be used, in line with the Regulation on Measurement and Assessment of Capital Adequacy of Banks and Credit Risk Mitigation Techniques.

Exposure Categories *	Amount	Financial Collaterals	Other/Physical Collaterals **	Guarantees and Credit Derivatives
<b>Prior Period</b>				
Receivables from Central Governments	3.128.931	--	--	1.027.541
Receivables, Coins, Purchased Cheques from Regional or Local Governments and CBT Banks	--	--	--	--
Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--
Receivables from Multilateral Development Banks	--	--	--	--
Receivables from International Organisations	--	--	--	--
Receivables from Banks and Brokerage Houses	3.232.262	495.940	--	--
Corporate Receivables	9.202.761	409.625	--	--
Retail Receivables	3.050.383	2.332	--	--
Receivables that are Collateralized by Residential Property	1.731.235	--	1.262.285	--
Past due Receivables	287.004	--	75.736	--
Receivables Defined in High Risk Category by BRSA	43.854	--	--	--
Securities Collateralised by Mortgages	--	--	--	--
Short-term Receivables from Banks, Brokerage Houses and Corporates	--	--	--	--
Investments Similar to Collective Investment Funds	35.621	--	--	--
Other Receivables	954.712	--	--	--
<b>Total</b>	<b>21.666.763</b>	<b>907.897</b>	<b>1.338.021</b>	<b>1.027.541</b>

(\*) Non-cash risks presented above after credit conversion.

(\*\*) Other / Physical Collaterals are shown with full amounts which are possible to be used, in line with the Regulation on Measurement and Assessment of Capital Adequacy of Banks and Credit Risk Mitigation Techniques.

## FİBABANKA A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY 2019 - 31 DECEMBER 2019

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

#### Counterparty credit risk (CCR) approach analysis

Current Period	Replacement Cost	Potential Credit Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1 Standardised Approach - CCR (for derivatives)	160.284	290.562	..	1,4	450.846	289.823
2 Internal Model Method (for derivative instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	..	..	..	..	..	..
3 Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	..	..	..	..	1.051.658	121.621
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	..	..	..	..	30.010	23
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	..	..	..	..	..	..
6 Total	160.284	290.562	..	..	1.532.514	411.467

Prior Period	Replacement Cost	Replacement Cost	Replacement Cost	Replacement Cost	Replacement Cost	Replacement Cost
1 Standardised Approach - CCR (for derivatives)	446.187	414.372	..	1,4	860.559	568.885
2 Internal Model Method (for derivative instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	..	..	..	..	..	..
3 Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	..	..	..	..	733.417	93.804
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	..	..	..	..	..	..
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	..	..	..	..	..	..
6 Total	446.187	414.372	..	..	1.593.976	662.689

#### Capital requirement for credit valuation adjustment (CVA)

	Current Period		Prior Period	
	EAD post-CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	..	..	..	..
1 (i) VaR component (including the 3xmultiplier)	..	..	..	..
2 (ii) Stressed VaR component (including the 3xmultiplier)	..	..	..	..
3 All portfolios subject to the Standardised CVA capital obligation	450.846	88.444	860.559	187.860
4 Total subject to the CVA capital obligation	450.846	88.444	860.559	187.860



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**CCR exposures by risk class and risk weights - standardised approach**

Current Period									Total
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Diğer	Credit Risk
Exposures to sovereigns and their central banks	--	--	--	--	--	--	--	--	--
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	763.157	--	144.287	477.129	--	67	--	--	1.384.640
Exposures to corporates	--	--	--	--	--	140.530	--	--	140.530
Retail exposures	2.746	--	--	--	4.598	--	--	--	7.344
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Past-due items	--	--	--	--	--	--	--	--	--
Exposures in high-risk categories	--	--	--	--	--	--	--	--	--
Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--
Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Other exposures	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>763.903</b>	<b>--</b>	<b>144.287</b>	<b>477.129</b>	<b>4.598</b>	<b>140.597</b>	<b>--</b>	<b>--</b>	<b>1.532.514</b>

Prior Period									Total
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Diğer	Credit Risk
Exposures to sovereigns and their central banks	3.175	--	--	2.367	--	--	--	--	5.542
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	495.940	--	135.438	642.254	--	--	--	--	1.273.632
Exposures to corporates	--	--	--	--	--	310.945	--	--	310.945
Retail exposures	728	--	--	--	3.129	--	--	--	3.857
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Past-due items	--	--	--	--	--	--	--	--	--
Exposures in high-risk categories	--	--	--	--	--	--	--	--	--
Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--
Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Other exposures	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>499.843</b>	<b>--</b>	<b>135.438</b>	<b>644.621</b>	<b>3.129</b>	<b>310.945</b>	<b>--</b>	<b>--</b>	<b>1.593.976</b>

## FİBABANKA A.Ş. NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY 2019 - 31 DECEMBER 2019

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### Collaterals Used for Counterparty Credit Risk

	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
<b>Current Period</b>						
Cash-local currency	--	--	--	--	--	30.010
Cash-foreign currency	2.746	--	--	--	733.257	--
Domestic sovereign debts	--	--	--	--	29.894	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	1.051.658
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
<b>Total</b>	<b>2.746</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>763.151</b>	<b>1.081.668</b>

	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
<b>Prior Period</b>						
Cash-local currency	--	--	--	--	--	--
Cash-foreign currency	728	--	--	--	495.936	--
Domestic sovereign debts	--	--	--	--	--	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	733.417
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
<b>Total</b>	<b>728</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>495.936</b>	<b>733.417</b>

### Explanations on market risk

Whether the bank within the financial risk management objectives hedges itself against market risk, the precautions taken by the Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk

In order to hedge against the market risk within the context of the risk management objectives, the Bank sets its activities related with market risk management in accordance with "Regulations on Banks' Internal Control and Risk Management Systems" published in the Official Gazette no. 29057 dated 11 July 2014 and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 29511 dated 23 October 2015.

Being exposed to market risk, Bank's Board of Directors have defined risk management strategies and policies about risk managements in line with application and recommendation of group and have led to follow-up strategies periodically. The limits of risks are identified and these limits are revised periodically. Board of Directors ensures that risk management group and executive managers should identify, measure, control and manage the Bank's risk.

Market risk arising from trading transactions is limited through the risk appetite policy approved by Board of Directors as "low" and measured by taking into consideration BRSA's standard methodology. Additionally Financial Control Department reports the market value and realized profit/loss of trading portfolio. The Risk Management and Asset Liability Committee continuously monitor compliance of trading transactions with the risk appetite policy. Market risk caused by mismatches of asset-liability maturities is also monitored through GAP reports.

Stress tests and scenario analysis are applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations; and also risk measurement methods such as cash flow projections and GAP analysis are also applied.

Capital to be kept for general market risk and specific risk are calculated by using a standard method in accordance with "Measurement and Assessment of Bank Capital Adequacy Regulation" and are reported monthly.

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**Explanations on market risk (continued)**

In the calculation of the value at credit risk for the derivative financial instruments, the receivables from counterparties are multiplied by the rates stated in the Article 21 and Appendix-2 of "the Regulation on Measurement and Assessment of Capital Adequacy of Banks", reduced as per the "Regulation on Credit Risk Mitigation Techniques" following included in the relevant exposure category and weighted for a second time. The risk amount related to the Bank's derivative financial instruments are calculated using the "Fair Value Method".

Market risk under standardised approach		
	Current Period	Prior Period
	RWA	RWA
<b>Outright Products</b>		
1 Interest rate risk (general and specific)	533.163	820.250
2 Equity risk (general and specific)	--	--
3 Foreign exchange risk	13.875	80.313
4 Commodity risk	--	--
<b>Options</b>		
5 Simplified approach	--	--
6 Delta-plus method	5.425	11.075
7 Scenario approach	--	--
8 Securitisation	--	--
<b>9 Total</b>	<b>552.463</b>	<b>911.638</b>

**1. Quantitative information on counterparty risk**

The counterparty risk amount is calculated in accordance with fair value measurement methodology stated in Appendix 2 and section 3 of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The replacement costs of the contracts with positive value are obtained by evaluating the contracts according to their fair value. The potential credit risk amount is calculated by multiplying contract or transaction amounts with certain ratios determined in accordance with days to maturity and contract type. The total of replacement cost and potential credit risk make up counterparty risk amount. Counterparty credit risk mitigation considers only cash collaterals.

Current Period	Risk Weights					
	Value	0%	20%	50%	75%	100%
Interest-Rate Contracts (*)	--	--	--	--	--	--
Foreign-Exchange Rate Contracts (**)	290.562	2.746	18.840	178.607	2.112	88.257
Commodity Contracts	--	--	--	--	--	--
Equity-Shares Related Contracts	--	--	--	--	--	--
Other	--	--	--	--	--	--
Gross Positive Fair Values	160.283	--	77	105.380	2.486	52.340
Netting Benefits	--	--	--	--	--	--
Net Current Exposure Amount	--	--	--	--	--	--
Collaterals Received	2.746	--	--	--	--	--
<b>Net Derivative Position (***)</b>	<b>450.845</b>	<b>2.746</b>	<b>18.917</b>	<b>283.987</b>	<b>4.598</b>	<b>140.597</b>

(\*) Repo transactions

(\*\*) Includes option, currency swap and forward contracts.

(\*\*\*) Consists of foreign exchange rate and interest rate contracts and gross values of positive fair value amounts.

Prior Period	Risk Weights					
	Value	0%	20%	50%	75%	100%
Interest-Rate Contracts (*)	--	--	--	--	--	--
Foreign-Exchange Rate Contracts (**)	414.373	3.903	49.849	221.140	1.755	137.726
Commodity Contracts	--	--	--	--	--	--
Equity-Shares Related Contracts	--	--	--	--	--	--
Other	--	--	--	--	--	--
Gross Positive Fair Values	446.186	--	2.475	269.119	1.374	173.218
Netting Benefits	--	--	--	--	--	--
Net Current Exposure Amount	--	--	--	--	--	--
Collaterals Received	728	--	--	--	--	--
<b>Net Derivative Position (***)</b>	<b>860.559</b>	<b>3.903</b>	<b>52.324</b>	<b>490.259</b>	<b>3.129</b>	<b>310.944</b>

(\*) Repo transactions

(\*\*) Includes option, currency swap and forward contracts.

(\*\*\*) Consists of foreign exchange rate and interest rate contracts and gross values of positive fair value amounts.

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**Explanations on operational risk**

The value at operational risk is calculated according to the “basic indicator approach”. Value at operational risk amount is calculated by using the last 3 years’ (2018, 2017, 2016 gross income, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” issued on Official Gazette dated September 6, 2014 numbered 29111 , “Calculation of Operational Risk”. 15% of gross income which is TL 118.470 (31 December 2018: TL 88.911) represents also the minimum capital requirement to recover the risk amount.

Current Period	31/12/2016	31/12/2017	31/12/2018	Years of Positive	Total/ No. of Gross Income	Rate %	Total
Gross Income	620.584	714.239	1.034.587		789.803	15	118.470
Value at Operational Risk (Total*12,5)							1.480.881

Prior Period	31/12/2015	31/12/2016	31/12/2017	Years of Positive	Total/ No. of Gross Income	Rate %	Total
Gross Income	443.400	620.584	714.239		592.741	15	88.911
Value at Operational Risk (Total*12,5)							1.111.389

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**FIFTH SECTION**

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and disclosure related to the assets**

**1. Information on cash and balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	48.386	211.408	37.341	100.990
Balances with the Central Bank of Turkey	152.600	2.295.481	366.313	1.259.918
Other	--	--	--	--
<b>Total</b>	<b>200.986</b>	<b>2.506.889</b>	<b>403.654</b>	<b>1.360.908</b>

**1.1 Information related to the account of the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	152.527	659.002	80.959	511.053
Unrestricted Time Deposits	73	498.795	285.354	--
Restricted Time Deposits	--	1.137.684	--	748.865
<b>Total</b>	<b>152.600</b>	<b>2.295.481</b>	<b>366.313</b>	<b>1.259.918</b>

According to the communiqué No: 2005/1 on "Reserve Deposits" of CBRT, banks operating in Turkey are required to keep reserve deposit at the rates varying from 1% - 7% (31 December 2018: 1,5%-8%) for TL liabilities and at the rates 5% - 21% (31 December 2018: 4%-20%) for FC liabilities, especially USD and EUR, depending on maturities of liabilities.

**2. Information on financial assets at fair value through profit or loss**

**2.1 Information on financial assets at fair value through profit or loss given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	24.580	--	21.934	--
<b>Total</b>	<b>24.580</b>	<b>--</b>	<b>21.934</b>	<b>--</b>

Trading securities given as collateral represent those collaterals given to the Central Bank of Turkey, and Istanbul Clearing and Custody Bank (Takasbank) for interbank money market, foreign exchange market and other transactions, as of balance sheets dates.

As of 31 December 2019, financial assets at fair value through profit or loss not given as collateral or not blocked is TL 65.841 (31 December 2018: TL 48.868).

**Loans recognized at fair value through profit or loss**

As of 31 December 2019, loans recognized at fair value through profit or loss is TL 1.948.020 (31 December 2018: TL 1.516.819).

When fair value hedge accounting terminated, the fair value amount on the hedged financial instruments are reflected into the statement of profit or loss by amortization during the life time of the hedged financial instruments.

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**I. Explanations and disclosure related to the assets (continued)**

**2.2 Information on financial assets at fair value through profit or loss subject to repurchase agreements**

None.

**2.3 Positive differences relating to derivative financial assets**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	59.591	--	98.585	--
Swap Transactions	368.713	--	1.015.077	--
Futures Transactions	--	--	--	--
Options	195.923	27.136	341.061	26.033
Other	--	--	--	--
<b>Total</b>	<b>624.227</b>	<b>27.136</b>	<b>1.454.723</b>	<b>26.033</b>

(\*) Except the derivative financial liabilities for hedging purposes.

**3. Information on Banks**

**3.1 Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	400.563	740	731.127	339
Foreign	2.058	87.455	281	233.766
Foreign head-offices and branches	--	--	--	--
<b>Total</b>	<b>402.621</b>	<b>88.195</b>	<b>731.408</b>	<b>234.105</b>

**3.2 Due from foreign banks**

	Current Period		Prior Period	
	Unrestricted Balances	Restricted Balances	Unrestricted Balances	Restricted Balances
EU Countries	18.008	28.352	9.579	199.351
USA and Canada	29.818	--	18.664	--
OECD Countries (*)	1.433	3.624	649	210
Off-Shore Banking Regions	--	--	--	--
Other	8.278	--	5.594	--
<b>Total</b>	<b>57.537</b>	<b>31.976</b>	<b>34.486</b>	<b>199.561</b>

**4. Information on Financial Assets Valued at Fair Value Through Other Comprehensive Income**

**4.1 Financial assets valued at fair value through other comprehensive income subject to repurchase agreements and provided as collateral / blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	10.904	776.085	7.399	642.487
Other	--	--	--	--
<b>Total</b>	<b>10.904</b>	<b>776.085</b>	<b>7.399</b>	<b>642.487</b>

As of 31 December 2019, financial assets comprehensive income not given as collateral or not blocked is TL 20.579 (31 December 2018: TL 54.452).

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**I. Explanations and disclosure related to the assets (continued)**

**4.2 Details of financial assets valued at fair value through other comprehensive income**

	Current Period	Prior Period
Debt instruments	803.864	729.908
Quoted on Stock Exchange	803.864	729.908
Unquoted on Stock Exchange	--	--
Share certificates	3.800	2.713
Quoted on Stock Exchange	3.800	2.713
Unquoted on Stock Exchange	--	--
Impairment provision (-)	96	28.283
<b>Total</b>	<b>807.568</b>	<b>704.338</b>

**5. Information on Loans**

**5.1 Information on all types of loans and advances given to shareholders and employees of the Bank**

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans to Shareholders	--	20	--	20
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	20	--	20
Indirect Loans to Shareholders	--	--	--	--
Loans to Employees	4.653	--	4.695	--
<b>Total</b>	<b>4.653</b>	<b>20</b>	<b>4.695</b>	<b>20</b>

**5.2 Information on Loans under Close Monitoring that are restructured with Standard Loans and Close Monitoring Loans**

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
<b>Loans</b>	<b>13.684.448</b>	<b>723.140</b>	<b>785.792</b>	<b>314.802</b>
Working Capital Loans	5.830.163	228.950	300.679	281.359
Export Loans	--	--	--	713
Import Loans	--	--	--	--
Loans to Financial Sector	183.692	727	84	--
Consumer Loans	1.551.525	57.774	4.549	958
Credit Cards	21.148	5.902	--	--
Others	6.097.920	429.787	480.480	31.772
Specialization Loans	--	--	--	--
Other Receivables	--	--	--	--
<b>Total (*)</b>	<b>13.684.448</b>	<b>723.140</b>	<b>785.792</b>	<b>314.802</b>

(\*) Amounting to TL 3.092 factoring receivables and TL 1.948.020 financial loans at fair value through profit or loss are also included.

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-month Expected Credit Losses	117.374	-	104.447	-
Significant Increase in Credit Risk	-	171.618	-	169.498
<b>Total</b>	<b>117.374</b>	<b>171.618</b>	<b>104.447</b>	<b>169.498</b>

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**I. Explanations and disclosure related to the assets (continued)**

**5.2 Information on Loans under Close Monitoring that are restructured with Standard Loans and Close Monitoring Loans (continue)**

***The overdue analysis of close monitoring loans***

Current Period	Commercial Loans	Consumer Loans	Total
1-30 days	251.024	4.535	255.559
31-60 days	58.987	23.368	82.355
61-90 days	99.530	19.240	118.770
<b>Total</b>	<b>409.541</b>	<b>47.143</b>	<b>456.684</b>

Prior Period	Commercial Loans	Consumer Loans	Total
1-30 days	386.041	10.253	396.294
31-60 days	389.118	30.760	419.878
61-90 days	194.827	23.645	218.472
<b>Total</b>	<b>969.986</b>	<b>64.658</b>	<b>1.034.644</b>

***Maturity analysis of cash loans***

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
<b>Short-term Loans and Other Receivables</b>	<b>5.541.985</b>	<b>--</b>	<b>93.641</b>	<b>52.838</b>
Loans	5.541.985	--	93.641	52.838
Specialized Loans	--	--	--	--
Other Loans	--	--	--	--
<b>Medium and Long-term Loans and Other Receivables</b>	<b>8.085.958</b>	<b>56.505</b>	<b>629.499</b>	<b>1.047.756</b>
Loans	8.085.958	56.505	629.499	1.047.756
Specialized Loans	--	--	--	--
Other Loans	--	--	--	--



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**I. Explanations and disclosure related to the assets (continued)**

**5.3 Information on consumer loans, individual credit cards and credit cards given to personnel**

	Short-Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>736.548</b>	<b>831.310</b>	<b>1.567.858</b>
Real Estate Loans	--	314.057	314.057
Vehicle Loans	46	3.731	3.777
General Purpose Loans	736.502	513.522	1.250.024
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>11.971</b>	<b>11.971</b>
Real Estate Loans	--	11.524	11.524
Vehicle Loans	--	--	--
General Purpose Loans	--	447	447
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>583</b>	<b>583</b>
Real Estate Loans	--	583	583
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Individual Credit Cards-TL</b>	<b>6.875</b>	<b>--</b>	<b>6.875</b>
With Installment	913	--	913
Without Installment	5.962	--	5.962
<b>Individual Credit Cards-FC</b>	<b>109</b>	<b>--</b>	<b>109</b>
With Installment	--	--	--
Without Installment	109	--	109
<b>Loans Given to Employees-TL</b>	<b>661</b>	<b>3.138</b>	<b>3.799</b>
Real Estate Loans	--	545	545
Vehicle Loans	--	--	--
General Purpose Loans	661	2.593	3.254
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Personnel Credit Cards - TL</b>	<b>851</b>	<b>--</b>	<b>851</b>
With Installment	181	--	181
Without Installment	670	--	670
<b>Personnel Credit Cards - FC</b>	<b>3</b>	<b>--</b>	<b>3</b>
With Installment	--	--	--
Without Installment	3	--	3
<b>Overdraft Loans-TL (Real Persons)</b>	<b>30.595</b>	<b>--</b>	<b>30.595</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>775.642</b>	<b>847.002</b>	<b>1.622.644</b>

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**I. Explanations and disclosure related to the assets (continued)**

**5.4 Information on commercial loans with installments and corporate credit cards**

	Short-Term	Medium or Long Term	Total
<b>Installment Commercial Loans - TL</b>	<b>542.387</b>	<b>2.751.409</b>	<b>3.293.796</b>
Real Estate Loans	--	1.018	1.018
Vehicle Loans	9.007	62.765	71.772
General Purpose Loans	533.380	2.687.626	3.221.006
Other	--	--	--
<b>Installment Commercial Loans - Indexed to FC</b>	<b>--</b>	<b>94.477</b>	<b>94.477</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	12.425	12.425
General Purpose Loans	--	82.052	82.052
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Corporate Credit Cards - TL</b>	<b>19.212</b>	<b>--</b>	<b>19.212</b>
With Installment	2.234	--	2.234
Without Installment	16.978	--	16.978
<b>Corporate Credit Cards - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
With Installment	--	--	--
Without Installment	--	--	--
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>49.359</b>	<b>--</b>	<b>49.359</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>610.958</b>	<b>2.845.886</b>	<b>3.456.844</b>

**5.5 Allocation of loans by customers**

	Current Period	Prior Period
Public Sector	--	--
Private Sector	15.508.182	14.069.334
<b>Total (*)</b>	<b>15.508.182</b>	<b>14.069.334</b>

(\*) Amounting to TL 3.092 factoring receivables (31 December 2018: TL 14.311) and TL 1.948.020 financial loans at fair value through profit or loss are also included (31 December 2018: TL 1.516.819).

**5.6 Allocation of Domestic and Foreign Loans**

	Current Period	Prior Period
Domestic Loans	14.737.586	13.663.328
Foreign Loans	770.596	406.006
<b>Total (*)</b>	<b>15.508.182</b>	<b>14.069.334</b>

(\*) Amounting to TL 3.092 factoring receivables (31 December 2018: TL 14.311) and TL 1.948.020 financial loans at fair value through profit or loss are also included (31 December 2018: TL 1.516.819).

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**I. Explanations and disclosure related to the assets (continued)**

**5.7 Loans granted to subsidiaries and associates**

The Bank does not have any loans granted to subsidiaries and associates as of 31 December 2019 (31 December 2018: None).

**5.8 Provisions provided against loans (third stage)**

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	165.920	107.976
Loans and Receivables with Doubtful Collectability	133.848	66.127
Uncollectible Loans and Receivables	215.350	121.732
<b>Total</b>	<b>515.118</b>	<b>295.835</b>

**5.9 Information on non-performing loans (Net)**

**5.9.1 Information on loans and other receivables included in non-performing loans which are restructured or rescheduled**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current Period	453	21.568	2.301
Gross Amounts before Provisions	--	--	--
Restructured Loans and Other Receivables	453	21.568	2.301
Prior Period	89	4.308	14
Gross Amounts before Specific Provisions	--	--	--
Restructured Loans and Other Receivables	89	4.308	14

**5.9.2 Movement on non-performing loans**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Balances at the End of Prior Period	203.821	167.547	250.495
Additions (+)	692.046	5.342	20.940
Transfers from Other Categories of Non-Performing Loans (+)	921	529.029	370.583
Transfers to Other Categories of Non-Performing Loans (-)	530.390	363.905	6.239
Collections (-)	49.880	36.048	84.710
Write-offs (-)	--	--	13.022
Sold (-) (*)	48.436	85.914	101.842
Corporate and Commercial Loans	48.217	84.619	83.786
Retail Loans	41	322	9.030
Credit Cards	178	973	9.026
Other	--	--	--
Balances at End of the Period	268.082	216.051	436.205
Provisions (-)	165.920	133.848	215.350
<b>Net Balance on Balance Sheet</b>	<b>102.162</b>	<b>82.203</b>	<b>220.855</b>

(\*) The loan amounting to TL 236.192 has been written off from assets by transferring to asset management company in 2019.

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**I. Explanations and disclosure related to the assets (continued)**

**5.9.3 Information on expected credit losses**

	Stage 1	Stage 2	Stage 3
<b>Beginning of period (1 January 2019)</b>	<b>104.447</b>	<b>169.498</b>	<b>295.835</b>
Loans and movements added during the period	39.809	2.886	11.693
Loans and movements moved out during the period	(16.360)	(21.297)	(66.163)
<b>Movements of Stage 1 and Stage 2</b>			
Stage 1 Loans in two periods	12.870	--	--
Transfers from Stage 1 to Stage 2	(21.192)	66.417	--
Stage 2 Loans in two periods	--	11.638	--
Transfers from Stage 2 to Stage 1	1.064	(9.712)	--
<b>Movements of Stage 3</b>			
Transfers from Stage 1 to Stage 3 (*)	(3.265)	--	93.043
Transfers from Stage 2 to Stage 3	--	(47.812)	233.201
Stage 3 Loans in two periods (amount and parameter change)	--	--	42.698
Write-offs	--	--	--
Sold	--	--	(95.188)
<b>Period end (31 December 2019)</b>	<b>117.374</b>	<b>171.618</b>	<b>515.118</b>

(\*)The mentioned customers are in Stage 1 at the end of 2018 and they have passed to Stage 3 during the year.

**5.9.4 Information on non-performing loans and other receivables in foreign currencies**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Current Period</b>			
Balance as of Period End	15.936	33.897	85.845
Provisions (-)	9.818	17.768	31.520
<b>Net Balance on Balance Sheet</b>	<b>6.118</b>	<b>16.129</b>	<b>54.325</b>
<b>Prior Period</b>			
Balance as of Period End	50.101	46.335	40.260
Provisions (-)	12.756	5.526	9.989
<b>Net Balance on Balance Sheet</b>	<b>37.345</b>	<b>40.809</b>	<b>30.271</b>

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**5.9.5 Information regarding gross and net amounts of non-performing loans with respect to debtor groups**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current Period (Net)	102.162	82.203	220.855
Loans Granted to Real Persons and Legal Entities (Gross)	268.082	216.051	436.205
Provisions (-)	165.920	133.848	215.350
Loans Granted to Real Persons and Legal Entities (Net)	102.162	82.203	220.855
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
Prior Period (Net)	95.845	101.420	128.763
Loans Granted to Real Persons and Legal Entities (Gross)	203.821	167.547	250.495
Provisions (-)	107.976	66.127	121.732
Loans Granted to Real Persons and Legal Entities (Net)	95.845	101.420	128.763
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

**5.10 Information on interest accruals, valuation differences and related provisions calculated for non-performing loans by the banks which reserves provision according to TFRS 9**

The Bank does not calculate interest accruals for non-performing loans.

**5.11 Explanations about policy of cancelling from Credit**

In the event that the conditions stated in the law related to the unworthiness of the receivable arise, whole provisions are set aside for all of these loans and the loans are written off from the assets by the board decision.

**6. Information on financial assets measured at amortized cost**

**6.1 Information on securities subject to repurchase agreement and given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	188.506	386.592	188.864	90.518
Other	--	--	--	--
<b>Total</b>	<b>188.506</b>	<b>386.592</b>	<b>188.864</b>	<b>90.518</b>

**6.2 Information on government securities in financial assets measured at amortized cost**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	188.506	386.592	188.864	174.168
Treasury Bill	--	--	--	--
Other Debt Securities	--	--	--	--
<b>Total</b>	<b>188.506</b>	<b>386.592</b>	<b>188.864</b>	<b>174.168</b>

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**6.3 Information on financial assets measured at amortized cost**

	Current Period	Prior Period
Debt instruments	575.098	363.032
Quoted on Stock Exchange	575.098	363.032
Unquoted on Stock Exchange	--	--
Share certificates	--	--
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange	--	--
Impairment provision (-)	--	--
<b>Total</b>	<b>575.098</b>	<b>363.032</b>

**6.4 Information on the movement of financial assets measured at amortized cost during the period**

	Current Period	Prior Period
Balance at the beginning of period	363.032	--
Foreign Exchange Difference in Monetary Assets	--	--
Purchases during the year (*)	212.066	363.032
Disposals through Sales and Redemptions	--	--
Impairment provision (-)	--	--
<b>Total</b>	<b>575.098</b>	<b>363.032</b>

(\*) According to TFRS 9 transaction, the related amount classified as "Financial Assets at Fair Value Through Other Comprehensive Income" to "Financial Assets Measured at Amortized Cost".

**7. Information on associates**

The Bank has an investment amounting to TL 4.897 in an associate as of 31 December 2019 (31 December 2018: TL 4.897).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)
Kredi Garanti Fonu A.Ş.	Ankara	1,54%	1,54%

**8. Information on subsidiaries**

The Bank has TL 36.945 investment in subsidiaries as of 31 December 2019 (31 December 2018: TL 26.945).

**Non-financial subsidiaries**

The Bank has TL 31.500 investment in a non-financial subsidiary as of 31 December 2019 (31 December 2018: TL 21.500).

	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)
Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş.	İstanbul	100%	100%

Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş., was established with the purpose of providing entrepreneurship, creation of new business fields and technologies, investment in financial technology companies, mobile payment, income expenditure follow-up and money transfer consultancy services.

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**8. Information on subsidiaries (continued)**

**Financial subsidiaries**

The Bank has TL 5.445 investment in a financial subsidiary as of 31 December 2019 (31 December 2018: TL 5.445).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)	Consolidation Type
Fiba Portföy Yönetimi A.Ş.	Istanbul	99%	99%	Full Consolidation

Fiba Portföy Yönetimi A.Ş. has been established as of 26 September 2013 with 99% share of Fibabanka A.Ş.

The financial information about Fiba Portföy Yönetimi A.Ş. as of 31 December 2019 is given below:

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
9.902	8.734	458	61	--	2.912	355	--

(\*) Total fixed assets consist tangible and intangible assets.

	Current Period	Prior Period
Balance at Beginning of Period	5.445	5.445
Movements during the Period	--	--
Additions and Capital Increases	--	--
Bonus Shares Received	--	--
Dividends from the Current Year Profit	--	--
Sales/Liquidations	--	--
Reclassification of shares	--	--
Increase / (Decrease) in Market Values	--	--
Currency Differences on Foreign Subsidiaries	--	--
Reversal of Impairment Losses/ Impairment Losses (-)	--	--
Balance at the End of Period	5.445	5.445
Capital Commitments	5.445	5.445
Share of Percentage at the end of Period (%)	99	99

\* Fiba Portföy Yönetimi A.Ş. was established on 26 September 2013 with the participation of Fibabanka A.Ş. by 99%.

	Current Period	Prior Period
Banks	--	--
Insurance Companies	--	--
Factoring Companies	--	--
Leasing Companies	--	--
Finance Companies	--	--
Other Subsidiaries	5.445	5.445

**Quoted consolidated investments insubsidiaries**

None.

**9. Information on entities under common control**

The Bank does not have investments in entities under common control as of 31 December 2019.

**10. Information on lease receivables**

The Bank does not have lease receivables as of 31 December 2019.

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**11. Information on derivative financial assets held for hedging purposes**

The Bank has TL 87.539 investment in derivative financial assets held for hedging purposes as of 31 December 2019 (31 December 2018: TL 201.839 liability).

The Bank's Asset Liability Committee aims to hedge the interest risk through hedging its TL denominated fixed rate credit portfolio with cross currency swaps by linking the high correlated part of the fair value changes of hedging instruments after prospective tests.

**12. Information on tangible assets**

Current Period	Real Estate	Cars	Other Tangible Assets*	Total
<b>Cost</b>				
Beginning Balance, 1 January 2019	223.097	79	88.283	311.459
Additions	72.279	12.721	24.011	109.011
Disposals	--	--	6.101	6.101
<b>Ending Balance, 31 December 2019</b>	<b>295.376</b>	<b>12.800</b>	<b>106.193</b>	<b>414.369</b>
<b>Accumulated Depreciation</b>				
Beginning Balance, 1 January 2019	(6.541)	(99)	(48.002)	(54.642)
Depreciation	(22.404)	(798)	(18.910)	(42.112)
Disposals	(111)	--	6.146	6.036
<b>Ending Balance, 31 December 2019</b>	<b>(29.056)</b>	<b>(897)</b>	<b>(60.766)</b>	<b>(90.718)</b>
<b>Net Book Value, 31 December 2019</b>	<b>266.320</b>	<b>11.903</b>	<b>45.427</b>	<b>323.651</b>

\* Other tangible fixed assets consist of leasehold improvements, safe boxes, office machinery, furniture and other movables.

Prior Period	Real Estate	Cars	Other Tangible Assets*	Total
<b>Cost</b>				
Beginning Balance, 1 January 2018	171.563	79	75.733	247.375
Additions	51.534	--	26.278	77.812
Disposals	--	--	13.728	13.728
<b>Ending Balance, 31 December 2018</b>	<b>223.097</b>	<b>79</b>	<b>88.283</b>	<b>311.459</b>
<b>Accumulated Depreciation</b>				
Beginning Balance, 1 January 2018	(4.683)	(38)	(50.701)	(55.422)
Depreciation	(1.813)	(61)	(10.849)	(12.723)
Disposals	(45)	--	13.548	13.503
<b>Ending Balance, 31 December 2018</b>	<b>(6.541)</b>	<b>(99)</b>	<b>(48.002)</b>	<b>(54.642)</b>
<b>Net Book Value, 31 December 2018</b>	<b>216.556</b>	<b>(20)</b>	<b>40.281</b>	<b>256.817</b>

\* Other tangible fixed assets consist of leasehold improvements, safe boxes, office machinery, furniture and other movables.

**12.1 Disclosure for impairment losses or releases individually material for financial statements**

**12.1.1 Conditions for allocating/releasing any impairment**

None.

**12.1.2 Amount of impairment losses provided or released in financial statements during current period**

None.

**12.2 Other impairment losses provided or released in current period that are immaterial for the financial statement individually**

None.



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**13. Information on intangible assets**

**13.1 Useful lives and depreciation rates**

The useful life of an asset is determined by taking the asset's expected economic life, technical, technological or other kinds of obsolescence, and maintenance costs into account. The amortization rates used are in accordance with the useful lives of the underlying assets. The useful lives are determined as defined by TAS 38 "Intangible Assets".

The Bank's intangible assets consist of software programs and rights, and their useful lives range between 3 to 10 years.

**13.2 Depreciation methods**

Depreciation for assets which are in balance sheet for less than one year is calculated by the straight line method by proportioning the duration of asset in the balance sheet to the predicted yearly depreciation amount.

**13.3 Movements of intangible assets at beginning and end of the current period**

	Current Period	Prior Period
Cost		
Beginning Balance, 1 January	90.570	55.343
Additions	50.274	35.334
Disposal	2.616	107
Ending Balance, 31 December	138.228	90.570
Accumulated Depreciation		
Beginning Balance, 1 January	(55.569)	(49.395)
Amortisation Expense for Current Period (-)	(24)	(107)
Disposal	(12.805)	(6.281)
Ending Balance, 31 December	(68.351)	(55.569)
Net Book Value, 31 December	69.877	35.001

**13.4 Details for any individually material intangible assets**

None.

**13.5 Intangible assets capitalised under government incentives at fair values**

None.

**13.6 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates**

None.

**13.7 Net book value of intangible asset that are restricted in usage or pledged**

None.

**13.8 Commitments to acquire intangible assets**

None.

**13.9 Disclosure on revalued intangible assets**

None.

**13.10 Research and development costs expensed during current period**

None.

**13.11 Goodwill**

None

**14. Information on investment properties**

None.

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**15. Information on deferred tax asset**

**15.1 Amount of deferred tax asset recognized in the balance sheet in respect of deductible temporary differences, unused tax losses and unused tax credits**

As of 31 December 2019, the deferred tax assets amounting to TL 54.427 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2018: TL 79.305 deferred tax asset).

Deferred tax asset consists of deferred tax asset and liability items recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. The deferred tax assets and liabilities are presented as net in the accompanying financial statements.

Current Period		
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Assets Valuation	(124.029)	(24.671)
Unearned Commission Income/Prepaid Commission Expenses	13.823	3.041
Retirement Pay and Unused Vacation Provision	29.588	6.210
Tangible Assets Base Differences	(29.517)	(5.903)
Provisions	345.106	73.403
Other	10.852	2.347
<b>Deferred Tax Asset/(Liability)</b>	<b>245.823</b>	<b>54.427</b>
Prior Period		
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Loss	105.405	23.189
Financial Assets Valuation	(108.312)	(26.047)
Unearned Commission Income/Prepaid Commission Expenses	20.772	4.570
Retirement Pay and Unused Vacation Provision	23.259	4.895
Tangible Assets Base Differences	(17.841)	(3.568)
Provisions	353.131	75.366
Other	4.182	900
<b>Deferred Tax Asset/(Liability)</b>	<b>380.596</b>	<b>79.305</b>

The movement of the current year and prior year deferred tax assets is shown below:

	1 January - 31 December 2019	1 January - 31 December 2018
Deferred Tax Asset, 1 January	79.305	9.472
Deferred Tax Income / (Expense)	(15.339)	(41.161)
Deferred Tax Recognized Directly Under Equity	(9.539)	110.994
<b>Deferred Tax Asset/(Liability), Period End Balance</b>	<b>54.427</b>	<b>79.305</b>

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**I. Explanations and disclosure related to the assets (continued)**

**15.2 *Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in prior periods in the balance sheet***

None.

**15.3 *Deferred tax asset resulting from the cancellation of the provision for impairment losses related to the deferred taxes***

None.

**16. Information on assets held for sale and non-current assets related to discontinued operations**

As of 31 December 2019, the Bank has TL 63.247 assets held for sale (31 December 2018: TL 215.235).

**17. Information on other assets**

Other assets do not exceed 10% of total assets excluding the off-balance sheet items.

**17.1 *Information on prepaid expenses, tax and similar items***

As of 31 December 2019, total prepaid expenses are TL 42.003 (31 December 2018: TL 30.544).

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**II. Explanations and disclosures related to liabilities**

**1. Information on deposits**

**1.1 Information on maturity structure of deposits**

**Current Period**

	Demand	7 Days Notice	Up to 1 Month	Up to 3 Months	3-6 Months	6 Months -		Cumulative Deposit	Total
						1 Year	1 Year and Over		
Saving Deposits	217.255	--	3.423.787	1.503.762	55.737	181.346	110.105	--	5.491.992
Foreign Currency Deposits	624.521	--	2.338.733	2.869.532	539.707	446.008	28.506	--	6.847.007
Residents in Turkey	569.703	--	2.326.177	2.862.047	539.338	445.553	28.419	--	6.771.237
Residents Abroad	54.818	--	12.556	7.485	369	455	87	--	75.770
Public Sector Deposits	59.892	--	--	--	--	--	--	--	59.892
Commercial Deposits	329.476	--	169.835	558.795	4.516	964	1.664	--	1.065.250
Other Ins. Deposits	2.348	--	3.959	21.696	--	40	242	--	28.285
Precious Metal Deposits	25.146	--	--	--	--	--	--	--	25.146
Interbank Deposits	22.159	--	12.262	14.705	--	--	--	--	49.126
Central Bank of Turkey	--	--	--	--	--	--	--	--	--
Domestic Banks	68	--	--	6.916	--	--	--	--	6.984
Foreign Banks	11.605	--	12.262	7.789	--	--	--	--	31.656
Special Finan.Inst.	10.486	--	--	--	--	--	--	--	10.486
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>1.280.797</b>	<b>--</b>	<b>5.948.576</b>	<b>4.968.490</b>	<b>599.960</b>	<b>628.358</b>	<b>140.517</b>	<b>--</b>	<b>13.566.698</b>

**Prior Period**

	Demand	7 Days Notice	Up to 1 Month	Up to 3 Months	3-6 Months	6 Months -		Cumulative Deposit	Total
						1 Year	1 Year and Over		
Saving Deposits	96.239	--	738.810	1.592.139	1.257.139	478.607	321.611	--	4.484.545
Foreign Currency Deposits	395.655	--	883.617	2.656.753	216.034	123.331	197.448	--	4.472.838
Residents in Turkey	370.154	--	875.647	2.648.053	215.735	122.674	73.312	--	4.305.575
Residents Abroad	25.501	--	7.970	8.700	299	657	124.136	--	167.263
Public Sector Deposits	459	--	--	293	--	--	--	--	752
Commercial Deposits	197.452	--	341.316	690.137	169.870	90.089	124.025	--	1.612.889
Other Ins. Deposits	2.057	--	4.354	29.074	16.278	95	38.221	--	90.079
Precious Metal Deposits	12.368	--	--	--	--	--	--	--	12.368
Interbank Deposits	88.410	--	465.589	82.830	2.926	--	--	--	639.755
Central Bank of Turkey	--	--	273.793	--	--	--	--	--	273.793
Domestic Banks	14.938	--	157.837	--	2.926	--	--	--	175.701
Foreign Banks	37.903	--	33.959	82.830	--	--	--	--	154.692
Special Finan.Inst.	35.569	--	--	--	--	--	--	--	35.569
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>792.640</b>	<b>--</b>	<b>2.433.686</b>	<b>5.051.226</b>	<b>1.662.247</b>	<b>692.122</b>	<b>681.305</b>	<b>--</b>	<b>11.313.226</b>

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**II. Explanations and disclosures related to liabilities (continued)**

**1.2 Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance**

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	2.739.691	1.208.164	2.736.619	3.253.366
Foreign Currency Saving Deposits	1.025.106	391.384	4.415.973	2.840.835
Other Deposits in the Form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--	--	--
<b>Total</b>	<b>3.764.797</b>	<b>1.599.548</b>	<b>7.152.592</b>	<b>6.094.201</b>

**1.3 Saving deposits in Turkey are not covered by any insurance in any other countries since the Bank's headquarter is not located abroad**

**1.4 Saving deposits that are not under the guarantee of deposit insurance fund**

	Current Period	Prior Period
- Deposits and Accounts in Branches Abroad	--	--
- Deposits of Ultimate Shareholders and Their Close Families	23.907	37.448
- Deposits of Chairman and Members of the Board of Directors and their Close Families	21.646	21.379
- Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004.	--	--
- Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	--	--

**2. Information on derivative financial liabilities held for trading**

**2.1 Information on negative differences relating to derivative financial liabilities held for trading**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	65.341	--	101.503	--
Swap Transactions	386.379	--	846.126	--
Futures Transactions	--	--	--	--
Options	195.948	27.093	340.718	26.067
Other	--	--	--	--
<b>Total</b>	<b>647.668</b>	<b>27.093</b>	<b>1.288.347</b>	<b>26.067</b>

(\*) Derivatives for hedging purpose are excluded.

**3. Information on banks and other financial institutions**

**3.1 Information on banks and other financial institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	--	--	--	--
From Domestic Banks and Institutions	16.773	391.415	10.298	255.075
From Foreign Banks, Institutions and Funds	--	451.193	--	1.073.839
<b>Total</b>	<b>16.773</b>	<b>842.608</b>	<b>10.298</b>	<b>1.328.914</b>

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**II. Explanations and disclosures related to liabilities (continued)**

**3.2 Maturity analysis of borrowing**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	16.773	112.037	10.298	66.671
Medium and Long Term	--	730.571	--	1.262.243
<b>Total</b>	<b>16.773</b>	<b>842.608</b>	<b>10.298</b>	<b>1.328.914</b>

**3.3 Additional explanation related to the concentrations of the Bank's major liabilities**

In the scope of normal banking operations, the Bank funds itself through the funds provided in the form of deposits, bank borrowings and bond issuance.

**4. Information related with issued instruments**

Current Period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	383.867	--	--	1.300.613
Book Value	383.937	--	--	1.334.395

Prior period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	519.481	--	--	1.304.630
Book Value	503.729	--	--	1.338.856

**5. Other Liabilities**

Other liabilities of balance sheet do not exceed 10% of the balance sheet total.

**6. Obligations under financial lease**

With the "TFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by lessees. Implementation and impacts on transition of TFRS 16 are presented in Note XXVII of Section Three.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	31.743	37.657	194	171
Between 1-4 Years	54.263	29.917	313	292
More than 4 Years	3.429	820	--	--
<b>Total</b>	<b>89.435</b>	<b>68.394</b>	<b>507</b>	<b>463</b>

**6.1 Additional explanations related to the changes in agreements and the additional liabilities brought by these changes**

None.

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**II. Explanations and disclosures related to liabilities (continued)**

**7. Information on derivative financial liabilities for hedging purposes**

As of 31 December 2019, derivative financial liabilities for hedging purposes is TL 113.444 (31 December 2018: TL 201.839).

**8. Information on provisions**

**8.1 Foreign exchange losses on the foreign currency indexed loans**

The foreign exchange losses on foreign currency indexed loans are netted off from the loans on the balance sheet. As of 31 December 2019, there is no provision of foreign exchange losses on the foreign currency indexed loans. (31 December 2018: None).

**8.2 The specific provisions provided for unindemnified non cash loans**

As of 31 December 2019, the specific provision provided for unindemnified non cash loans is TL 11.449 (31 December 2018: TL 5.215).

**8.3 Explanation on other provisions**

**8.3.1 Provisions for possible losses**

	Current Period	Prior Period
Provisions for Possible Losses	44.500	65.000

**8.3.2 The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total provisions**

None.

**8.3.3 Explanations on reserves for employee benefits**

As of 31 December 2019, reserves for employee benefits amounting to TL 29.588 (31 December 2018: TL 23.259) comprise of TL 14.959 reserve for employee termination benefits (31 December 2018: TL 11.116), TL 4.724 unused vacation pay liability (31 December 2018: TL 3.238) and TL 9.905 personnel premium accrual (31 December 2018: TL 8.905).

The table below shows the predicted total net cost from employee termination benefits.

	Current Period	Prior Period
Balance at the Beginning	11.116	11.439
Change in the period	6.285	3.565
Aktuerial Loss/Profit Transferred to Equity	2.542	1.384
Paid in the Period	(4.984)	(5.272)
Balance at the End	14.959	11.116

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**II. Explanations and disclosures related to liabilities (continued)**

**9. Explanations on Tax Liability**

**9.1 Explanations on current tax liability**

**9.1.1 Explanations on tax provision**

As of 31 December 2019, the Bank's current tax liability is TL 40.580 (31 December 2018: TL 39.376).

**9.1.2 Information on taxes payable**

	Current Period	Prior Period
Corporate taxes payable	--	--
Taxation on securities	17.703	14.434
Property tax	357	366
Banking and Insurance Transaction Tax (BITT)	10.510	15.265
Taxes on foreign exchange transactions	584	--
Value added taxes payable	1.364	815
Income tax ceased from wages	4.389	3.759
Other	787	660
<b>Total</b>	<b>35.694</b>	<b>35.299</b>

**9.1.3 Information on premium**

	Current Period	Prior Period
Social Security Premiums- Employee	2.068	1.725
Social Security Premiums- Employer	2.387	1.991
Bank Social Aid Pension Fund Premium- Employee	--	--
Bank Social Aid Pension Fund Premium- Employer	--	--
Pension Fund Membership Fees and Provisions- Employee	--	--
Pension Fund Membership Fees and Provisions- Employer	--	--
Unemployment Insurance- Employee	144	120
Unemployment Insurance- Employer	287	241
Other	--	--
<b>Total</b>	<b>4.886</b>	<b>4.077</b>

**9.2 Explanations on deferred tax liabilities**

There are no deferred tax liabilities after netting of deferred tax assets (31 December 2018: None).

**10. Information on liabilities regarding assets held for sale and discounted operations**

None (31 December 2018: None).



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**Explanations and disclosures related to liabilities (continued)**

II.

**11. Explanations on subordinated loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments subject to common equity	100.000	178.263	--	--
Subordinated loans	--	--	--	--
Subordinated debt instruments (*)	100.000	178.263	--	--
Debt instruments subject to Tier 2 equity	--	1.610.755	--	1.596.143
Subordinated loans	--	--	--	--
Subordinated debt instruments	--	1.610.755	--	1.596.143
<b>Total</b>	<b>100.000</b>	<b>1.789.018</b>	<b>--</b>	<b>1.596.143</b>

(\*) Related debt instrument is shown in "Other Capital Reserves" account.

**12. Information on shareholders' equity**

**12.1 Paid-in capital**

	Current Period	Prior Period
Common Stock	941.161	941.161
Preferred Stock	--	--

**12.2 Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital ceiling:**

Registered share capital system is not applied.

**12.3 Information on share capital increases and their sources; other information on increased capital shares in current period**

None.

**12.4 Information on share capital increases from revaluation funds:**

None.

**12.5 Information on capital commitments the purpose and the sources until the end of the fiscal year and the subsequent interim period:**

The capital is totally paid in and there are no capital commitments.

**12.6 Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Bank's equity:**

None.

**12.7 Information on privileges given to stocks representing the capital**

The Bank does not have any preferred shares.

**12.8 Common stock issue premiums, shares and equity instruments**

Number of shares issued with premiums and the related share premiums are presented below:

	Current Period	Prior Period
Number of Shares (Thousand)	26.230.098	26.230.098
Number of Privileged Shares	--	--
Share Premium	128.678	128.678
Share Cancellation Profits	--	--
Other Equity Instruments	--	--

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**12. Information on shareholders' equity (continued)**

**12.9 Information on marketable securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates, and Entities Under Common Control (Joint Ventures)	--	--	--	--
Security Valuation Difference	3.033	12.741	(363)	(26.209)
Exchange Difference	--	--	--	--
<b>Total</b>	<b>3.033</b>	<b>12.741</b>	<b>(363)</b>	<b>(26.209)</b>

**12.10 Information on other capital reserves**

The Bank has issued a TL-denominated debt instrument on 20 March 2019 with nominal amount of TL 100.000 with a floating interest rate, which fulfills the conditions of 7th section-2nd paragraph of BRSA's "Regulation on Equities of Banks", has equity characteristics and will be added to Tier I capital calculations. It is presented under "Other Capital Reserves" account.

**12.11 Information on revaluation reserve**

None.

**12.12 Bonus shares of subsidiaries, associates and joint ventures**

None.

**12.13 Information on legal reserves**

	Current Period	Prior Period
Legal Reserves	31.719	21.886
Special Reserves	--	--

**12.14 Information on extraordinary reserves**

	Current Period	Prior Period
Reserves allocated by the General Assembly	252.630	388.400
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Capital Exchange Differences	--	--

In the Ordinary General Assembly Meeting of the Bank, which was held on 27 March 2019, it was decided to set off the accumulated loss to extraordinary legal reserve.

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**III. Explanations and disclosures related to off-balance sheet contingencies and commitments**

**1. Information on off-balance sheet commitments**

**1.1 Nature and amount of irrevocable loan commitments**

	Current Period	Prior Period
Asset Sale and Purchase Commitments	4.527.252	3.077.634
Credit Card Limit Commitments	32.901	85.881
Credit Card and Bank Trans. Promo. Guarantee	1	1
Commitments for Credit Allocation with the Guarantee of Usage	876.316	615.901
Export Commitments	5.940	6.502
Commitment for Cheques	187.578	199.635
Other Irrevocable Commitments	15.152	13.659
<b>Total</b>	<b>5.645.140</b>	<b>3.999.213</b>

**1.2 Possible losses and commitments related to off-balance sheet items, including the ones listed below**

**1.2.1 Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits**

	Current Period	Prior Period
Letters of Guarantee TL	432.859	419.207
Letters of Guarantee FC	317.754	266.723
Letters of Credit	168.208	56.195
Bills of Exchange and Acceptances	105.847	129.425
<b>Total</b>	<b>1.024.668</b>	<b>871.550</b>

The Bank has set aside TL 13.331 of expected credit loss allowance for non-cash loans (December 18 TL 13.161).

**1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies**

	Current Period	Prior Period
Revocable Letters of Guarantee	37.188	1.811
Irrevocable Letters of Guarantee	659.784	623.944
Letters of Guarantee Given in Advance	28.699	36.898
Letters of Guarantee Given to Customs	5.423	2.209
Other Letters of Guarantee	19.519	21.068
<b>Total</b>	<b>750.613</b>	<b>685.930</b>

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

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	7.898	14.403
With Original Maturity of 1 Year or Less Than 1 Year	--	--
With Original Maturity of More Than 1 Year	7.898	14.403
Other Non-Cash Loans	1.016.770	857.147
<b>Total</b>	<b>1.024.668</b>	<b>871.550</b>

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**III. Explanations and disclosures related to off-balance sheet contingencies and commitments (continued)**

**3. Information on sectorial risk concentrations of non-cash loans**

	Current Period				Prior Period			
	TP	(%)	YP	(%)	TP	(%)	YP	(%)
<b>Agricultural</b>	<b>2.050</b>	<b>0,5%</b>	<b>27.275</b>	<b>4,6%</b>	<b>5.776</b>	<b>1,4%</b>	<b>5.960</b>	<b>1,3%</b>
Farming and raising livestock	--	0,0%	--	0,0%	487	0,1%	--	0,0%
Forestry	2.050	0,5%	27.275	4,6%	5.289	1,3%	5.960	1,3%
Fishing	--	0,0%	--	0,0%	--	0,0%	--	0,0%
<b>Manufacturing</b>	<b>28.713</b>	<b>6,6%</b>	<b>180.630</b>	<b>30,5%</b>	<b>47.787</b>	<b>11,4%</b>	<b>234.802</b>	<b>52,0%</b>
Mining	2.406	0,6%	1.496	0,3%	4.758	1,1%	3.109	0,7%
Production	20.674	4,8%	179.134	30,3%	32.731	7,8%	231.693	51,3%
Electric, gas and water	5.633	1,3%	--	0,0%	10.298	2,5%	--	0,0%
<b>Construction</b>	<b>86.747</b>	<b>20,0%</b>	<b>39.551</b>	<b>6,7%</b>	<b>112.749</b>	<b>26,9%</b>	<b>83.024</b>	<b>18,4%</b>
<b>Services</b>	<b>148.571</b>	<b>34,3%</b>	<b>186.821</b>	<b>31,6%</b>	<b>203.698</b>	<b>48,5%</b>	<b>121.142</b>	<b>26,8%</b>
Wholesale and retail trade	57.757	13,3%	93.435	15,8%	47.848	11,4%	49.510	11,0%
Hotel, food and beverage services	4.312	1,0%	36.930	6,2%	15.210	3,6%	39.117	8,7%
Transportation and telecommunication	15.030	3,5%	9.014	1,5%	16.070	3,8%	6.916	1,5%
Financial Institutions	41.370	9,6%	37.608	6,4%	101.744	24,2%	19.230	4,3%
Real estate and renting services	14.626	3,4%	655	0,1%	1.043	0,2%	--	0,0%
Self-employment services	10.986	2,5%	7.482	1,3%	5.888	1,4%	69	0,0%
Education services	1.687	0,4%	--	0,0%	2.918	0,7%	341	0,1%
Health and social services	2.803	0,6%	1.697	0,3%	12.977	3,1%	5.959	1,3%
<b>Other</b>	<b>166.778</b>	<b>38,5%</b>	<b>157.532</b>	<b>26,6%</b>	<b>49.626</b>	<b>11,8%</b>	<b>6.986</b>	<b>1,5%</b>
<b>Total</b>	<b>432.859</b>	<b>100,0%</b>	<b>591.809</b>	<b>100,0%</b>	<b>419.636</b>	<b>100,0%</b>	<b>451.914</b>	<b>100,0%</b>

**4. Information on the first and second group of non-cash loans**

Current Period	Stage I		Stage II	
	TL	FC	TL	FC
Letters of Guarantee	406.915	312.347	25.944	5.407
Bills of Exchange and Bank Acceptances	--	105.847	--	--
Letters of Credit	--	168.208	--	--
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Related Guarantees	--	--	--	--
Other Guarantees and Sureties	--	--	--	--
<b>Non-Cash Loans</b>	<b>406.915</b>	<b>586.402</b>	<b>25.944</b>	<b>5.407</b>

Prior Period	Stage I		Stage II	
	TL	FC	TL	FC
Letters of Guarantee	401.958	255.449	17.249	11.274
Bills of Exchange and Bank Acceptances	429	128.996	--	--
Letters of Credit	--	56.195	--	--
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Related Guarantees	--	--	--	--
Other Guarantees and Sureties	--	--	--	--
<b>Non-Cash Loans</b>	<b>402.387</b>	<b>440.640</b>	<b>17.249</b>	<b>11.274</b>

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

	Current Period	Prior Period
<b>Types of trading transactions</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>28.917.977</b>	<b>35.863.444</b>
Forward Transactions	4.459.648	5.362.018
Swap Transactions	18.989.037	24.249.617
Futures Transactions	--	5.484
Option Transactions	5.469.292	6.246.325
<b>Interest Related Derivative Transactions (II)</b>	<b>644.020</b>	<b>576.090</b>
Forward Rate Transactions	--	--
Interest Rate Swap Transactions	644.020	576.090
Interest Option Transactions	--	--
Futures Interest Transactions	--	--
Other Trading Derivative Transactions (III)	1.157.032	703.519
<b>A. Total Derivative Transactions Held for Trading (I+II+III)</b>	<b>30.719.029</b>	<b>37.143.053</b>
<b>Types of hedging transactions</b>		
Fair Value Hedges	2.197.519	930.574
Cash Flow Hedges	--	--
Net Investment Hedges	--	--
<b>B. Total Derivative Transactions Held for Hedging Purposes</b>	<b>2.197.519</b>	<b>930.574</b>
<b>Total Derivative Transactions (A+B)</b>	<b>32.916.548</b>	<b>38.073.627</b>

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

None.

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

The bank recognised a provision of TL 2.107 for the legal cases pending against the Bank where the cash out flows are probable (31 December 2018: TL 2.156).

**8. Custodian and intermediary services**

The Bank provides trading and safe keeping services in the name and account of third parties. Such transactions are presented in off-balance statements.

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**IV. Explanations and disclosures related to the statement of profit or loss**

**1. Interest income**

**1.1 Information on interest on loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans(*)	1.815.576	406.944	2.003.549	370.981
Short Term Loans	1.039.354	88.811	1.218.986	47.464
Medium and Long Term Loans	776.222	318.133	784.563	323.517
Interest on Non-Performing Loans	9.776	--	4.800	--
Premiums received from Resource Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>1.825.352</b>	<b>406.944</b>	<b>2.008.349</b>	<b>370.981</b>

(\*) Includes fees and commissions obtained from cash loans as well.

**1.2 Information on interest income received from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	5.831	--	62.012	--
Domestic Banks	109.555	375	81.165	854
Foreign Banks	--	1.414	--	765
Branches and Head Office Abroad	--	--	--	--
<b>Total</b>	<b>115.386</b>	<b>1.789</b>	<b>143.177</b>	<b>1.619</b>

**1.3 Interest received from marketable securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	17.736	67	2.798	265
Financial Assets at Fair Value Through Other Comprehensive Income	903	41.926	2.027	37.392
Financial Assets Measured at Amortized Cost	10.220	18.376	15.618	903
<b>Total</b>	<b>28.859</b>	<b>60.369</b>	<b>20.443</b>	<b>38.560</b>

**1.4 Information on interest income received from associates and subsidiaries**

None (31 December 2018: None).

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**IV. Explanations and disclosures related to the statement of profit or loss (continued)**

**2. Interest expense**

**2.1 Information on interest on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>1.548</b>	<b>35.922</b>	<b>1.281</b>	<b>63.407</b>
The Central Bank of Turkey	--	--	--	--
Domestic Banks	1.548	22.468	1.273	11.140
Foreign Banks	--	13.454	8	52.267
Branches and Head Office Abroad	--	--	--	--
<b>Other Institutions</b>	<b>--</b>	<b>146.966</b>	<b>--</b>	<b>153.000</b>
<b>Total</b>	<b>1.548</b>	<b>182.888</b>	<b>1.281</b>	<b>216.407</b>

(\*)Includes fees and commission expenses on borrowings, as well.

**2.2 Information on interest expenses to associates and subsidiaries**

Total interest expense given to subsidiaries is TL 409 (1 January - 31 December 2018: TL 1.333).

**2.3 Information on interest expenses to marketable securities**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Marketable Securities	100.699	79.165	191.288	79.101

**2.4 Information maturity structure of deposits**

Account Description	Demand Deposits	Time Deposits					Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 6 Year	1 Year and Over		
Turkish Lira								
Bank Deposits	--	15.760	--	--	--	--	--	15.760
Saving Deposits	--	348.807	280.053	71.971	65.735	71.604	--	838.170
Public Sector Deposits	--	101	24	--	--	--	--	125
Commercial Deposits	--	36.178	161.879	13.033	9.401	15.810	--	236.301
Other	--	653	8.037	598	48	805	--	10.141
7 Days Notice	--	--	--	--	--	--	--	--
Total	--	401.499	449.993	85.602	75.184	88.219	--	1.100.497
Foreign Currency								
Foreign Currency Deposits	--	44.487	95.008	8.028	11.319	6.076	--	164.918
Bank Deposits	--	11.265	--	--	--	--	--	11.265
7 Days Notice	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	21	--	--	--	--	--	21
Total	--	55.773	95.008	8.028	11.319	6.076	--	176.204
Grand Total	--	457.272	545.001	93.630	86.503	94.295	--	1.276.701

**3. Information on dividend income**

None (31 December 2018: None).

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**IV. Explanations and disclosures related to the statement of profit or loss (continued)**

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

	Current Period	Prior Period
Income	1.798.822	3.803.792
Gains on Capital Market Operations	65.208	67.448
Gains on Derivative Financial Instruments	803.635	2.021.638
Foreign Exchange Gains	929.979	1.714.706
Loss (-)	1.726.844	3.796.361
Losses on Capital Market Operations	3.973	2.862
Losses on Derivative Financial Instruments	807.645	2.151.993
Foreign Exchange Losses	915.226	1.641.506
<b>Net Trading Income / ( Loss )</b>	<b>71.978</b>	<b>7.431</b>

**5. Information on other operating income**

Other operating income mainly consists of provision reversals, profit from sale of assets, commissions on cheques and notes and costs recharged.

**6. Provisions for Expected Losses**

	Current Period	Prior Period
Expected Credit Losses	489.872	470.830
12 Month Expected Credit Losses (Stage 1)	16.442	11.960
Significant Increase In Credit Risk (Stage 2)	2.902	86.086
Impaired Credits (Stage 3)	470.528	372.784
Impairment Losses on Marketable Securities	--	--
Financial Assets Valued at Fair Value Through Profit or Loss	--	--
Financial Assets Valued at Fair Value Through Other Comprehensive Income	--	--
Impairment Losses on Associates, Subsidiaries and Joint Ventures	--	--
Associates	--	--
Subsidiaries	--	--
Joint-Ventures	--	--
Other (*)	98	16.074
<b>Total</b>	<b>489.970</b>	<b>486.904</b>

(\*) No provisions for possible losses in the current period. (31 December 2018: TL 9.500)

**7. Information related to other operational expenses**

	Current Period	Prior Period
Provision for Employee Termination Benefits	1.301	--
Provision for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	14.346	12.723
Impairment Losses on Intangible Assets	--	--
Depreciation Charges of Intangible Assets	12.832	6.280
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	--	201
Depreciation of Assets with Right of Usage	27.766	--
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	119.647	130.763
Operational leases expenses related with TFRS 16 exceptions (*)	882	39.715
Repair and Maintenance Expenses	3.520	3.091
Advertisement Expenses	13.392	15.000
Other Expenses	101.853	72.957
Losses on Sale of Assets	2.283	979
Other	82.522	69.768
<b>Total</b>	<b>260.697</b>	<b>220.714</b>

(\*) 31 December 2018 amounts include all operational leases expenses.



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**IV. Explanations and disclosures related to the statement of profit or loss (continued)**

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

	Current Period	Prior Period
Interest Income	2.496.581	2.620.846
Interest Expenses (-)	1.680.551	1.748.376
Net Fee and Commission income	199.787	78.524
Trading Profit/Loss (Net)	71.978	7.431
Other Operating Income(*)	171.685	217.803
Provision for Impairment in Loans and Other Receivables	489.872	470.830
Other Provision Expenses (-)	98	16.074
Personnel Expenses (-)	258.683	230.787
Other Operating Expenses (-)	260.697	220.714
<b>Profit/(loss) Before Tax</b>	<b>250.130</b>	<b>237.823</b>

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

**9.1 Current period taxation income or expense and deferred tax income or expense**

As of 31 December 2019, the Bank provided current tax expense of TL 22.747 (1 January - 31 December 2018: TL 3 expense).

The deferred tax expense of the Bank is TL 15.339 (1 January - 31 December 2018: TL 41.161 deferred tax expense).

**10. Information on profit/loss from continued and discontinued operations**

	Current Period	Prior Period
Profit/(Loss) Before Tax from Continuing Operations	250.130	237.823
Tax Benefit/(Charge) on Continuing Operations	(38.086)	(41.164)
<b>Net Profit/(Loss) from Continuing Operations</b>	<b>212.044</b>	<b>196.659</b>

**11. Information on net profit/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 the complete understanding of the Bank's performance for the period**

In the current and prior periods, the Bank's income from ordinary banking transactions is interest income from loans and marketable securities and other banking service income. Main expenses are interest expense on deposits and similar debt items which are funding resources of loans and marketable securities.

**11.2 Changes in estimations made by the Bank with respect to the financial statement items do not have a material effect on profit/loss**

**11.3 As there is no minority share in shareholders' equity, there is no profit or loss attributable to the minority shares**

**12. If "other" lines of the statement of profit or loss exceeds 10% of the period profit/loss, information on components making up at least 20% of "other" items**

In the current period, "other" items recognised in "fees and commissions received" majorly comprised of commissions such as limit allocation and revision commissions, valuation commissions, insurance commissions, contracted merchant commissions, credit card commissions and account maintenance fees.

In the current period, "other" items recognised in "fees and commissions paid" majorly comprised of commissions to correspondent banks, credit card commissions and commissions on issuance of securities.

**FİBABANKA A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN**  
**1 JANUARY 2019 - 31 DECEMBER 2019**

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

**V. Explanations and disclosures related to statements of changes in consolidated shareholders' equity**

**1. Information on inflation adjustment difference of shareholders' equity**

As per the circular issued by the BRSA on 28 April 2005 and the decision of BRSA No: 1623 on 21 April 2005, the inflation accounting applied in banking system has been decided to be ceased as at 1 January 2005.

In accordance with the circular, TL 17.416 inflation adjustments to paid-in-capital until 31 December 2005 have been transferred to "Other Capital Reserves" account which was formerly recognized in "Inflation Adjustment to Paid-in-Capital" account. Mentioned inflation adjustment was used in the capital increase from TL 426.650 to TL 550.000 together with TL 9.502 profit from the disposal of real estate and TL 96.432 cash contribution of Fiba Holding A.Ş. in accordance with the Board of Directors decision dated 25 February 2013. Legal procedures were completed on 29 May 2013 and capital increase was accounted for in the financial statements.

**2. Information on profit distribution**

The decision relating to distribution of 2019 profit will be made at the General Assembly.

At the General Assembly meeting held on 27 March 2019, 2018 profit of the Bank was decided to be distributed as follows:

<b>Profit or Loss</b>	<b>196.659</b>
A- Legal Reserves	9.833
B- Extraordinary Reserves	186.826

**3. Information on foreign exchange difference**

None.

**4. Information on financial assets measured at fair value through other comprehensive income**

Mark to market gains and losses on financial assets measured at fair value through other comprehensive income are not reflected to profit and loss but recognized in equity under "Securities Valuation Reserve" account until such securities are sold, redeemed, disposed of or impaired; recognised as "Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss" under equity.

**FİBABANKA A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN**  
**1 JANUARY 2019 - 31 DECEMBER 2019**

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

**VI. Explanations and disclosures related to the consolidated statement of cash flows**

**1. Information on cash and cash equivalents**

Cash and cash equivalents components and accounting policies defining these components:

Cash, foreign currency, money in transfer, purchased bank cheques and deposits in all banks including Central Bank of Turkey are defined as "Cash", interbank money market placements with original maturity less than 3 months and investments onmarketable securities are defined as "Cash equivalents".

a) Cash and cash equivalents at the beginning of the period:

	1 January 2019	1 January 2018
Cash	138.331	118.112
Banks and Other Financial Institutions	1.643.318	801.505
Money Market Placements	306.208	376.334
<b>Total Cash and Cash Equivalent Assets</b>	<b>2.087.857</b>	<b>1.295.951</b>

b) Cash and cash equivalents at the end of the period:

	31 December 2019	31 December 2018
Cash	259.794	138.331
Banks and Other Financial Institutions	1.833.189	1.643.318
Money Market Placements	30.010	306.208
<b>Total Cash and Cash Equivalents Assets</b>	<b>2.122.993</b>	<b>2.087.857</b>

**2. Information on cash and cash equivalent assets of the Bank that is not available for free use due to legal restrictions or other reasons**

In the current period, demand deposits of TL 31.976 which is blocked at foreign banks as the guarantee of derivative transactions and required reserves at the Central Bank of Turkish Republic are not included in cash and cash equivalents (31 December 2018: TL 199.562).

**3. Information on other item in cash flow statement and the effect of the exchange rate change on cash and cash equivalents**

"Other items" amounting to TL (260.990) in "operating profit before changes in operating assets and liabilities" consists of other operating expenses and realized derivative losses (31 December 2018: TL (619.095)).

"Net increase/decrease in other liabilities" amounting to TL (25.979) in "Changes in operating assets and liabilities" consists of changes in sundry creditors, taxes and due payables, other liabilities (31 December 2018: TL 570.604)).

"Net increase/decrease in other assets" amounting to TL (118.315) in "Changes in operating assets and liabilities" consists of changes in sundry receivables, other receivables (31 December 2018: TL (154.095)).

"Other" amounting to TL (47.658) in "Net cash flows from investment activities" consists of purchases of intangible asset (31 December 2018: TL (35.334)).

"The effect of exchange rate changes on cash and cash equivalents" is the amount arising from conversion of the cash and cash equivalents denominated in foreign currencies with the average of the exchange rates effective at the beginning and at the end of the related periods and is TL (75.064) for the current period (1 January- 31 December 2018: TL 233.413).

**FİBABANKA A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN**  
**1 JANUARY 2019 - 31 DECEMBER 2019**

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

**VII. Explanations and disclosures on the risk group of the Bank**

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

**1.1 Current period**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	20	402.272	55.468
Balance at the End of the Period	--	--	--	20	331.014	61.073
Interest and Commission Income Received	--	--	--	--	39.078	105

(\*) Described in article 49 of the Banking Act No: 5411.

(\*\*) Includes all transactions described as loans in article 48 of the Banking Act No: 5411.

**Prior period**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	22	11.556	48.284
Balance at the End of the Period	--	--	--	20	402.272	55.468
Interest and Commission Income Received	--	--	--	--	51.949	171

(\*) Described in article 49 of the Banking Act No: 5411.

(\*\*) Includes all transactions described as loans in article 48 of the Banking Act No: 5411.

**1.2 Information on deposits of the Bank's risk group**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	1.859	4.840	80.750	300.055	460.871	409.339
Balance at the End of the Period	8.695	1.859	57.840	80.750	231.137	460.871
Deposit Interest Expense	409	1.333	20.577	7.427	49.554	53.501

(\*) Described in article 49 of the Banking Act No: 5411.

**1.3 Information on funds obtained from the Bank's risk group**

As of 31 December 2019, there are no funds other than deposit obtained from Bank's risk group (31 December 2018: TL 210.925 fund amount other than deposit ; that fund amount other than deposit has obtained from IFC and EBRD in the form of borrowings).

**FİBABANKA A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN**  
**1 JANUARY 2019 - 31 DECEMBER 2019**

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

**VII. Explanations and disclosures on the risk group of the Bank (continued)**

**1.4 Information on forward and option agreements and similar agreements made with Bank's risk group**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss:	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	--	780.609	899.553
Balance at the End of the Period	--	--	--	--	741.741	780.609
Total Income/Loss	--	--	--	--	(37.471)	(45.510)
Transactions for Hedging Purposes:	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/Loss	--	--	--	--	--	--

(\*) As described in the Article 49 of Banking Act no.5411.

**2. Information on transactions with the Bank's risk group**

**2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties**

The terms of related party transactions are equivalent to those that prevail in arm's length transactions only if such terms can be substantiated regarding the limits exposed by the Banking Act. Adopted Bank policy is that assets and liabilities will not be dominated by the risk group and the balances with the risk group will have a reasonable share in the total balance sheet.

**2.2 In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other**

As of 31 December 2019, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 2,12% (31 December 2018: 2,68%) and the ratio of the deposits of entities of risk group to total deposits is 2,19% (31 December 2018: 4,80%). There are no funds obtained from entities of risk group (31 December 2018:7,4%).

In current period benefits; such as salaries and bonuses; provided to the key management is TL 15.475 (1 January - 31 December 2018: TL 12.312).

**2.3 Total of similar type of transactions together, unless a separate disclosure is required to present the effect of the transactions on financial statements**

None.

**2.4 Transactions accounted for under equity method**

None.

**2.5 Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agency contracts, finance 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**

None.

**FİBABANKA A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN**  
**1 JANUARY 2019 - 31 DECEMBER 2019**

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

**VIII. Explanations on the Bank's domestic, foreign, off-shore branches or investments in associates and foreign representative offices**

**1. Information related to the Bank's domestic and foreign branch and representatives**

	Number	Number of Employees			
Domestic Branch	63	1.541			
			Country of Incorporations		
Foreign Reprasantation Office			1-		
			2-		
			3-		
				Total Assets	Statutory Share Capital
Foreign Branch			1-		
			2-		
			3-		
Off-shore Banking Region Branches			1-		
			2-		
			3-		

**IX. Events after balance sheet date**

None.

**SECTION SIX**

**1. Other disclosures on activities of the Bank**

**Summary information of Bank's risk ratings by international rating agencies**

<b>Fitch Ratings</b>	
Long term FC and TL Rating	B+
Short term FC and TL Rating	B
Viability Rating	b
Support Rating	5
Long term National Scale Rating	A- (tur)
Senior Unsecured Debt Rating	B+
Subordinated Debt Rating	B-
Outlook	Negative

**FİBABANKA A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN**  
**1 JANUARY 2019 - 31 DECEMBER 2019**

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

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**SECTION SEVEN**

**DISCLOSURES ON AUDITORS' REPORT**

**I. Disclosures on independent auditors' report**

The unconsolidated financial statements of the Bank as of 31 December 2019, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (The Turkish member firm of KPMG International Cooperative) and the independent audit report is presented before the accompanying financial statements.

**I. Disclosures and footnotes prepared by independent auditors**

None.





# Fibabanka Anonim Şirketi and its Subsidiaries

Consolidated Financial Statements  
as of and for the Year Ended 31 December 2019  
with Independent Auditors' Report Thereon

(Convenience Translation of Financial Statements and Related Disclosures  
and Footnotes Originally Issued in Turkish)



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
İş Kuleleri Kule 3 Kat: 1-9  
Levent 34330 İstanbul  
Tel +90 212 316 6000  
Fax +90 212 316 6060  
www.kpmg.com.tr

## Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English

To the Shareholders of Fibabanka Anonim Şirketi

### A) Report on the Audit of the Consolidated Financial Statements

#### *Qualified Opinion*

We have audited the consolidated financial statements of Fibabanka Anonim Şirketi ("the Bank") and its subsidiary (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the *Basis For Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fibabanka Anonim Şirketi and its subsidiary as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by BRSA and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

#### *Basis for Qualified Opinion*

As stated in Note 2.8.3.1 of Section Five, the accompanying consolidated financial statements as at 31 December 2019 include a general provision of total of TL 44.500 thousands, of which TL 65.000 thousands was recognised as expense in prior years and TL 20.500 thousands has been reversed in the current period, which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions. Additionally, the accompanying consolidated financial statements as at 31 December 2019 include a deferred tax asset for aforementioned general reserve provision of total of TL 9.790 thousands, of which TL 14.300 thousand was recognised in prior years and TL 4.510 thousands has been reversed in the current period.



We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the POA's Code of Ethics and other regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

#### *Impairment of loans measured at amortised cost*

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VIII of the consolidated financial statements.

<b>Key audit matter</b>	<b>How the matter is addressed in our audit</b>
<p>As of 31 December 2019, loans measured at amortised cost comprise 65% of the Group's total assets.</p> <p>The Group recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>The Group applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually.</p> <p>The significant assumptions and estimates of the Group's management are as follows:</p> <ul style="list-style-type: none"> <li>- significant increase in credit risk;</li> <li>- incorporating the forward looking macroeconomic information in calculation of credit risk; and</li> </ul>	<p>Our procedures for testing the impairment of loans included below:</p> <ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists.</li> <li>• We evaluated the adequacy of the subjective and objective criteria that is defined in the Group's impairment accounting policy compared with the Regulation and Standard.</li> <li>• We evaluated the Group's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist.</li> <li>• We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information and macroeconomic variables.</li> <li>• We evaluated the accuracy of the expected credit loss calculations by selecting sample for the loans which are assessed on</li> </ul>



<p>- design and implementation of expected credit loss model.</p> <p>The determination of the impairment of loans measured at amortised cost depends on the (i) credit default status, (ii) the model based on the change in the credit risk at the first recognition date and (iii) the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Group calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models. Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.</p>	<p>individual basis and discussed the assumptions and estimates with the Group management.</p> <ul style="list-style-type: none"> <li>• We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated.</li> <li>• We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.</li> <li>• We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk.</li> <li>• We also evaluated the adequacy of the consolidated financial statements' disclosures related to impairment provisions.</li> </ul>
---	---

#### *Other matter*

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 was audited by another auditor who expressed a qualified opinion due to the general reserve provision provided by the Bank on 8 February 2019.



*Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **B) Report on Other Legal and Regulatory Requirements**

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

#### **Additional paragraph for convenience translation to English:**

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative

  
Alper Güvenç, SMMM  
Partner

11 February 2020  
İstanbul, Türkiye

**THE CONSOLIDATED FINANCIAL REPORT OF  
FİBABANKA A.Ş.  
FOR THE YEAR ENDED 31 DECEMBER 2019**

Address : Esentepe Mah. Büyükdere Caddesi No:  
129 Şişli 34394 İstanbul-Türkiye  
Telephone : (212) 381 82 82  
Fax : (212) 258 37 78  
Web Site : [www.fibabanka.com.tr](http://www.fibabanka.com.tr)  
Contact E-Mail : [deniz.turunc@fibabanka.com.tr](mailto:deniz.turunc@fibabanka.com.tr)

The consolidated year-end financial report prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE CONSOLIDATED GROUP
- EXPLANATORY DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

The consolidated subsidiary included in this consolidated financial report is as follows:

**Subsidiary:**

- Fiba Portföy Yönetimi A.Ş.

The consolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in thousands of Turkish Lira, and in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently audited and presented as attached.

					
Hüsnü Mustafa Özyeğin	İsmet Kaya Erdem	Faik Onur Umut	Ömer Mert	Elif Alsev - Utku Özbey	Ayşe Akdaş
Chairman of the Board of Directors	Member of the Audit Committee	Member of the Audit Committee	General Manager and Member of the Board of Directors	Deputy General Manager	Director Financial Control and Reporting

Information related to personnel to whom questions related to this financial report may be directed:

Name-Surname/Title : **Ayşe Akdaş**/ Financial Control and Reporting Director  
Telephone Number : (212) 381 84 88  
Fax Number : (212) 258 37 78

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# **FİBABANKA A.Ş. AND ITS SUBSIDIARY**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2019**

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

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## **SECTION ONE**

### **GENERAL INFORMATION**

#### **I. History of the Parent Bank including its incorporation date, initial status and amendments to the initial status**

On 21 December 2001, Share Transfer Agreement was signed with Novabank S.A. for the sale of all shares of Sitebank A.Ş. under the control of SDIF and the sale transaction was approved by the decision of Banking Regulation and Supervision Agency ("BRSA") No: 596 on 16 January 2002.

In the General Assembly held on 4 March 2003, the name of Sitebank A.Ş. was amended as BankEuropa Bankası A.Ş.

In the extraordinary General Assembly held on 28 November 2006, the name of Bank Europa Bankası A.Ş. was amended as Millennium Bank A.Ş.

On 27 December 2010, acquisition of the Bank by Credit Europe Bank N.V., which is an affiliate of Fiba Holding A.Ş., was realized.

In the extraordinary General Assembly held on 25 April 2011 the name of Millennium Bank A.Ş. was amended as Fibabanka A.Ş. ("the Bank" or "the Parent Bank")

#### **II. Shareholder Structure, Shareholders Having Direct or Indirect, Joint or Individual Control Over the Management and Internal Audit of the Parent Bank, Changes in Shareholder Structure During the Current Period, if any and Information on the Parent Bank's Risk Group**

On 10 February 2010, Banco Comercial Portugues S.A. and Credit Europe Bank N.V., which is an affiliate of Fiba Group, signed a share purchase agreement to transfer 95% of the Bank's shares to Credit Europe Bank N.V. and the legal approval process was completed as of 27 December 2010.

Credit Europe Bank N.V.'s share of capital increased from 95% to 97,6% after the capital increases during 2011 and 2012. Fiba Holding A.Ş. became the ultimate parent of the Bank after acquiring 97,6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2,4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012. There were sales of equity shares to the management of the Bank in 2013. As of 31 December 2019 the total shares held by the Bank's Management represent 0,56% of the Bank's Capital.

The Parent Bank applied to the BRSA on 14 January 2015 for permission of the subordinated loan provided from Fiba Holding A.Ş. in the amount of USD 50 million to be converted to share capital. Following the authorization of the BRSA on 4 March 2015, the Board of Directors decision was taken on 5 March 2015 regarding share capital increase from TL 550.000 to TL 678.860. TL 127.045 of the increase was provided by the subordinated loan granted by Fiba Holding A.Ş. which had been approved to be converted to capital and TL 1.815 of total capital was paid in cash by the other shareholders, capital increase was recognised in financial statements following the completion of the legal procedures on 7 May 2015.

The Parent Bank's paid-in capital amounting to TL 678.860 was increased to TL 847.515 on 23 December 2015 with equal contributions from International Finance Corporation ("IFC") and European Bank for Reconstruction and Development ("EBRD") amounting TL 168.655 in total. In addition, share issuance premium of TL 73.379 was recognised in the shareholders' equity.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2019**

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

**II. Shareholder Structure, Shareholders Having Direct or Indirect, Joint or Individual Control Over the Management and Internal Audit of the Parent Bank, Changes in Shareholder Structure During the Current Period, if any and Information on the Parent Bank's Risk Group (Continued)**

The Bank's paid-in capital amounting to TL 847.515 was increased to TL 941.161 on 7 September 2016 with the capital contribution of TurkFinance B.V. by TL 93.646. In addition, TL 55.299 was recorded to the equity as share premium.

As of 31 December 2019, paid-in capital of the Bank is TL 941.161 and all paid in.

**III. Explanations Regarding the Shares of the Parent Bank Owned by and Areas of Responsibility of the Chairman and the Members of Board of Directors, Audit Committee Members, Chief Executive Officer, Executive Vice Presidents**

<u>Name Surname</u>	<u>Title</u>	<u>Assignment Date</u>
---------------------	--------------	------------------------

***Board of Directors (\*)***

Hüsnü Mustafa Özyeğin	Chairman	27-Dec-10
Fevzi Bozer	Deputy Chairman	27-Dec-10
Mehmet Güleşçi	Member	27-Dec-10
Mevlüt Hamdi Aydın	Member	24-Jan-13
İsmet Kaya Erdem	Member	11-Feb-13
Memduh Aslan Akçay	Member	13-Apr-16
Hülya Kefeli	Member	15-May-17
Faik Onur Umut	Member	23-Jan-19
Ömer Mert	General Manager - Member	18-Jan-17

(\*) Bank's Board Members Mr. Selçuk Yorgancıoğlu and Mr. Mevlüt Hamdi Aydın have resigned as of 30 September 2019 and 31 January 2020 respectively. Mr. Seyfettin Ata Köseoğlu has been assigned as Bank's Board Member as of 23 January 2020.

***Audit Committee(\*)***

Mevlüt Hamdi Aydın	Member	24-Jan-13
İsmet Kaya Erdem	Member	27-Dec-19

(\*) Bank's Audit Committee Members Mr. Fevzi Bozer and Mr. Mevlüt Hamdi Aydın have resigned as of 27 December 2019 and 31 January 2020 respectively. Mr. İsmet Kaya Erdem and Mr. Faik Onur Umut have been assigned as Audit Committee Members as of 27 December 2019 and 14 January 2020 respectively.

***Assistant General Managers (\*)***

Elif Alsev Utku Özbey	Deputy GM - Financial Control & Reporting	07-Jan-11
Sezin Erken	AGM - Consumer Banking & Funding Resource Management	10-Aug-17
Kerim Lokman Kuriş	AGM - Corporate & Commercial Banking	01-Dec-15
Turgay Hasdiker	AGM - Credits	01-Dec-15
Ahu Dolu	AGM - Financial Institutions and Project Finance	01-Dec-15
Gerçek Önal	AGM - Chief Legal Officer	01-Feb-16

(\*) Mr. Adem Aykın has resigned as of 31 July 2019. Mr. Ömer Rifat Gencal has resigned as of 11 October 2019. Mr. Orhan Hatipoğlu has resigned as of 31 December 2019.

The Bank's equity shares owned by the individuals listed above are not material.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2019**

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

**IV. Individuals and Institutions That Have Qualified Shares in the Bank**

Name Surname/ Commercial Title	Share Amount (Nominal)	Share Ratios	Paid in Capital (Nominal)	Unpaid Shares
Fiba Holding A.Ş.	673.573	71,57%	673.573	--
Hüsnü Mustafa Özyeğin (*)	666.856	70,85%	666.856	--

(\*) States indirect share of Hüsnü Mustafa Özyeğin in the Bank due to his direct share in Fiba Holding A.Ş.

**V. Summary Information on the Bank's Services and Activity Areas**

The Bank was incorporated as a privately owned bank authorized for customer deposit acceptance and the Head Office of the Bank is located in Istanbul, Turkey. As of 31 December 2019, the Bank serves with 63 domestic branches and 1.541 employees.

**VI. Other Information**

The Bank's Commercial Title	: Fibabanka Anonim Şirketi
The Bank's General Directorate Address	: Esentepe Mah. Büyükdere Caddesi No:129 Şişli 34394 İstanbul
The Bank's Phone and Fax Numbers	: Telephone : (0212) 381 82 82 Fax : (0212) 258 37 78
The Bank's Web Site Address	: <a href="http://www.fibabanka.com.tr">www.fibabanka.com.tr</a>
The Bank's E-Mail Address	: <a href="mailto:malikontrol@fibabanka.com.tr">malikontrol@fibabanka.com.tr</a>
Reporting Period	: 1 January 2019 - 31 December 2019

The financial statements, related disclosures and notes in this report are presented, unless otherwise indicated, in thousands of Turkish Lira (TL).

**VII. Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks as per 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**

As per the Regulation on Preparation of Consolidated Financial Statements of Banks, the investments in financial affiliates are subject to consolidation whereas as per the Turkish Accounting Standards, the investments in both financial and non-financial subsidiaries are subject to consolidation. There are no investments in entities subject to proportional consolidation or to deduction from equity.

**VIII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries**

None

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS AT 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

ASSETS	Footnotes	Current Period (31/12/2019)			Prior Period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>3.401.883</b>	<b>3.418.554</b>	<b>6.820.437</b>	<b>4.490.504</b>	<b>2.323.300</b>	<b>6.813.804</b>
1.1 Cash and Cash Equivalents	(5.1.1)	633.126	2.595.084	3.228.210	1.441.078	1.595.013	3.036.091
1.1.1 Cash and Balances at Central Bank		200.986	2.506.889	2.707.875	403.654	1.360.908	1.764.562
1.1.2 Banks	(5.1.3)	402.631	88.195	490.826	731.709	234.105	965.814
1.1.3 Money Market Placements		30.010	-	30.010	306.208	-	306.208
1.1.4 Expected Credit Loss (-)		501	-	501	493	-	493
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(5.1.2)	2.045.039	718	2.045.757	1.587.304	5.315	1.592.619
1.2.1 Government Debt Securities		24.835	706	25.541	22.097	3.986	26.083
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		2.020.204	12	2.020.216	1.565.207	1.329	1.566.536
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5.1.4)	11.952	795.616	807.568	7.399	696.939	704.338
1.3.1 Government Debt Securities		11.952	177.546	189.498	7.399	16.376	23.775
1.3.2 Equity Securities		-	3.800	3.800	-	2.713	2.713
1.3.3 Other Financial Assets		-	614.270	614.270	-	677.850	677.850
1.4 Derivative Financial Assets	(5.1.2)	711.766	27.136	738.902	1.454.723	26.033	1.480.756
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		711.766	27.136	738.902	1.454.723	26.033	1.480.756
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>	(5.1.6)	<b>6.656.778</b>	<b>7.594.623</b>	<b>14.251.401</b>	<b>7.729.631</b>	<b>5.237.999</b>	<b>12.967.630</b>
2.1 Loans	(5.1.5)	7.270.746	7.206.662	14.477.408	8.096.236	5.063.831	13.160.067
2.2 Lease Receivables	(5.1.10)	-	-	-	-	-	-
2.3 Factoring Receivables	(5.1.5)	1.723	1.369	3.092	14.311	-	14.311
2.4 Financial Assets Measured at Amortised Cost	(5.1.6)	188.506	386.592	575.098	188.864	174.168	363.032
2.4.1 Government Debt Securities		188.506	386.592	575.098	188.864	174.168	363.032
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		804.197	-	804.197	569.780	-	569.780
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	<b>63.247</b>	<b>-</b>	<b>63.247</b>	<b>215.235</b>	<b>-</b>	<b>215.235</b>
3.1 Assets Held for Sale		63.247	-	63.247	215.235	-	215.235
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>36.397</b>	<b>-</b>	<b>36.397</b>	<b>26.397</b>	<b>-</b>	<b>26.397</b>
4.1 Investments in Associates (Net)	(5.1.7)	4.897	-	4.897	4.897	-	4.897
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		4.897	-	4.897	4.897	-	4.897
4.2 Investments in Subsidiaries (Net)	(5.1.8)	31.500	-	31.500	21.500	-	21.500
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-financial Subsidiaries		31.500	-	31.500	21.500	-	21.500
4.3 Joint Ventures (Net)	(5.1.9)	-	-	-	-	-	-
4.3.1 Joint Ventures Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(5.1.12)	<b>324.109</b>	<b>-</b>	<b>324.109</b>	<b>257.069</b>	<b>-</b>	<b>257.069</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>69.894</b>	<b>-</b>	<b>69.894</b>	<b>35.001</b>	<b>-</b>	<b>35.001</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		69.894	-	69.894	35.001	-	35.001
<b>VII. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>3.509</b>	<b>-</b>	<b>3.509</b>	<b>365</b>	<b>-</b>	<b>365</b>
<b>IX. DEFERRED TAX ASSET</b>	(5.1.15)	<b>54.503</b>	<b>-</b>	<b>54.503</b>	<b>79.351</b>	<b>-</b>	<b>79.351</b>
<b>X. OTHER ASSETS</b>	(5.1.17)	<b>237.049</b>	<b>28.661</b>	<b>265.710</b>	<b>206.484</b>	<b>17.840</b>	<b>224.324</b>
		-	-	-	-	-	-
<b>TOTAL ASSETS</b>		<b>10.847.369</b>	<b>11.041.838</b>	<b>21.889.207</b>	<b>13.040.037</b>	<b>7.579.139</b>	<b>20.619.176</b>

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

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS AT 31 DECEMBER 2019**

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

LIABILITIES	Footnotes	Current Period			Prior Period		
		(31/12/2019)			(31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.1)	6.658.867	6.906.821	13.565.688	6.314.662	4.998.479	11.313.141
II. FUNDS BORROWED	(5.II.3)	16.773	842.608	859.381	10.298	1.328.914	1.339.212
III. MONEY MARKET FUNDS		-	733.257	733.257	-	495.936	495.936
IV. SECURITIES ISSUED (Net)	(5.II.4)	383.937	1.334.395	1.718.332	503.729	1.338.856	1.842.585
4.1 Bills		383.937	-	383.937	480.459	-	480.459
4.2 Asset Backed Securities		-	-	-	23.270	-	23.270
4.3 Bonds		-	1.334.395	1.334.395	-	1.338.856	1.338.856
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	761.112	27.093	788.205	1.490.186	26.067	1.516.253
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		761.112	27.093	788.205	1.490.186	26.067	1.516.253
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(5.II.6)	63.707	4.929	68.636	-	463	463
X. PROVISIONS	(5.II.8)	97.137	-	97.137	109.751	-	109.751
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		29.953	-	29.953	23.499	-	23.499
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		67.184	-	67.184	86.252	-	86.252
XI. CURRENT TAX LIABILITIES	(5.II.9)	41.045	-	41.045	39.477	-	39.477
XII. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	(5.II.11)	-	1.789.018	1.789.018	-	1.596.143	1.596.143
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	1.789.018	1.789.018	-	1.596.143	1.596.143
XV. OTHER LIABILITIES	(5.II.5)	383.021	186.395	569.416	691.315	352.651	1.043.966
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1.646.351	12.741	1.659.092	1.348.458	(26.209)	1.322.249
16.1 Paid-in Capital		941.161	-	941.161	941.161	-	941.161
16.2 Capital Reserves		210.253	-	210.253	128.678	-	128.678
16.2.1 Equity Share Premium		128.678	-	128.678	128.678	-	128.678
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		81.575	-	81.575	-	-	-
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(7.777)	-	(7.777)	(5.743)	-	(5.743)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		3.033	12.741	15.774	(363)	(26.209)	(26.572)
16.5 Profit Reserves		284.348	-	284.348	410.286	-	410.286
16.5.1 Legal Reserves		31.719	-	31.719	21.886	-	21.886
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		252.629	-	252.629	388.400	-	388.400
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		215.246	-	215.246	(125.619)	-	(125.619)
16.6.1 Prior Periods' Profit or Loss		319	-	319	(322.629)	-	(322.629)
16.6.2 Current Period Net Profit or Loss		214.927	-	214.927	197.010	-	197.010
16.7 Minority Interest		87	-	87	58	-	58
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>10.051.950</b>	<b>11.837.257</b>	<b>21.889.207</b>	<b>10.507.876</b>	<b>10.111.300</b>	<b>20.619.176</b>

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

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**  
**AS AT 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

	Footnotes	Current Period (31/12/2019)			Prior Period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I-II+III)</b>		<b>8.357.010</b>	<b>31.229.346</b>	<b>39.586.356</b>	<b>14.192.074</b>	<b>28.752.316</b>	<b>42.944.390</b>
<b>I. GUARANTIES AND WARRANTIES</b>	(5.III.1)	<b>432.859</b>	<b>591.809</b>	<b>1.024.668</b>	<b>419.636</b>	<b>451.914</b>	<b>871.550</b>
1.1. Letters of guarantee		432.859	317.754	750.613	419.207	266.723	685.930
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		432.859	317.754	750.613	419.207	266.723	685.930
1.2. Bank Acceptances		-	105.847	105.847	429	128.996	129.425
1.2.1. Import Letter of Acceptances		-	105.847	105.847	429	128.996	129.425
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	168.208	168.208	-	56.195	56.195
1.3.1. Documentary Letters of Credit		-	168.208	168.208	-	56.195	56.195
1.3.2. Other Letters of Credit		-	-	-	-	-	-
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. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>1.400.659</b>	<b>4.244.481</b>	<b>5.645.140</b>	<b>2.090.036</b>	<b>1.909.177</b>	<b>3.999.213</b>
2.1. Irrevocable Commitments	(5.III.1)	1.400.659	4.244.481	5.645.140	2.090.036	1.909.177	3.999.213
2.1.1. Asset Purchase Commitments		282.771	4.244.481	4.527.252	1.168.457	1.909.177	3.077.634
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		876.316	-	876.316	615.901	-	615.901
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		187.578	-	187.578	199.635	-	199.635
2.1.8. Tax and Fund Liabilities from Export Commitments		5.940	-	5.940	6.502	-	6.502
2.1.9. Commitments for Credit Card Limits		32.901	-	32.901	85.881	-	85.881
2.1.10. Commitments for Credit Cards and Banking Services Promotions		1	-	1	1	-	1
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		15.152	-	15.152	13.659	-	13.659
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.III.5)	<b>6.523.492</b>	<b>26.393.056</b>	<b>32.916.548</b>	<b>11.682.402</b>	<b>26.391.225</b>	<b>38.073.627</b>
3.1. Hedging Derivative Financial Instruments		1.009.479	1.188.040	2.197.519	503.405	427.169	930.574
3.1.1. Fair Value Hedges		1.009.479	1.188.040	2.197.519	503.405	427.169	930.574
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		5.514.013	25.205.016	30.719.029	11.178.997	25.964.056	37.143.053
3.2.1. Forward Foreign Currency Buy/Sell Transactions		789.133	3.670.515	4.459.648	1.468.168	3.893.850	5.362.018
3.2.1.1. Forward Foreign Currency Transactions - Buy		300.839	1.919.936	2.220.775	622.317	2.048.015	2.670.332
3.2.1.2. Forward Foreign Currency Transactions - Sell		488.294	1.750.579	2.238.873	845.851	1.845.835	2.691.686
3.2.2. Swap Transactions Related to Foreign Currency and Interest		2.351.909	17.281.148	19.633.057	7.002.428	17.823.279	24.825.707
3.2.2.1. Foreign Currency Swap - Buy		1.305.805	8.192.207	9.498.012	2.669.515	9.553.843	12.223.358
3.2.2.2. Foreign Currency Swap - Sell		996.104	8.494.921	9.491.025	4.282.913	7.743.346	12.026.259
3.2.2.3. Interest Rate Swap - Buy		25.000	297.010	322.010	25.000	263.045	288.045
3.2.2.4. Interest Rate Swap - Sell		25.000	297.010	322.010	25.000	263.045	288.045
3.2.3. Foreign Currency, Interest Rate and Securities Options		2.372.971	3.096.321	5.469.292	2.700.476	3.545.849	6.246.325
3.2.3.1. Foreign Currency Options - Buy		1.186.485	1.568.157	2.754.642	1.258.568	1.853.870	3.112.438
3.2.3.2. Foreign Currency Options - Sell		1.186.486	1.528.164	2.714.650	1.441.908	1.691.979	3.133.887
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		-	-	-	5.484	-	5.484
3.2.4.1. Foreign Currency Futures - Buy		-	-	-	5.484	-	5.484
3.2.4.2. Foreign Currency Futures - Sell		-	-	-	-	-	-
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		-	1.157.032	1.157.032	2.441	701.078	703.519
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>139.427.639</b>	<b>69.316.021</b>	<b>208.743.660</b>	<b>119.227.962</b>	<b>57.297.849</b>	<b>176.525.811</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>2.589.824</b>	<b>486.973</b>	<b>3.076.797</b>	<b>1.499.164</b>	<b>299.350</b>	<b>1.798.514</b>
4.1. Customer Fund and Portfolio Balances		1.464.433	-	1.464.433	260.501	-	260.501
4.2. Investment Securities Held in Custody		295.983	320.411	616.394	270.090	124.099	394.189
4.3. Cheques Received for Collection		374.930	150.636	525.566	469.250	161.039	630.289
4.4. Commercial Notes Received for Collection		119.792	15.926	135.718	141.021	14.212	155.233
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		334.686	-	334.686	358.302	-	358.302
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>136.837.815</b>	<b>68.829.048</b>	<b>205.666.863</b>	<b>117.728.798</b>	<b>56.998.499</b>	<b>174.727.297</b>
5.1. Marketable Securities		299.004	90.954	389.958	245.559	330	245.889
5.2. Guarantee Notes		277.294	231.955	509.249	183.471	203.345	386.816
5.3. Commodity		-	46.554	46.554	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		9.517.452	12.306.034	21.823.486	9.339.825	8.405.100	17.744.925
5.6. Other Pledged Items		126.744.065	56.153.551	182.897.616	107.959.943	48.389.724	156.349.667
5.7. Pledged Items - Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>147.784.649</b>	<b>100.545.367</b>	<b>248.330.016</b>	<b>133.420.036</b>	<b>86.050.165</b>	<b>219.470.201</b>

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

**FİBABANKA A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD BETWEEN**  
**1 JANUARY 2019-31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

INCOME AND EXPENSE ITEMS		Footnotes	Current Period (01/01/2019-31/12/2019)	Prior Period (01/01/2018 - 31/12/2018)
I.	INTEREST INCOME	(5.IV.1)	2,496,641	2,620,901
1.1	Interest on Loans		2,232,296	2,379,330
1.2	Interest on Reserve Requirements		24,574	31,645
1.3	Interest on Banks		117,235	144,851
1.4	Interest on Money Market Placements		28,968	5,312
1.5	Interest on Marketable Securities Portfolio		89,228	59,003
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		17,803	3,063
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		42,829	39,419
1.5.3	Financial Assets Measured at Amortized Cost		28,596	16,521
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		4,340	760
II.	INTEREST EXPENSE (-)		1,680,573	1,747,535
2.1	Interest on Deposits	(5.IV.2)	1,276,700	1,243,137
2.2	Interest on Funds Borrowed	(5.IV.2)	184,436	217,688
2.3	Interest on Money Market Borrowings		21,760	308
2.4	Interest on Securities Issued	(5.IV.2)	179,864	270,389
2.5	Lease Interest Expense		16,998	-
2.6	Other Interest Expenses		815	16,013
III.	NET INTEREST INCOME (I - II)		816,068	873,366
IV.	NET FEES AND COMMISSIONS INCOME		206,746	81,247
4.1	Fees and Commissions Received		241,360	122,980
4.1.1	Non-cash Loans		12,697	14,063
4.1.2	Other	(5.IV.12)	228,663	108,917
4.2	Fees and Commissions Paid (-)		34,614	41,733
4.2.1	Non-cash Loans		226	168
4.2.2	Other	(5.IV.12)	34,388	41,565
V	DIVIDEND INCOME	(5.IV.3)	-	-
VI.	TRADING INCOME / LOSS (Net)	(5.IV.4)	73,115	7,431
6.1	Trading Gain / Loss on Securities		62,340	64,586
6.2	Gain / Loss on Derivative Financial Transactions		(441)	(130,355)
6.3	Foreign Exchange Gain / Loss		11,216	73,200
VII.	OTHER OPERATING INCOME	(5.IV.5)	171,485	217,783
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1,267,414	1,179,827
IX.	EXPECTED CREDIT LOSS (-)	(5.IV.6)	489,872	470,830
X.	OTHER PROVISION EXPENSES (-)		98	16,074
XI.	PERSONNEL EXPENSES (-)		261,476	232,653
XII.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	262,102	221,992
XIII.	NET OPERATING INCOME / LOSS (VIII-IX-X-XI-XII)		253,866	238,278
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XV.	INCOME FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XVI.	GAIN / LOSS ON NET MONETARY POSITION		-	-
XVII.	P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	(5.IV.8)	253,866	238,278
XVIII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(38,910)	(41,264)
18.1	Current Tax Provision		(23,601)	(117)
18.2	Deferred Tax Expense Effect (+)		(15,309)	(41,147)
18.3	Deferred Tax Income Effect (-)		-	-
XIX.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.IV.10)	214,956	197,014
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income From Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income From Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Non-current Assets Held for Sale		-	-
21.2	Losses from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses From Other Discontinued Operations		-	-
XXII.	PROFIT / LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXII-XXIII)		-	-
XXV.	NET PROFIT / LOSS (XIX+XXIV)	(5.IV.11)	214,956	197,014
25.1	Group Profit/Loss		214,927	197,010
25.2	Minority Interest		29	4
	Earnings per share		0,00228	0,00209

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



**FİBABANKA A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME FOR THE PERIOD BETWEEN 1 JANUARY 2019-31 DECEMBER 2019**

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

	Current Period (01/01/2019- 31/12/2019)	Prior Period ( 01/01/2018 - 31/12/2018)
I. PROFIT / LOSS FOR THE PERIOD	214.956	197.014
II. OTHER COMPREHENSIVE INCOME	40.312	(16.780)
2.1 Not Reclassified Through Profit or Loss	(2.034)	(1.107)
2.1.1 Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurements Gain/Loss	(2.542)	(1.384)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	508	277
2.2 Reclassified Through Profit or Loss	42.346	(15.673)
2.2.1 Foreign Currency Conversion Differences	-	-
Valuation and/or Reclassification Income/Expense of Financial Assets Measured at Fair Value Through Other		
2.2.2 Comprehensive Income	52.393	(19.660)
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(10.047)	3.987
III. TOTAL COMPREHENSIVE INCOME (I+II)	255.268	180.234

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

# FİBABANKA A.Ş. AND ITS SUBSIDIARY CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD BETWEEN 1 JANUARY 2019-31 DECEMBER 2019

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate	Other Capital Reserves	Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified in Profit and Loss				Profit Reserves	Prior Period Net Income / Loss	Current Period Net Income / Loss	Total Equity Excluding Minority Interests	Minority Interests	Total Equity
					1	2	3	4	5	6				
<b>PRIOR PERIOD (31/12/2018)</b>														
I. Balances at beginning of the period	941.161	128.678	-	-	-	(4.536)	-	-	(10.899)	-	167.128	1.464.558	54	1.464.612
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	(322.597)	-	-	(322.597)	-	(322.597)
2.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	(322.597)	-	-	(322.597)	-	(322.597)
III. Adjusted balances at beginning of the period (=I+II)	941.161	128.678	-	-	-	(4.536)	-	-	(10.899)	-	167.128	1.141.961	54	1.142.015
IV. Total Comprehensive Income	-	-	-	-	-	(1.107)	-	-	(15.673)	-	197.010	180.230	4	180.234
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period (III+IV+...+XI+XII)	941.161	128.678	-	-	-	(5.743)	-	-	(26.572)	(322.659)	197.010	1.322.191	58	1.322.249
<b>CURRENT PERIOD (31/12/2019)</b>														
I. Prior period ending balance	941.161	128.678	-	-	-	(5.743)	-	-	(26.572)	-	197.010	1.322.191	58	1.322.249
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balance (I+II)	941.161	128.678	-	-	-	(5.743)	-	-	(26.572)	-	197.010	1.322.191	58	1.322.249
IV. Total Comprehensive Income	-	-	-	-	-	(2.034)	-	-	41.346	-	214.927	255.239	29	255.268
V. Capital Increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / decrease due to other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period (III+IV+...+XI+XII)	941.161	128.678	-	-	-	(7.777)	-	-	15.714	319	214.927	1.659.005	87	1.659.092

(\*) Bank has classified the additional borrowing of TL 100.000 nominal and its interest expense, which has a capital stock character, under "other capital reserves" according to the "IAS 32 Financial Instruments: Presentation" Standards ("IAS 32").

1. Tradable and intangible asset revaluation reserve
2. Accumulated gains/losses on measurement of defined benefit plans
3. Other (other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss and other comprehensive income that will not be reclassified to profit or loss.
4. Exchange differences on transactions
5. Accumulated gain (losses) due to revaluation and / or reclassification of financial assets measured at fair value through other comprehensive income.
6. Other (accumulated gains or losses of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss)

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

# **FİBABANKA A.Ş. AND ITS SUBSIDIARY** **CONSOLIDATED STATEMENT OF CASH FLOWS** **FOR THE PERIOD BETWEEN 1 JANUARY 2019-31 DECEMBER 2019**

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

	Footnotes	Current Period ( 01/01/2019 - 31/12/2019 )	Prior Period ( 01/01/2018 - 31/12/2018 )
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>525.892</b>	<b>165.242</b>
1.1.1 Interest received (+)		2.278.852	2.294.316
1.1.2 Interest paid (-)		(1.641.379)	(1.691.601)
1.1.3 Dividend received (+)		-	-
1.1.4 Fees and commission received (+)		241.146	120.560
1.1.5 Other income (+)		242.412	148.530
1.1.6 Collections from previously written off loans and other receivables (+)		170.638	301.395
1.1.7 Cash payments to personnel and service suppliers (-)		(460.711)	(401.278)
1.1.8 Taxes paid (-)		(48.849)	(32.475)
1.1.9 Other (+/-)		(256.217)	(574.205)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(132.784)</b>	<b>54.570</b>
1.2.1 Net (increase) / decrease in financial assets at fair value through profit or loss (+/-)		(452.701)	597.196
1.2.2 Net (increase) / decrease in due from banks (+/-)		(165.633)	940.948
1.2.3 Net (increase) / decrease in loans (+/-)		(1.229.672)	(143.872)
1.2.4 Net (increase) / decrease in other assets (+/-)		(101.962)	(154.303)
1.2.5 Net (increase) / decrease in bank deposits (+/-)		(600.589)	29.784
1.2.6 Net (increase) / decrease in other deposits (+/-)		2.922.380	(1.043.345)
1.2.7 Net (increase) / decrease in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8 Net (increase) / decrease in funds borrowed (+/-)		(477.854)	(742.776)
1.2.9 Net (increase) / decrease in matured payables (+/-)		-	-
1.2.10 Net (increase) / decrease in other liabilities (+/-)		(26.753)	570.938
<b>I. Net Cash Provided from Banking Operations (+/-)</b>		<b>393.108</b>	<b>219.812</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>II. Net Cash Flow Provided from Investment Activities (+/-)</b>		<b>(318.700)</b>	<b>(248.858)</b>
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-)		(10.000)	(21.500)
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures (+)		-	-
2.3 Cash paid for the purchase of tangible and intangible assets (-)		(109.280)	(78.064)
2.4 Cash obtained from the sale of tangible and intangible assets (+)		6.101	13.503
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		(203.590)	(92.549)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		257.817	158.477
2.7 Cash paid for the purchase of financial assets at amortised cost (-)		(275.476)	(193.392)
2.8 Cash obtained from the sale of financial assets at amortised cost (+)		63.410	-
2.9 Other (+/-)		(47.682)	(35.333)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>III. Net Cash Provided from Financing Activities (+/-)</b>		<b>35.502</b>	<b>587.519</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		191.995	776.839
3.2 Cash outflow from funds borrowed and securities issued (-)		(233.788)	(189.320)
3.3 Equity instruments issued (+)		77.295	-
3.4 Dividends paid (-)		-	-
3.5 Payments for financial leases liabilities (-)		-	-
3.6 Other (+/-)		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)</b>		<b>(75.065)</b>	<b>233.413</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>34.845</b>	<b>791.886</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period (+)</b>		<b>2.088.158</b>	<b>1.296.272</b>
<b>VII. Cash and Cash Equivalents at the End of the Period (V+VI)</b>		<b>2.123.003</b>	<b>2.088.158</b>

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

## UNCONSOLIDATED PROFIT DISTRIBUTION TABLE FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2018

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

PROFIT DISTRIBUTION TABLE	Current Period (*) (01/01/2019-31/12/2019)	Prior Period (01/01/2018-31/12/2018)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	250.130	237.823
1.2 TAXES AND DUTIES PAYABLE (-)	38.086	41.164
1.2.1 Corporate Tax (Income Tax)	22.747	3
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	15.339	41.161
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>212.044</b>	<b>196.659</b>
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	9.833
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>212.044</b>	<b>186.826</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 STATUTORY RESERVES (-)	-	-
1.11 EXTRAORDINARY RESERVES	-	186.826
1.12 OTHER RESERVES	-	-
1.13 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1 To owners of ordinary shares	-	-
2.2.2 To owners of privileged shares	-	-
2.2.3 To owners of preferred shares	-	-
2.2.4 To profit sharing bonds	-	-
2.2.5 To holders of profit and loss sharing certificates	-	-
2.3 DIVIDENDS TO PERSONNEL (-)	-	-
2.4 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0,00225	0,00209
3.2 TO OWNERS OF ORDINARY SHARES (%)	0,23%	0,21%
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(\*) The decision on profit distribution of 2019 will be given at the General Assembly.

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

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**SECTION THREE**

**ACCOUNTING PRINCIPLES**

**I. Explanations on the basis of presentation**

**1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and the Communiqué on Principles and Procedures on the Accounting Practice and Documentation of Banks**

The Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation which includes the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board (“BRSB”) and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards (“TFRS”) published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

The consolidated financial statements are prepared in thousands of TL based on the historical cost convention, except for the financial assets and liabilities carried at fair value.

**Explanations about Leases Standard TFRS 16**

The Bank has begun to prepare its unconsolidated financial statements for the first time by 1st of January 2019, according to “TFRS 16 Leasing Standard” published in the Official Gazette dated April 2018 with no 29826 and became valid as of 1 January 2019. Practices and effects of TFRS 16 transition has been explained in Notes XXVII of Section III.

Prior period financial statements were adopted to new format in accordance with “Communique on Change on Communique on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” published in the Official Gazette dated 1 February 2019 with no 30673.

**2. Accounting policies and valuation principles applied in preparation of consolidated financial statements**

The accounting policies and valuation principles used in the preparation of the financial statements are explained in Notes II and XXVI below.

The Group applied “partial conversion approach” which led to equalization of beneficial property and leasing liabilities, during the first transition to TFRS 16, by taking all benefits of easing conditions. Accordingly, comparative information presented in the context of TAS 17 and related comments were not rearranged for year 2018.

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**II. Explanations on the usage strategy of financial instruments and on foreign currency transactions**

**1. Usage strategy of the financial instruments**

The major factor in managing interest rate and liquidity risk at the balance sheet is parallel movement of assets and liabilities.

Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Value at risk models are used for this purpose.

Purchase-sale transactions of short and long-term financial instruments are realized within predetermined risk limits that are allowed for the purpose of increasing risk-free return on capital.

The foreign currency position is carried based on a currency basket to minimize the foreign exchange risk.

**2. Foreign currency transactions**

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

The Group recognizes the foreign currency transactions in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from the foreign currency transactions are converted into Turkish Lira by using the exchange rates at the date of the transaction and recognized in accounting records. At the end of the periods, foreign currency assets and liabilities are converted into Turkish Lira by using the spot foreign currency exchange rates of the Bank and the related currency conversion differences are recognized as foreign exchange gains and losses.

As at the end of the related periods, the Bank's foreign currency exchange rates are as follows in full TL:

	31 December 2019	31 December 2018
US Dollar	5,9402	5,2609
Euro	6,6506	6,0280

**III. Explanations on consolidated subsidiaries**

Fiba Portföy Yönetimi A.Ş. ("Fiba Portföy"); the subsidiary of the Bank was consolidated by using full consolidation method in the consolidated financial statements dated 31 December 2018. Fibabanka A.Ş. and Fiba Portföy Yönetimi A.Ş. together are referred to as "the Group" in the report.

Capital Markets Board ("CMB") approved Fiba Portföy's licence application for portfolio management activity and the licence numbered PYŞ. PY 56/1267 and dated 12 December 2013 was assigned to Fiba Portföy.

The objective of Fiba Portföy is to manage portfolios consisting of financial assets as a representative by entering into portfolio management contracts in accordance with CMB laws and relevant regulation and also to perform capital markets operations. Besides, Fiba Portföy can manage the portfolios of local and foreign investment funds, investment trusts, local/foreign real persons, brokerage companies and other similar legal entities within the context of the related regulation as portfolio management activities. On the condition that, the requirements of the Capital Markets regulations are fulfilled and necessary approvals and licences from the Capital Markets Board are obtained; Fiba Portföy can also perform investment advisory services, market consultancy in Borsa İstanbul A.Ş. Emerging Companies Market, and intermediary services for the trading of investment fund certificates. The Bank owns 99% of the equity of Fiba Portföy whose headquarters is located in Istanbul.

According to full consolidation method, the subsidiary's 100% of assets, liabilities, revenues, expenditures and off-balance sheet liabilities were combined with the Parent Bank's assets, liabilities, revenues, expenditures and off-balance sheet liabilities. Book value of the investment in the Group's subsidiary and the portion of the cost of subsidiary's capital belonging to the Group are eliminated. All intragroup balances and income and expenses relating to transactions between the Bank and its subsidiary are eliminated in full on consolidation. Minority shares in the net income of consolidated subsidiary determined the net income of the Group and were demonstrated as a separate item in the statement of profit or loss. Minority shares were presented under equity in the consolidated financial statement.

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**IV. Explanations on forward transactions, options and derivative instruments**

The Parent Bank's derivative transactions mainly consist of currency swaps, interest rate swaps, currency options and currency forward purchase/sale contracts. The Parent Bank does not have any embedded derivatives separated from the host contract.

The Parent Bank's derivative instruments held for trading are classified as "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income" in accordance with TFRS 9 and derivative instruments for hedging purpose are classified, measured and accounted in accordance with TAS 39 "Financial Instruments: Recognition and Measurement", respectively.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values.

Derivative transactions are measured at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line as profit/loss from derivative financial transactions.

**Explanations on derivative financial instruments held for hedging**

The Parent Bank enters into cross currency interest rate swap transactions in order to hedge the change in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in statement of profit or loss.

If the hedging is effective, the changes in fair value of the hedged item, which is fixed rate TL denominated loans, are presented in statement of financial position together with the hedged item. Subsequently, derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities at Fair Value Through Profit or Loss", respectively depending on the fair values being positive or negative. Fair value changes are recorded under statement of profit or loss.

The Parent Bank performs effectiveness tests at the beginning of the hedge accounting period and at each reporting period.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortized to statement of profit or loss over the life of the hedged item from that date of the hedge accounting is discontinued.

**V. Explanations on interest income and expenses**

Interest income and expenses are recognized on accrual basis by using internal rate of return for financial assets and liabilities with given future cash payments and collections.

**VI. Explanations on fee and commission income and expenses**

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with "TFRS 15 Revenue from Contracts with Customers". Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted on accrual basis throughout the service period.

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**VII. Explanations on financial assets**

Financial assets include cash on hand, contractual rights to receive cash or another financial asset from the counterparty or the right to exchange of financial instruments or equity instrument transactions of the counterparty. Financial assets are classified into three groups as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost.

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

Financial assets at fair value through profit or loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the statement of profit or loss.

Loans measured at fair value through profit or loss are subject to valuation in accordance with fair value principles and profit or losses, emerging as a result of valuation, are recognized under profit/loss accounts. The Bank has classified a portion of its extended loans as financial assets at fair value through profit or loss, as per TFRS 9 standard. The aforementioned loans have been demonstrated on other financial assets line under "Financial assets at fair value through profit or loss" on the balance sheet.

**2. Financial assets measured at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial assets at fair value through other comprehensive income are recognized by adding transaction costs to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in the equity are recognized in the statement of profit or loss.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value.

**3. Financial assets measured at amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost 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 financial assets measured at amortized cost is accounted in statement of profit or loss.

In prior periods, the Bank has classified financial assets at fair value through other comprehensive income amounting to TL 153.266 which were classified as available-for-sale financial assets to designate at "Financial assets measured at amortized cost" as of January 2018.



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**4. Loans**

Loans are financial assets generated by providing cash, commodity or service to the borrower. These loans and receivables are recorded by acquisition cost reflecting fair value and afterwards measured at amortized cost by using effective interest (internal rate of return) method. Fees and other costs paid for the assets taken as collateral for those loans are not recognized as cost of operation and accounted in expense accounts. Bank's loans are followed in "Financial Assets Measured at Amortized Cost" and "Financial Assets at Fair Value Through Profit or Loss" accounts

**VIII. Explanations on expected credit loss**

The Parent Bank recognizes expected credit loss allowance for financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 September 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisioning for impairment as set out in accordance with the related legislation of BRSA has been changed by applying the expected credit loss model under TFRS 9.

**Calculation of expected credit loss**

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. Expected credit loss is calculated by using following components: "Exposure at Default", "Probability of Default" and "Loss at Default".

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

**Stage 1**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk will be recorded in the amount of 12-month expected credit losses.

**Stage 2**

In the event of a significant increase in credit risk since initial recognition, the financial asset will be transferred to Stage 2. Impairment for credit risk will be determined on the basis of the instrument's lifetime expected credit losses.

**Stage 3**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

As part of TFRS 9, expected credit loss models are improved in process of exposure at default, probability of default and loss given default. These models are formed by taking into consideration internal ratings systems, past data and prospective expectations and considering below factors;

- Customer type (individual, corporate, commercial and SME)
- Product type
- Ratings used as part of internal ratings systems
- Collaterals
- Collection period
- Exposure at default
- Time passed from loan disbursement
- Time to maturity

If the existing provision model is not able to reflect the situation, individual assessment is possible by using the cash flow expectations of Credits Monitoring and Collection Department.

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**VIII. Explanations on expected credit loss (continued)**

**Exposure at Default:** Expresses the exposure amount when debtor defaults. It accounts along with the maturity of the borrower. The amount of additional risk that may occur in case of default is added to the amount of risk and included in the calculations by using the credit conversion rates (CCR) for irrevocable commitments.

**Probability of Default:** Refers to the probability of default due to the inability of the debtor to fulfill its obligations. 12-month or lifetime estimation is performed according to whether there is an increase in credit risk or not.

**Loss Given Default:** In the default of the borrower, it is calculated as the expected credit loss to exposure at default. Loss given default models include inputs such as product type, customer segment, collateral structure, customer payment performance.

**Macroeconomics Factors:** Macroeconomics indicators are taken into account in determining the probability of default component in the expected credit loss calculation. Future macroeconomics forecasts are reflected in the expected credit loss calculations using more than one scenario.

While macroeconomics information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomics variables are taken into consideration. The main macroeconomics indicators that make up these estimation models are the Gross Domestic Product (GDP) and the unemployment rate. Macroeconomics estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

Future expectations are determined based on 2 scenarios, base and negative. Each scenario has predetermined weights, and the final provisions are calculated by weighting on these probabilities.

**Calculation of Expected Loss Period:** In determining the lifetime expected credit loss, the period in which the Bank will be exposed to credit risk is taken into consideration. Behavioural maturity analysis was performed on credit cards and overdraft accounts. The maximum period for which credit losses are to be recognized, except for credit cards and other revolving loans, is the contractual life of the financial instrument unless a legal right is required to recall the loan.

**Significant Increase in Credit Risk:** Due to the significant increase in credit risk, the Bank performs quantitative and qualitative assessments to determine the financial assets to be classified as Stage 2 (Significant Increase in Credit Risk).

Within the scope of the quantitative assessments made for the corporate segment, the Bank compares the change between the starting date and the date of the report by taking into account the time passed since the opening date. In order to make this comparison, the Bank specifies threshold values to determine which changes are accepted as significant change. The decision to classify financial assets with a significant increase in credit risk by exceeding these threshold values as Stage 2 is taken by the opinion of the Credits Department.

Also, credit risk with an overdue period between 30 and 90 days is classified as Stage 2.

Within the scope of qualitative evaluations, financial assets under close monitoring as of the reporting date are classified as Stage 2.

**IX. Explanations on offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank 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 sale and repurchase agreements and securities lending transactions**

Securities subject to repo (repurchase agreements) are classified as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" or "Financial assets measured at amortized cost" according to their purposes to be held in the Bank's portfolio and evaluated within the principles of the relevant portfolio. Funds obtained from repurchase agreements are followed under the "Funds from repo transactions" account in liabilities and interest expense accruals are calculated using the effective interest (internal rate of return) method on the difference between the sales and repurchase prices corresponding to the period designated by a repurchase agreement.

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**X. Explanations on sale and repurchase agreements and securities lending transactions (continued)**

Securities purchased under agreements to resell ("Reverse repo") transactions are accounted under the "Money market placements" in the balance sheet.

**XI. Explanations on noncurrent assets held for sale and discontinued operations and the related liabilities**

A tangible asset (or a disposal group) classified as "asset held for sale" is measured at the lower of the carrying value or fair value less costs to sell. Assets held for sale are not depreciated and presented in the financial statements separately. An asset (or a disposal group) is regarded as "asset held for sale" only when the sale is highly probable and the asset (or 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 should be actively marketed at a price consistent with its fair value.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is part of the Bank's business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the statement of profit or loss.

The Group does not have any discontinued operations.

**XII. Explanations on goodwill and other intangible assets**

As at the balance sheet date, there is no goodwill in the accompanying financial statements. The intangible assets of the Bank consist of software, intangible rights and other intangible assets.

The costs of the intangible assets purchased before 1 January 2005 are recognized at their inflation adjusted costs as of 31 December 2004 and intangible assets purchased after 1 January 2005 are recognized at their acquisition cost less accumulated amortization and impairment, if any.

Estimated useful lives of the intangible assets of the Group are 3 to 10 years, and amortization rates are 10% to 33,3%.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, an allowance for impairment is recognized.

**XIII. Explanations on tangible assets**

Tangible assets are measured at cost in accordance with the Turkish Accounting Standard 16 (TAS 16) "Tangible Assets".

The costs of the tangible assets purchased before 1 January 2005 are recognized at their inflation adjusted costs as of 31 December 2004 and tangible assets purchased after 1 January 2005 are recognized at their acquisition cost less accumulated depreciation and impairment, if any.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, an allowance for impairment is recognized.

Gains/losses from the sale of the tangible assets are calculated as the difference between the net book value and the net sales price.

Maintenance and repair costs incurred for tangible assets are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

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**XIII. Explanations on tangible assets (continued)**

Depreciation rates and estimated useful lives used for the tangible assets are as follows:

Tangible Assets	Estimated Useful Lives (Years)	Depreciation Rates (%)
Safe boxes	50	2
Vehicles	5	20
Real estate	50	2
Other tangible assets	4-20	5-25

**XIV. Explanations on leasing transactions**

As “IFRS 16 Leases” standard is valid starting on 1 January 2019, difference between operational lease and financial lease disappeared so that leasing transactions will be recognized as right-of-use assets and will be recognized under “Tangible Assets” and corresponding liability under “Lease Liabilities”.

**XV. Explanations on provisions and contingent liabilities**

Provisions and contingent liabilities are accounted in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. In the financial statements, a provision is made if there is a present obligation that arises from past events as of the balance sheet date, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

Provisions recognized during the period are recognized within “other operating expenses”; reversals of provisions recognized in the prior periods are recognized within “other operating income”.

**XVI. Explanations on contingent assets**

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

**XVII. Explanations on liabilities for employee benefits**

As per the existing labour laws and agreements in Turkey, entities are required to pay severance for the employees retired or fired. These payments are qualified as recognized retirement benefit plan according to revised TAS 19 Employee Benefits. Severance payment liability recognized in the balance sheet is calculated according to the net present value of expected amount in the future arising from all employees’ retirements and represented in financial statements. All actuarial losses and gains are accounted for as other comprehensive income.

The major assumptions used in the actuarial calculation are as follows:

- Calculation is based on discount rate of 13,50%, inflation rate of 6,00% and real rate of rise in salary of 0,00%.
- Effective as of 31 December 2019, ceiling salary amount is considered as TL 6.379,86 (full TL).
- Individuals’ earliest retirement age is considered as retirement age.
- CSO 1980 mortality table is used for the death probabilities of male and female employees.

There is no employee foundation, fund or similar institutions.

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**XVIII. Explanations on taxation**

**1. Current Tax**

Effective from 1 January 2006, statutory income is subject to corporate tax at 20%, on the other hand as per the provisional article 91 of Law numbered 7061, which is added to Corporate Tax Law numbered 5520 corporate tax rate regarding 2018, 2019 and 2020 fiscal periods (accounting periods starting within the related period for companies which are assigned special accounting period) has changed as 22%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes.

If there is no dividend distribution planned, no further tax charges are made. Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions no.2009/14593 and no.2009/14594 of the Council of Ministers published in the Official Gazette no.27130 dated 3 February 2009, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

**2. Deferred Tax**

The Group calculates and recognizes deferred tax for taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base according to the Turkish Accounting Standard 12 (TAS 12) "Income Taxes".

In accordance with the provisional article, added to Corporate Tax Law, corporate tax which is 20%, shall be applied as 22% for the profit of company belonging to 2018, 2019 and 2020 fiscal periods. In accordance with this provisional article, 22% tax rate has been calculated for periods, in which the deferred tax assets and liabilities emerges and liabilities are met, while it is calculated with 20% for 2021 and following periods.

Deferred tax liabilities are generally recognized for all taxable temporary and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax rate calculation has started to be applied over temporary expected credit losses as per TFRS 9 articles from 1 January 2018. The Bank calculates deferred tax also for possible risk provisions.

As of 31 December 2019, the deferred tax asset is TL 54.503 (31 December 2018: TL 79.351 the deferred tax asset). The deferred tax asset is calculated as the net of taxable and deductible temporary differences.

Deferred tax income/(expense) is recognized within "Deferred Tax Expense Effect" in the statement of profit or loss; deferred tax expense for the current period is TL 15.309 (1 January - 31 December 2018: TL 41.147 expense). Deferred tax effects of the transactions and events recognized directly in the shareholders' equity are also recognized directly in the shareholders' equity which is TL 9.539 expense (1 January -31 December 2018: TL 4.264 income).

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#### **3. Transfer Pricing**

The article 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 at 18 November 2007, explains the application related issues on this topic.

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.

As stated in the “7.1 Annual Documentation” section of this communiqué, the 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. Related forms are submitted to tax offices on time

#### **XIX. Additional explanations on borrowings**

The Parent Bank provides resources from domestic and foreign individuals and institutions both by borrowing funds and issuing bills and bonds.

Borrowing instruments are initially measured at acquisition cost and subsequently measured at amortized cost with the effective interest method. In the accompanying financial statements, foreign currency denominated borrowing funds are converted to Turkish Lira with the Group’s spot foreign exchange buy rates and interest expenses incurred during the period relating to the borrowing funds are recognized in statement of profit or loss.

##### **Additional Tier I Capital**

The Bank has recognised the issued Tier 1 securities of TL 100.000 nominal and related interest expense, as “other capital reserves” within the scope of “TAS 32 Financial Instruments: Presentation”. It has recognised the issued Tier 1 securities of USD 30.000 nominal and related interest expense as “subordinated debt”.

#### **XX. Explanations on share certificates issued**

None.

#### **XXI. Explanations on bank acceptances and bills of guarantee**

Bank acceptances and bills of guarantee are presented within off-balance sheet liabilities as being possible liabilities and commitments. Cash transactions relating to bank acceptances and bills of guarantee are realized concurrently with the customer payments.

As of the balance sheet date, there are no bank acceptances and bills of guarantee recognized as liability against an asset.

#### **XXII. Explanation on government incentives**

As of the balance sheet date, the Group does not have any government incentives

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**XXIII. Explanations on segment reporting**

The Bank operates in consumer banking services, current accounts, deposit accounts, long term investment products, clearing and custody services, credit and atm services, retail loans, long term mortgage loans, and all other kinds of consumer banking services and commercial services. The Bank's consolidated subsidiary Fiba Portföy is dealing with portfolio management and its activity outcomes and asset&liabilities are reported under "Treasury and Headquarters".

	Retail Banking(*)	Corporate & Commercial Banking	Treasury & Headquarters	Total Operations of the Bank
<b>Current Period -1 January - 31 December 2019</b>				
Operating Income	231.332	879.290	156.793	1.267.415
Operating Profit	(176.072)	259.912	170.026	253.866
Taxation				(38.910)
<b>Net Profit/(Loss) for the Period</b>				<b>214.956</b>
<b>Current Period -31 December 2019</b>				
Segment Assets	2.066.449	13.441.734	6.381.024	21.889.207
<b>Total Assets</b>				<b>21.889.207</b>
Segment Liabilities	11.018.021	2.499.553	6.712.541	20.230.115
Shareholders' Equity				1.659.092
<b>Total Liabilities</b>				<b>21.889.207</b>

(\*) SME segment which is transferred to commercial segment as of March due to the new segmentation study has been reported under retail banking for first two months.

	Retail Banking	Corporate & Commercial Banking	Treasury & Headquarters	Total Operations of the Bank
<b>Prior Period -1 January - 31 December 2018</b>				
Operating Income	291.997	612.016	275.814	1.179.827
Operating Profit	(126.624)	267.152	97.750	238.278
Taxation				(41.264)
<b>Net Profit/(Loss) for the Period</b>				<b>197.014</b>
<b>Prior Period -31 December 2018</b>				
Segment Assets	3.528.275	10.541.060	6.549.841	20.619.176
<b>Total Assets</b>				<b>20.619.176</b>
Segment Liabilities	8.020.416	2.653.055	8.623.456	19.296.927
Shareholders' Equity				1.322.249
<b>Total Liabilities</b>				<b>20.619.176</b>

**XXIV. Profit reserves and distribution of the profit**

In financial tables, except legal reserves, retained earnings can be distributed on condition that it has legal reserve requirement explained below.

Legal reserves are consisted of first and second reserves as determined in Turkish Commercial Code (TCC). First legal reserve, is appropriated by TCC at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

In the Ordinary General Assembly Meeting of the Bank, which was held on 27 March 2019, it was decided to set off the accumulated loss to extraordinary legal reserve; and to allocate the 2018 net profit amounting TL 196.659 as legal reserve of TL 9.833 and as extraordinary reserves of TL 186.826.

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**XXV. Earnings Per Share**

Earnings per share disclosed in the statement of profit or loss are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the related period concerned.

	31 December 2019	31 December 2018
Net Profit / (Loss) distributable to Common Shares	214.956	197.014
Average Number of Issued Common Shares (Thousand)	94.116.055	94.116.055
Earnings Per Share (Amounts presented as full TL)	0,00228	0,00209

In Turkey, companies can increase their share capital by distributing “bonus shares” to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

There are no bonus shares issued by the Bank in 2019 (31 December 2018: None).

**XXVI. Cash and Cash Equivalent Assets**

Cash, cash in transit, purchased bank cheques and demand deposits including balance with Central Bank are considered as “Cash”; interbank money market placements and time deposits at banks with original maturity periods of less than three months and receivables from reverse repo are considered as “Cash Equivalents”. Required reserves kept in Central Bank under blocked account are not “Cash Equivalents” in the statement of cash flow.

**XXVII. Explanation on TFRS 16 Leases standard**

The Bank has adopted new standard, changes and commands, which are valid as of 1 January 2019, in line with the “TFRS 16 Leases” standard’s first time applying transition commands.

**TFRS 16 “Lease” Standard**

The Bank as a lessee according to “Lease” Standard:

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Existence of right to use:

The right to use asset is first recognized by cost method and includes:

- a) the initial measurement amount of the lease obligation,
- b) the amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) all initial direct costs incurred by the Bank.

When applying the cost method, the Bank measures the right to use as follows:

- a) deducts accumulated depreciation and accumulated impairment losses and
- b) measures the restatement of the lease obligation at the restated cost.

Bank applies depreciation clauses of TAS 16 Tangible Assets standard when measuring the depreciation of the right to use.

Lease obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank’s average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.



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**XXVII. Explanation on TFRS 16 Leases standard (continued)**

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

**First Transition to TFRS 16 Leasing Standard**

“TFRS 16 Leases” Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting after 31 December 2018. The Bank applied TFRS 16 “Leasing” standard, which replaced TAS 17 “Leasing”, as of 1 January 2019, the date of first implementation.

The Bank, as a lessee, reflected its right and liability to use the asset pertaining to the lease to its financial tables. The new accounting principles is similar with the prior principles for the leaser.

Bank applied “partial conversion approach” which led to equalization of beneficial property and leasing liabilities, during the first transition to TFRS 16, by taking all benefits of easing conditions. According to this, comparative information presented in the context of TAS 17 and related comments were not rearranged.

The classifications and adjustments related with the first appliance to TFRS 16 Leases Standard as of 1 January 2019 can be seen below:

	31 December 2018	TFRS 16 Classification Effect	TFRS16 Transition Effect	1 January 2019	31 December 2019
Tangible Assets (Net) (*)(**)	257.069	1.557	75.901	334.527	343.731
Intangible Assets (Net)	--	--	--	--	--
Other Assets (Net) (**)	224.324	(1.557)	--	222.767	222.767
Finance Lease Liabilities (Net) (***)	463	--	75.901	76.364	85.568

(\*) TL 75.901 of right and liability to use the asset pertaining to the lease, which were previously classified as financial leasing according to TAS 17, were reflected to Bank's financials according to TFRS 16 as of 1 January 2019.

(\*\*) The Bank classified TL 1.557 as right to use asset under tangible asset according to TFRS 16 as of 1 January 2019, which were prepaid lease before.

(\*\*\*) The weighted average of interest rates applied by the Bank as of 1 January 2019, to the lease liabilities in TL and EUR were 23,9% and 1,7% respectively.

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**SECTION FOUR**

**INFORMATION ON CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT**

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 31 December 2019, the Group’s total capital has been calculated as TL 3.667.384 and the capital adequacy ratio is 19,55% (As of 31 December 2018, the Group’s total capital amounted to TL 3.215.203 and the capital adequacy ratio was 19,47%).

**I. Information related to the components of consolidated shareholders’ equity:**

	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
<b>TIER I CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	941.161	
Share Premium	128.678	
Reserves (**)	518.380	
Other comprehensive income according to TAS	15.774	
Profit	214.956	
Current period profit	214.956	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
<b>Tier I Capital Before Deductions</b>	<b>1.818.949</b>	
<b>Deductions From Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	--	--
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	26.524	--
Improvement costs for operational leasing (-)	11.382	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	100.064	--
Excess amount arising from deferred tax assets from temporary differences	9.790	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--
Unrealised gains and losses due to the changes in own credit risk on fair valued liabilities	--	--

(\*\*)The difference between the expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated with the method before TFRS 9 has been recorded in the “Retained Earnings” account; in accordance with Provisional Article 5 of the Regulation on Banks’ Own Funds, related amount is shown net by adding back 60% of the provision difference, net of tax.

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	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
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 (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets from temporary differences (-)	--	--
Other items to be defined by the BRSA	--	--
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	--
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>147.760</b>	--
<b>Total Common Equity Tier I Capital</b>	<b>1.671.189</b>	--
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred stock not included in Tier I capital and the related share premiums	--	--
Debt instruments and the related issuance premiums defined by the BRSA	278.206	--
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	--
<b>Additional Core Capital before Deductions</b>	<b>278.206</b>	--
<b>Deductions from Additional Core Capital</b>	--	--
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	--
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 (-)	--	--

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	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	--	--
<b>Total Deductions from Additional Tier I Capital</b>	--	--
<b>Total Additional Tier I Capital</b>	<b>278.206</b>	--
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1.949.395</b>	--
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.577.984	--
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	140.016	--
<b>Tier II Capital before Deductions</b>	<b>1.718.000</b>	--
<b>Deductions from Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	--
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	11	--
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 (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Total Deductions from Tier II Capital</b>	<b>11</b>	
<b>Total Tier II Capital</b>	<b>1.717.989</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>3.667.384</b>	

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	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>	<b>3.667.384</b>	
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	--
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	<b>--</b>	<b>--</b>
The portion of 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	--	--
<b>EQUITY</b>	<b>3.667.384</b>	
<b>Total Capital ( Total of Tier I Capital and Tier II Capital )</b>	<b>3.667.384</b>	<b>--</b>
<b>Total Risk Weighted Assets</b>	<b>18.757.549</b>	<b>--</b>
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	8,91	--
Tier I Capital Adequacy Ratio (%)	10,39	--
Capital Adequacy Ratio (%)	19,55	--
<b>BUFFERS</b>		
Total Additional Core Capital Requirement Ratio (a+b+c)	2,61	
a) Capital Conservation Buffer Requirement (%)	2,50	--
b) Bank-specific Counter-Cyclical Buffer Requirement(%)	0,11	--
c) Systemically Important Banks Buffer Requirement Ratio (%)	--	--

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	Current Period (31/12/2019) Amount	Amount as per the regulation before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to risk weighted assets	4,39	--
<b>Amounts lower than Excesses as per Deduction Rules</b>	--	--
Remaining 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	--	--
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	--	--
Remaining mortgage servicing rights	--	--
Net deferred tax assets arising from temporary differences	--	--
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	298.165	--
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	140.016	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, limited by 0,6% risk weighted assets	--	--
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	--	--
Upper limit for Additional Tier I Capital items subject to Temporary Article 4	--	--
Amount of Additional Tier I Capital items subject to Temporary Article 4 that exceeds upper limit	--	--
Upper limit for Additional Tier II Capital items subject to Temporary Article 4	--	--
Amount of Additional Tier II Capital items subject to Temporary Article 4 that exceeds upper limit	--	--

\* The amounts to be considered under the transitional provisions

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
<b>TIER I CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	941.161	--
Share premium	128.678	
Reserves	410.286	
Other comprehensive income according to TAS	--	
Profit	197.014	
Current period profit	197.014	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Minority shares		
<b>Tier I Capital Before Deductions</b>	<b>1.677.139</b>	
<b>Deductions From Tier I Capital</b>	<b>--</b>	
Valuation adjustments calculated as per the Article 9 (i) of the Regulation on Bank Capital	--	
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-) (**)	42.904	--
Improvement costs for operational leasing (-)	12.259	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	35.001	--
Excess amount arising from deferred tax assets from temporary differences	13.000	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--
Unrealised gains and losses due to the changes in own credit risk on fair valued liabilities	--	--

(\*\*)The difference between the expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated with the method before TFRS 9 has been recorded in the "Retained Earnings" account; in accordance with Provisional Article 5 of the Regulation on Banks' Own Funds, related amount is shown net by adding back 80% of the provision difference, net of tax.

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
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 (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets from temporary differences (-)	--	--
Other items to be defined by the BRSA	--	--
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	--
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>103.164</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1.573.975</b>	
<b>ADDITIONAL TIER I CAPITAL</b>	--	
Preferred stock not included in Tier I capital and the related share premiums	--	
Debt instruments and the related issuance premiums defined by the BRSA	--	
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	
<b>Additional Core Capital before Deductions</b>	--	
<b>Deductions from Additional Core Capital</b>	--	
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	
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 (-)	--	--



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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	--	--
<b>Total Deductions from Additional Tier I Capital</b>	--	--
<b>Total Additional Tier I Capital</b>	--	--
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1.573.975</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.563.671	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Shares of third parties on Additional Tier I Capital	--	
Shares of third parties on Additional Tier I Capital (Temporary Article 3)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	77.804	
<b>Tier II Capital before Deductions</b>	<b>1.641.475</b>	
<b>Deductions from Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	245	
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 (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Total Deductions from Tier II Capital</b>	<b>245</b>	--
<b>Total Tier II Capital</b>	<b>1.641.230</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>3.215.205</b>	

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	--
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	--	--
Other items to be defined by the BRSA (-)	2	--
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
The portion of 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	--	--
<b>EQUITY</b>	<b>3.215.203</b>	
<b>Total Capital ( Total of Tier I Capital and Tier II Capital )</b>	<b>3.215.203</b>	--
<b>Total Risk Weighted Assets</b>	<b>16.514.413</b>	--
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	9,53	--
Tier I Capital Adequacy Ratio (%)	9,53	--
Capital Adequacy Ratio (%)	19,47	--
<b>BUFFERS</b>		
Total Additional Core Capital Requirement Ratio (a+b+c)	1,95	
a) Capital Conservation Buffer Requirement (%)	1,88	--
b) Bank-specific Counter-Cyclical Buffer Requirement(%)	0,07	--
c) Systemically Important Banks Buffer Requirement Ratio (%)	--	--

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to risk weighted assets (%)	3,53	--
<b>Amounts lower than Excesses as per Deduction Rules</b>	--	--
Remaining 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	--	--
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	--	--
Remaining mortgage servicing rights	--	--
Net deferred tax assets arising from temporary differences	--	--
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	288.131	--
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	77.804	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	--	--
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	--	--
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--

\* The amounts to be considered under the transitional provisions

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### Explanations on reconciliation of shareholder's equity items to balance sheet:

The difference between "Equity" in equity table and "Shareholder's Equity" in the consolidated balance sheet mainly arises from the subordinated bonds, general provisions and TFRS 9 transition effect. In the calculation of Total Capital, general reserve up to 1,25% of credit risk is taken into consideration as Tier II Capital.

On the other hand, in the calculation of the "Equity", improvement costs for operational leases presented under tangible assets in the balance sheet, together with related deferred tax liabilities and deferred tax assets calculated for provision for possible losses and other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

#### Debt instruments included in shareholder's equity calculation:

Issuer	Fibabanka A.Ş.	Fibabanka A.Ş.	Fibabanka A.Ş.
Code of debt instrument (CUSIP, ISIN etc.)	XS1386178237	TRSFIBA10016	XS2096028571
Regulation of debt instrument	BRSA's "Regulation on Equities of Banks" dated 1 November 2006" and English Law	BRSA's "Regulation on Equities of Banks" dated 1 November 2006"	BRSA's "Regulation on Equities of Banks" dated 1 November 2006" and English law
<b>Consideration Status in Shareholders' Equity Calculation</b>			
Situation of being subject to practice of being taken into consideration with 10% deduction after 1/1/2015	No	No	No
Eligible at unconsolidated / consolidated	Unconsolidated and Consolidated	Unconsolidated and Consolidated	Unconsolidated and Consolidated
Type of debt instrument	Subordinated Security	Subordinated Security	Subordinated Security
Recognized amount in shareholders' equity calculation (As of the most recent reporting date - Thousand TL)	1.577.984	81.575	178.206
Nominal value of debt instrument (Thousand TL)	1.782.060	100.000	178.206
Related account of debt instrument	Subordinated Debt Instruments	Shareholders' Equity	Subordinated Debt Instruments
Issuing date of debt instrument	24/03/16-10/05/17	20/03/19	31/12/19
Maturity structure of debt instrument (Demand/Time)	Time	Demand	Demand
Initial term of of debt instrument	11 years	--	--
Issuer call subject to prior BRSA approval	Has repayment right	Has repayment right	Has repayment right
Optional call date, reimbursement amount	24/11/2022; USD 300 million	13/03/2024; TL 100 million	31/12/2024; USD 30 million
Subsequent call date, if any	None	At the end of every 5th year following	On each interest payments date after first 5 years

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**Interest/Dividend Payments**

Fixed or floating interest/dividend payments	Floating interest	Floating interest	Floating interest
	Upto pay back option date 7,75% (5 years mid-swap rate+5,758%); afterwards current 5 years mid-swap rate+5,758%		
Interest rate or index value of interest rate		8% additional return on TRLibor	10% additional return on Libor
Whether there is any restriction to stop dividend payments or not	None	None	None
Feature of being fully optional, partially optional or obligatory	Obligatory	Optional	Optional
Whether there is any stimulant to repayment like interest rate hike or not	None	None	None
Feature of being cumulative or noncumulative	--	--	--
<b>Feature of being convertible bonds</b>			
If there is convertible bonds, trigger incidents cause this conversion	--	--	--
If there is convertible bonds, feature of full or partially conversion	--	--	--
If there is convertible bonds, rate of conversion	--	--	--
If there is convertible bonds, feature of conversion -obligatory or optional-	--	--	--
If there is convertible bonds, types of convertible instruments	--	--	--
If there is convertible bonds, exporter of convertible debt instruments	--	--	--
<b>Feature of value reduction</b>			
		Under the condition that unconsolidated and/or consolidated Tier I capital adequacy ratio drop below BRSA's ratio	Under the condition that unconsolidated and/or consolidated Tier I capital adequacy ratio drop below BRSA's ratio
If there is a feature of value reduction, trigger incidents cause this reduction	--		
If there is a feature of value reduction, feature of full or partially reduction of value	--	Partially and totally	Partially and totally
If there is a feature of value reduction, feature of being constant of temporary	--	--	--
If there is a feature of value reduction, mechanism of value incrementation	--	--	--
Claiming rank in case of winding up (Instrument that is just above debt instrument)	After the other borrowers except depositors	After depositors, other borrowers and Tier II capital	After depositors, other borrowers and Tier II capital
	Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article.	Meets the conditions defined by 7th article, does not meet the conditions defined by 8th article.	Meets the conditions defined by 7th article, does not meet the conditions defined by 8th article.
Whether meeting the conditions defined by 7th or 8th articles of Shareholders' Equity of Banks Regulation			
The conditions not met which were defined by 7th or 8th of the 7th or 8th articles of Shareholders' Equity of Banks Regulation	--	Can not be converted to stock.	Can not be converted to stock.

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**Explanations on TFRS 9 Transition Process**

	2019	2020	2021	2022
<b>EQUITY ITEMS</b>				
Common Equity	1.671.189	1.593.180	1.515.169	1.437.159
Common Equity if transition process not implemented <sup>a</sup>	1.437.159	1.437.159	1.437.159	1.437.159
Tier 1 Capital	1.949.395	1.871.386	1.793.375	1.715.365
Tier 1 Capital if transition process not implemented <sup>b</sup>	1.715.365	1.715.365	1.715.365	1.715.365
Total Capital	3.667.384	3.639.534	3.580.342	3.502.332
Equity if transition process not implemented <sup>c</sup>	3.502.332	3.502.332	3.502.332	3.502.332
<b>TOTAL RISK WEIGHTED AMOUNTS</b>				
Total Risk Weighted Amounts	18.757.549	18.757.549	18.757.549	18.757.549
<b>CAPITAL ADEQUACY RATIO</b>				
Common Equity Adequacy Ratio (%)	8,91	8,49	8,08	7,66
Common Equity Ratio if transition process not implemented <sup>ç</sup> (%)	7,66	7,66	7,66	7,66
Tier 1 Capital Adequacy Ratio (%)	10,39	9,98	9,56	9,14
Tier 1 Capital Adequacy Ratio if transition process not implemented <sup>ç</sup> (%)	9,14	9,14	9,14	9,14
Capital Adequacy Ratio (%)	19,55	19,40	19,09	18,67
Capital Adequacy Ratio if transition process not implemented <sup>ç</sup> (%)	18,67	18,67	18,67	18,67
<b>LEVERAGE</b>				
Leverage Ratio Total Risk Amount	28.589.424	28.589.424	28.589.424	28.589.424
Leverage (%)	6,82	6,55	6,27	6,00
Leverage Ratio if transition process not implemented <sup>d</sup> (%)	6,00	6,00	6,00	6,00

<sup>a</sup> Common Equity if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

<sup>b</sup> Tier 1 Capital if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

<sup>c</sup> Equity if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

<sup>ç</sup> Capital Adequacy Ratio calculated with Equity Items if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

<sup>d</sup> Leverage Ratio calculated with Equity Items if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

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**II. Explanations on Consolidated Credit Risk**

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set.

The debtors or group of debtors are subject to credit risk limits. The debtors' or group of debtors' and industrial risk limitations are monitored weekly. Industry concentration is followed monthly.

Credit risk limits and breakdowns for daily transactions are followed daily. Risk concentrations of off-balance sheet risks are followed by remote and on-site control activities.

Credit worthiness of both commercial loans' and other debtors are being regularly monitored in accordance with the regulations. By utilizing risk rating models which were developed for these purposes, in case the debtors' risk level increases, credit lines are readjusted and additional collaterals are received if needed. The necessary documentation for utilized loans is taken in compliance with the related legislation.

In accordance with the Parent Bank's lending policies, the debtor's creditworthiness is analysed and the adequate collateral is obtained based on the financial position of the company and the type of loan; such as cash collateral, bank guarantees, mortgages, pledges, bills and corporate guarantees.

There are control limits based on VaR over the positions of the the Parent Bank which are held as futures, option contracts and other similar contracts. The credit risks carried for such instruments are managed together with the risks arising from market fluctuations.

Indemnified non-cash loans are subject to the same risk weight with overdue loans.

The Parent Bank performs foreign trade finance and other interbank credit transactions through widespread correspondent network. Accordingly, the Bank assigns limits periodically to domestic banks, foreign banks and other financial institutions based on review of their credit worthiness.

Within the Bank's risk appetite policy, the following concentrations are measured. They are presented to the Asset and Liability Committee weekly and to the Risk Committee monthly.

As per Customer Group Concentration, Top 20 corporate debtor's / risk group's credit risk sum shall not exceed 30% of the Bank's total credit risk.

Within the industry concentration, the Bank has set its risk appetite as "reasonable", not to exceed 10% of total loans per sector except the industries listed below.

<u>Industry</u>	<u>Proportional Limit</u>
Construction	20%
Tourism	20%
Factoring	15%
Wholesale and Retail Business	15%

Within the framework of risk appetite policy, the sum of long-term loans which have a maturity more than 1 year, shall not exceed 45% of the bank's total loans. This ratio is monitored on a weekly basis at the Asset and Liability Committee and on a monthly basis at the Risk Committee.

The Bank's largest 100 and 200 cash loan customers compose 65% and 74% of the total cash loan portfolio, respectively (31 December 2018: 55% and 65%, respectively).

The Bank's largest 100 and 200 non-cash loan customers compose 85% and 95% of the total non-cash loan portfolio, respectively (31 December 2018: 78% and 89%, respectively).

The Bank's largest 100 and 200 cash and non-cash loan customers represent 61% and 72% of the total "on and off balance sheet" assets, respectively (31 December 2018: 53% and 64%, respectively).

Expected credit loss for total credit risk of the Parent Bank amounts to TL 296.663 (Stage 1 and Stage 2) (31 December 2018: TL 288.131).

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**II. Explanations on Consolidated Credit Risk (continued)**

	Current Period Risk Amount *	Average Risk Amount **
<b>Exposure Categories</b>		
Conditional and Unconditional Exposures to Central Governments or Central Banks	3.274.025	3.171.761
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	2.508.213	3.032.250
Conditional and Unconditional Exposures to Corporates	11.309.687	9.844.832
Conditional and Unconditional Retail Exposures	3.551.221	3.705.244
Conditional and Unconditional Exposures Secured by Real Estate Property	1.563.502	1.638.160
Past Due Receivables	356.201	300.081
Receivables Defined in High Risk Category by BRSA	54.222	24.055
Exposures in the Form of Collective Investment Undertakings	91.029	71.698
Other Receivables	984.592	958.015
<b>Total</b>	<b>23.692.692</b>	<b>22.746.096</b>

(\*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(\*\*) Represents the arithmetical average of quarterly reports.

	Prior Period Risk Amount *	Average Risk Amount **
<b>Exposure Categories</b>		
Conditional and Unconditional Exposures to Central Governments or Central Banks	2.101.754	2.921.495
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	3.232.664	2.466.803
Conditional and Unconditional Exposures to Corporates	9.407.193	9.648.683
Conditional and Unconditional Retail Exposures	3.774.842	4.406.467
Conditional and Unconditional Exposures Secured by Real Estate Property	1.829.885	1.979.665
Past Due Receivables	287.004	232.015
Receivables Defined in High Risk Category by BRSA	43.854	33.484
Exposures in the Form of Collective Investment Undertakings	40.619	34.729
Other Receivables	949.654	714.872
<b>Total</b>	<b>21.667.469</b>	<b>22.438.213</b>

(\*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(\*\*) Represents the arithmetical average of quarterly reports.

**1. Profile of significant exposures in major regions:**

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to administrative units and noncommercial enterprises	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Collective investment undertakings	Other receivables	Total
<b>Current Period *</b>											
Domestic	3.589.989	--	1.040.255	10.493.460	3.344.639	1.513.509	356.201	53.735	91.029	984.592	21.467.409
EU Countries	--	--	1.116.960	192.220	36	307	--	--	--	--	1.309.523
OECD Countries **	--	--	308.236	--	105	--	--	--	--	--	308.341
Off-Shore Banking Region	--	--	--	402.193	--	--	--	--	--	--	402.193
USA, Canada	--	--	29.818	23.987	--	--	--	--	--	--	53.805
Other Countries	--	--	12.944	137.694	70	276	--	487	--	--	151.421
Associates, Subsidiaries and Joint -Ventures	--	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>3.589.989</b>	<b>--</b>	<b>2.508.213</b>	<b>11.249.554</b>	<b>3.344.800</b>	<b>1.514.092</b>	<b>356.201</b>	<b>54.222</b>	<b>91.029</b>	<b>984.592</b>	<b>23.692.692</b>

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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

(\*\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to administrative units and noncommercial enterprises	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Collective investment undertakings	Other receivables	Total
<b>Current Period *</b>											
Domestic	3.129.295	--	1.712.610	8.757.942	3.050.196	1.729.963	287.004	43.828	40.619	949.654	19.701.111
EU Countries	--	--	1.489.035	182.977	29	353	--	--	--	--	1.672.394
OECD Countries **	--	--	5.544	--	133	--	--	--	--	--	5.677
Off-Shore Banking Region	--	--	--	240.528	--	--	--	--	--	--	240.528
USA, Canada	--	--	18.664	21.314	--	--	--	--	--	--	39.978
Other Countries	--	--	6.811	--	25	919	--	26	--	--	7.781
Associates, Subsidiaries and Joint -Ventures	--	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>3.129.295</b>	<b>--</b>	<b>3.232.664</b>	<b>9.202.761</b>	<b>3.050.383</b>	<b>1.731.235</b>	<b>287.004</b>	<b>43.854</b>	<b>40.619</b>	<b>949.654</b>	<b>21.667.469</b>

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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

(\*\*\*) Includes assets and liability items that cannot be allocated on a consistent basis.



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**II. Explanations on Consolidated Credit Risk (continued)**

**2. Risk profile by sectors or counterparties**

Current Period	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
Agricultural	51.883	--	--	50.003	110.059	49.428	18.948	5.121	--	--	247.004	38.438	285.442
Farming and Stockbreeding	48.451	--	--	34.471	101.617	47.784	17.708	5.093	--	--	232.394	22.730	255.124
Forestry	2.858	--	--	--	5.330	1.644	1.134	28	--	--	10.818	176	10.994
Fishing	574	--	--	15.532	3.112	--	106	--	--	--	3.792	15.532	19.324
Manufacturing	92.533	--	--	2.758.909	549.664	225.823	78.061	20.226	--	--	1.898.833	1.826.383	3.725.216
Mining and Quarrying	4.887	--	--	239.278	30.203	714	6.286	59	--	--	110.790	170.637	281.427
Production	87.238	--	--	1.690.266	512.319	224.589	70.982	20.063	--	--	1.457.815	1.147.642	2.605.457
Electricity, Gas and Water	408	--	--	829.365	7.142	520	793	104	--	--	330.228	508.104	838.332
Construction	28.630	--	--	2.295.539	1.696.156	510.869	56.258	10.690	--	--	2.955.670	1.642.472	4.598.142
Services	3.395.389	--	2.481.880	4.890.432	636.993	687.227	163.234	12.188	--	984.592	4.336.951	8.714.984	13.051.935
Wholesale and Retail Trade	53.738	--	--	673.857	362.643	64.951	53.713	3.821	--	--	807.063	405.660	1.212.723
Accommodation and Dining	28.423	--	--	1.735.039	58.739	419.795	79.571	3.662	--	--	428.542	1.896.687	2.325.229
Transportation and Telecom.	15.661	--	--	824.610	68.987	70.103	10.135	339	--	--	196.782	793.053	989.835
Financial Institutions	3.274.473	--	2.481.880	452.622	42.866	--	57	509	--	984.592	1.956.137	5.280.862	7.236.999
Real Estate and Rental Services	3.422	--	--	485.654	15.777	2.191	8.533	6	--	--	313.039	202.544	515.583
Self-Employment Services	585	--	--	--	5.570	2.600	740	2	--	--	9.157	340	9.497
Educational Services	6.649	--	--	167.120	27.411	126.647	3.693	12	--	--	203.946	127.586	331.532
Health and Social Services	12.438	--	--	351.530	55.000	940	6.792	3.837	--	--	422.285	8.252	430.537
Other*	21.554	--	26.333	1.454.671	351.928	40.745	39.700	5.997	91.029	--	1.419.897	612.060	2.031.957
<b>Total*</b>	<b>3.589.989</b>	<b>--</b>	<b>2.508.213</b>	<b>11.249.554</b>	<b>3.344.800</b>	<b>1.514.092</b>	<b>356.201</b>	<b>54.222</b>	<b>91.029</b>	<b>984.592</b>	<b>10.858.355</b>	<b>12.834.337</b>	<b>23.692.692</b>

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1: Conditional and unconditional exposures to central governments or central banks

2: Conditional and unconditional exposures to administrative units and non-commercial enterprises

3: Conditional and unconditional exposures to banks and brokerage houses

4: Conditional and unconditional exposures to corporates

5: Conditional and unconditional retail exposures

6: Conditional and unconditional exposures secured by real estate property

7: Past due receivables

8: Receivables defined in high risk category by BSGA

9: Exposures in the form of collective investment undertakings

10: Other receivables

Prior Period	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
Agricultural	94.084	--	--	110.342	155.073	74.353	13.773	828	--	--	431.603	16.850	448.453
Farming and Stockbreeding	81.826	--	--	100.704	138.040	72.745	13.344	825	--	--	393.514	13.970	407.484
Forestry	11.214	--	--	9.638	15.247	1.608	353	3	--	--	35.183	2.880	38.063
Fishing	1.044	--	--	--	1.786	--	76	--	--	--	2.906	--	2.906
Manufacturing	356.820	--	--	2.622.702	600.714	201.768	75.224	1.841	--	--	2.573.796	1.285.273	3.859.069
Mining and Quarrying	16.794	--	--	347.531	44.149	1.314	10.535	2	--	--	337.331	82.994	420.325
Production	336.053	--	--	1.485.441	542.219	199.307	64.357	1.703	--	--	1.763.631	865.449	2.629.080
Electricity, Gas and Water	3.973	--	--	789.730	14.346	1.147	332	136	--	--	472.834	336.830	809.664
Construction	76.674	--	--	1.953.331	1.168.476	677.812	40.973	3.605	--	--	2.410.533	1.510.338	3.920.871
Services	2.036.468	--	2.689.293	3.482.484	714.778	688.797	135.569	36.717	--	949.654	5.397.785	5.335.975	10.733.760
Wholesale and Retail Trade	216.827	--	--	653.753	436.657	84.083	37.854	1.664	--	--	1.056.753	374.085	1.430.838
Accommodation and Dining	69.927	--	--	679.251	65.331	416.388	54.705	34.879	--	--	418.825	901.656	1.320.481
Transportation and Telecom.	39.394	--	--	531.038	64.713	41.797	4.055	132	--	--	249.477	431.652	681.129
Financial Institutions	1.627.508	--	2.689.293	777.599	24.326	1.418	19	28	--	949.654	2.865.769	3.204.076	6.069.845
Real Estate and Rental Services	7.249	--	--	368.150	22.587	17.934	32.407	1	--	--	138.150	310.178	448.328
Self-Employment Services	2.249	--	--	--	14.642	441	2.927	13	--	--	20.272	--	20.272
Educational Services	21.979	--	--	312.523	23.305	117.862	81	--	--	--	366.027	109.723	475.750
Health and Social Services	51.335	--	--	160.170	63.217	8.874	3.521	--	--	--	282.512	4.605	287.117
Other*	565.249	--	543.371	1.033.902	411.342	88.505	21.465	863	40.619	--	1.701.948	1.003.368	2.705.316
<b>Total*</b>	<b>3.129.295</b>	<b>--</b>	<b>3.232.664</b>	<b>9.202.761</b>	<b>3.050.383</b>	<b>1.731.235</b>	<b>287.004</b>	<b>43.854</b>	<b>40.619</b>	<b>949.654</b>	<b>12.515.665</b>	<b>9.151.804</b>	<b>21.667.469</b>

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1: Conditional and unconditional exposures to central governments or central banks

2: Conditional and unconditional exposures to administrative units and non-commercial enterprises

3: Conditional and unconditional exposures to banks and brokerage houses

4: Conditional and unconditional exposures to corporates

5: Conditional and unconditional retail exposures

6: Conditional and unconditional exposures secured by real estate property

7: Past due receivables

8: Receivables defined in high risk category by BSGA

9: Exposures in the form of collective investment undertakings

10: Other receivables

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**II. Explanations on Consolidated credit risk (continued)**

**3. Analysis of maturity-bearing exposures according to remaining maturities**

Exposure Categories / Current Period*	Term to Maturity				
	Up to 1 Month	1 -3 Months	3 -6 Months	6-12 Months	Over 1 year
Conditional and Unconditional Exposures to Central Governments or Central Banks	2.441.814	6.195	102.282	23.467	938.172
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--	--	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	1.585.010	54.894	29.674	76.704	761.924
Conditional and Unconditional Exposures to Other Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to SME Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to Corporates	1.011.186	1.037.506	1.136.771	1.667.593	6.383.099
Conditional and Unconditional Retail Exposures	299.620	450.232	832.010	728.814	870.809
Conditional and Unconditional Exposures Secured by Real Estate Property	44.488	81.430	59.187	96.503	1.231.802
Past Due Receivables	--	--	--	--	--
Receivables Defined in High Risk Category by BRSA	24.665	3.488	1.335	3.569	21.165
Exposures in the Form of Bonds Secured by Mortgages	--	--	--	--	--
Short term Exposures to Banks, Brokerage Houses and Corporates	--	--	--	--	--
Exposures in the Form of Collective Investment Undertakings	--	--	--	--	--
Other Receivables	--	--	--	--	--
<b>Total**</b>	<b>5.406.783</b>	<b>1.633.745</b>	<b>2.161.259</b>	<b>2.596.650</b>	<b>10.206.971</b>

\* Items with determined maturities are classified according to remaining maturities

\*\* Items without determined maturities are not included: TL 78.059 central bank receivables, TL 259.795 cash and equivalents, TL 6.581 credit card limits, TL 207.339 non-cash loan limits ve payment commitments, TL 687.281 other receivables, TL 356.201 overdue receivables, 91.029 investment funds and TL 999 miscellaneous receivables.

Exposure Categories / Prior Period*	Term to Maturity				
	Up to 1 Month	1 -3 Months	3 -6 Months	6-12 Months	Over 1 year
Conditional and Unconditional Exposures to Central Governments or Central Banks	1.112.278	2.594	73.433	74.253	1.266.301
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--	--	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	2.065.807	15.095	131.350	65.223	955.180
Conditional and Unconditional Exposures to Other Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to SME Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to Corporates	1.907.526	1.008.988	1.509.616	994.991	3.772.725
Conditional and Unconditional Retail Exposures	436.625	443.621	630.324	496.462	908.799
Conditional and Unconditional Exposures Secured by Real Estate Property	105.457	60.680	90.437	228.891	1.245.004
Past Due Receivables	--	--	--	--	--
Receivables Defined in High Risk Category by BRSA	36.826	1.415	548	781	4.284
Exposures in the Form of Bonds Secured by Mortgages	--	--	--	--	--
Short term Exposures to Banks, Brokerage Houses and Corporates	--	--	--	--	--
Exposures in the Form of Collective Investment Undertakings	--	--	--	--	--
Other Receivables	40.183	--	--	--	--
<b>Total**</b>	<b>5.724.702</b>	<b>1.532.393</b>	<b>2.435.708</b>	<b>1.860.603</b>	<b>8.152.253</b>

\* Items with determined maturities are classified according to remaining maturities

\*\* Items without determined maturities are not included: TL 600.434 central bank receivables, TL 138.332 cash and equivalents, TL 17.176 credit card limits, TL 147.033 non-cash loan limits ve payment commitments, TL 731.212 other receivables, TL 287.004 overdue receivables, 40.619 investment funds.

The Parent Bank uses long-term credit ratings announced by an international rating firm, The Islamic International Ratings Agency (IIRA). Such ratings are used in compliance with regulation on “The Licencing and Operations of the Rating Firms”. For the Bank’s capital adequacy calculation, only the latest credit ratings are used that are currently accepted as valid by the issuing Credit Rating Agency.

Credit ratings are used for the receivables from banks and brokerage houses. The securities in the trading book have credit ratings. Therefore, no credit ratings is used for issuer or issue.

Based on “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” Appendix 1, The Islamic International Ratings Agency (IIRA)’s credit ratings corresponds to credit grades below:

Long Term Credit Quality Grades	BRSA Credit Quality Grades		IIRA Risk Rating	
	1	2	3	4
	1	2	3	4
	2	3	4	5
	3	4	5	6
	4	5	6	
	5	6		
	6			

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II. Explanations on Consolidated credit risk (continued)

4. Exposures by risk weights

Risk Weights / Current Period	0%	10%	20%	35%	50%	75%	100%	150%	Deductions from Equity	Total
Exposures Before Credit Risk Mitigation	2.552.092	--	971.954	--	2.835.437	3.825.703	13.425.832	81.674	--	23.692.692
Exposures After Credit Risk Mitigation	3.999.009	--	634.042	136.021	3.344.610	3.341.825	12.155.511	81.674	--	23.692.692
Risk Weights / Prior Period	0%	10%	20%	35%	50%	75%	100%	150%	Deductions from Equity	Total
Exposures Before Credit Risk Mitigation	2.212.880	--	1.582.308	--	1.942.229	4.309.154	11.478.624	142.274	--	21.667.469
Exposures After Credit Risk Mitigation	3.997.529	--	1.401.604	257.814	2.779.452	3.048.853	10.039.943	142.274	--	21.667.469

5. Information by major sectors and type of counterparties

As per TFRS;

Significant Increase in Credit Risk (Stage 2); when the loan is not under default yet, but there is a significant increase in the credit risk since origination date, the life time expected credit losses are calculated for these loans.

Credit Impaired (Stage3); includes financial assets whose probability of default is considered to be 100%. The life time expected credit losses are recognized for impaired loans.

Current Period	Loans		Provisions
	Impaired (IFRS 9)	Credit	Expected
	Significant Increase in Credit Risk (Stage 2)	Impaired (Stage 3)	Losses (IFRS 9)
<b>Major Sector / Counterparties</b>			
<b>Agriculture</b>	84.994	60.781	35.955
Farming and Stockbreeding	81.802	48.260	27.445
Forestry	3.192	12.521	8.510
Fishery	--	--	--
<b>Manufacturing</b>	106.834	201.682	123.367
Mining and Quarrying	31.444	62.585	40.076
Production	74.804	133.484	79.332
Electricity, Gas and Water	586	5.613	3.959
<b>Construction</b>	630.492	144.241	178.827
<b>Services</b>	883.661	417.420	275.825
Wholesale and Retail Trade	295.624	220.831	155.203
Accommodation and Dining	125.524	112.285	38.749
Transportation and Telecommunication	154.102	27.748	41.551
Financial Institutions	4.177	98	261
Real Estate and Rental Services	240.931	20.616	15.917
Self-Employment Services	1.389	4.712	3.624
Educational Services	7.580	8.018	4.450
Health and Social Services	54.334	23.112	16.070
<b>Other</b>	117.753	96.214	72.762
<b>Total</b>	<b>1.823.734</b>	<b>920.338</b>	<b>686.736</b>

Prior Period	Loans		Provisions
	Impaired (IFRS 9)	Credit	Expected
	Significant Increase in Credit Risk (Stage 2)	Impaired (Stage 3)	Losses (TFRS 9)
<b>Major Sector / Counterparties</b>			
<b>Agriculture</b>	117.581	28.954	24.907
Farming and Stockbreeding	84.806	20.209	14.369
Forestry	30.972	8.419	10.223
Fishery	1.803	326	315
<b>Manufacturing</b>	212.166	132.476	89.951
Mining and Quarrying	55.125	51.428	25.448
Production	138.816	80.439	58.596
Electricity, Gas and Water	18.225	609	5.907
<b>Construction</b>	292.345	87.393	77.341
<b>Services</b>	698.835	305.229	184.011
Wholesale and Retail Trade	242.642	132.174	100.186
Accommodation and Dining	93.911	109.878	25.194
Transportation and Telecommunication	172.576	13.042	35.811
Financial Institutions	6.551	54	953
Real Estate and Rental Services	119.667	41.351	15.565
Self-Employment Services	9.780	2.348	2.641
Educational Services	19.193	1.132	1.304
Health and Social Services	34.515	5.250	2.357
<b>Other</b>	366.356	67.811	89.123
<b>Total</b>	<b>1.687.283</b>	<b>621.863</b>	<b>465.333</b>

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- II. Explanations on Consolidated credit risk (continued)
6. Information on movements in value adjustments and provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Closing Balance
Specific Provisions(Stage 3)	295.835	468.497	--	(249.214)	515.118
General Provisions (Stage 1 and 2)	273.944	18.355	(3.308)	--	288.992

(\*)Write-off items and the sales from the NPL portfolio are disclosed here.

Current Period Closing	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Balance
Specific Provisions(Stage 3)	348.695	367.753	--	(420.613)	295.835
General Provisions (Stage 1 and 2)	302.458	102.777	(131.291)	--	273.944

(\*)Write-off items and the sales from the NPL portfolio are disclosed here.

7. Exposures subject to countercyclical capital buffer

Current Period			
Country	RWAs of Banking Book for Private Sector Credit Exposures	RWAs of Trading Book	Total
Turkey	15.460.951	133.555	15.594.506
Russia	143.178	67	143.245
Malta	175.121	--	175.121
Marshall Islands	402.193	--	402.193
England	8.904	213.440	222.344
Germany	2.466	13.556	16.022
France	931	4.091	5.022
Others	25.899	46.760	72.659
<b>Total</b>	<b>16.219.643</b>	<b>411.469</b>	<b>16.631.112</b>

Prior Period			
Country	RWAs of Banking Book for Private Sector Credit Exposures	RWAs of Trading Book	Total
Turkey	13.250.256	279.170	13.529.426
Russia	5.726	--	5.726
Malta	82.837	--	82.837
Marshall Islands	240.528	--	240.528
England	40.550	330.849	371.399
Germany	1.593	49.031	50.624
France	2.122	3.034	5.156
Others	13.975	605	14.580
<b>Total</b>	<b>13.637.587</b>	<b>662.689</b>	<b>14.300.276</b>

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**II. Explanations on Consolidated credit risk (continued)**

**8. Information on collaterals, impairment, rating and maturity related to loans granted to individuals and corporates**

Details of collaterals of standard and close monitoring loans granted to individuals and corporates are as follows:

Cash loans granted to individuals and corporates	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Secured Loans:	13.300.077	12.287.279	1.810.865	1.680.504
Secured by Cash Collateral	411.093	405.626	--	--
Secured by Mortgages	2.870.874	2.381.771	938.407	869.669
Secured by Treasury Guarantees or Securities Issued by Public Sector	--	--	--	--
Guarantees Issued by Financial Institutions	--	--	--	--
Other Collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	10.018.110	9.499.882	872.458	810.835
Non-Secured Loans	384.371	94.772	12.869	6.779
<b>Total</b>	<b>13.684.448</b>	<b>12.382.051</b>	<b>1.823.734</b>	<b>1.687.283</b>

Details of collaterals for non-cash granted to individuals and corporates are as follows:

Non-cash loans granted to individuals and corporates	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Secured Loans:	941.317	804.578	31.350	28.522
Secured by Cash Collateral	--	5.602	--	--
Secured by Mortgages	58.046	61.256	778	5.497
Secured by Treasury Guarantees or Securities Issued by Public Sector	--	--	--	--
Guarantees Issued by Financial Institutions	--	--	--	--
Other Collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	883.271	737.72	30.572	23.025
Non-Secured Loans	52.001	38.450	--	--
<b>Total</b>	<b>993.318</b>	<b>843.028</b>	<b>31.350</b>	<b>28.522</b>

**III. Explanations on Consolidated Currency Risk**

Position limit on currency risk is determined in line with net general position standard ratio on foreign currency. The Group does not take material foreign exchange and parity risk; transactions are usually hedged. Measurable and manageable risks are taken within legal limits.

As of 31 December 2019, the Group's net long position is TL 34.339 (31 December 2018: TL 193.087 net long position) resulting from short position on the balance sheet amounting to TL 689.834 (31 December 2018: TL 2.327.850 short position) and long position on the off-balance amounting to TL 724.173 (31 December 2018: TL 2.520.937 long position). The Bank uses "Standard Method" in legal reporting to measure the foreign exchange risk.

The announced foreign exchange buying rates of the Bank at 31 December 2019 and the previous five working days in full TL are as follows:

US Dollar purchase rate as at the balance sheet date	TL 5,9402
Euro purchase rate as at the balance sheet date	TL 6,6506

Date	USD	EURO
25 December 2019	5,9364	6,5773
26 December 2019	5,9293	6,5755
27 December 2019	5,9302	6,5759
30 December 2019	5,9370	6,6117
31 December 2019	5,9402	6,6506

The US Dollar buying rate is TL 5,8376 and EUR buying rate is TL 6,4809 according to simple arithmetic average on December 2019.

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**III. Explanations on Consolidated Currency Risk (continued)**

Current Period	EUR	USD	Other	Total
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	984.364	1.291.768	230.757	2.506.889
Due From Banks	34.162	41.549	12.484	88.195
Financial Assets at Fair Value through Profit/Loss (*)	384	334	--	718
Money Market Placements	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	162.406	633.210	--	795.616
Loans and Receivables(**)	5.631.467	1.686.164	9.254	7.326.885
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	--	--	--	--
Financial Assets Measured at Amortized Cost	386.592	--	--	386.592
Derivative Financial Assets Hedging Purposes	--	--	--	--
Tangible Assets	--	--	--	--
Intangible Assets	--	--	--	--
Other Assets (***)	2.103	591	--	2.694
<b>Total Assets</b>	<b>7.201.478</b>	<b>3.653.616</b>	<b>252.495</b>	<b>11.107.589</b>
<b>Liabilities</b>				
Bank Deposits	8.209	13.222	41.413	62.844
Foreign Currency Deposits	825.897	5.959.529	58.551	6.843.977
Money Market Borrowings	304.228	429.029	--	733.257
Funds Provided from Other Financial Institutions	302.762	539.846	--	842.608
Securities Issued(****)	--	3.123.413	--	3.123.413
Sundry Creditors	13.826	133.983	70	147.879
Derivative Fin. Liabilities for Hedging Purposes	--	--	--	--
Other Liabilities(*****)	24.146	17.889	1.410	43.445
<b>Total Liabilities</b>	<b>1.479.068</b>	<b>10.216.911</b>	<b>101.444</b>	<b>11.797.423</b>
<b>Net Balance Sheet Position</b>	<b>5.722.410</b>	<b>(6.563.295)</b>	<b>151.051</b>	<b>(689.834)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(5.718.363)</b>	<b>6.593.739</b>	<b>(151.203)</b>	<b>724.173</b>
Financial Derivative Assets (*****)	3.783.231	11.210.249	683.591	15.677.071
Financial Derivative Liabilities (*****)	9.501.594	4.616.510	834.794	14.952.898
Non-Cash Loans (*****)	269.674	322.135	(0)	591.809
<b>Prior Period</b>				
Total Assets	4.435.491	3.063.703	284.398	7.783.592
Total Liabilities	1.247.226	8.791.604	72.612	10.111.442
<b>Net Balance Sheet Position</b>	<b>3.188.265</b>	<b>(5.727.901)</b>	<b>211.786</b>	<b>(2.327.850)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(3.178.584)</b>	<b>5.939.735</b>	<b>(240.214)</b>	<b>2.520.937</b>
Financial Derivative Assets	4.413.738	10.667.639	329.291	15.410.668
Financial Derivative Liabilities	7.592.322	4.727.904	569.505	12.889.731
<b>Non-Cash Loans</b>	<b>247.145</b>	<b>204.723</b>	<b>47</b>	<b>451.915</b>

(\*) Accruals of trading derivative financial assets amounting to TL 27.136 are not included.

(\*\*) Includes foreign currency indexed loans and accruals amounting to TL 118.854.

(\*\*\*) TL 25.967 of prepaid expenses are not included.

(\*\*\*\*) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(\*\*\*\*\*) TL 27.093 of accruals of derivative financial liabilities are not included.

(\*\*\*\*\*\*) In the current period, foreign currency purchase commitments within the financial derivative assets amounted to TL 2.115.194 (31 December 2018: TL 912.202).

(\*\*\*\*\*\*) In the current period, foreign currency sale commitments within the derivative financial liabilities amounted to TL 2.129.285 (31 December 2018: TL 996.974).

(\*\*\*\*\*\*) There is no effect on the net off-balance sheet position.

The following table demonstrates prospective increase and decrease in equities and profit/loss as of 31 December 2019 and 2018 (excluding tax effect) in case of a 10% decrease of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, are constant.

	Current Period		Prior Period	
	Profit/Loss	Equity	Profit/Loss	Equity
USD	3.044	3.755	21.183	18.373
Euro	405	969	968	1.158
Other FC	(15)	(15)	(2.843)	(2.843)
<b>Total (Net)</b>	<b>3.434</b>	<b>4.708</b>	<b>19.308</b>	<b>16.688</b>



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

Interest sensitivity of assets, liabilities and off-balance sheet items are evaluated weekly by considering market developments in the Asset-Liability Committee.

Standard method and Asset-Liability risk measurement methods are used to measure the Group's interest rate risk.

Measurements by the standard method are carried out monthly by using maturity ladder. Bank applies interest rate shock analysis to interest rate sensitive assets and liabilities considering historic economic crisis. Change in the net present value of the net assets of the Bank are monitored within the limits set by the Board of Directors.

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	Over 5 Years	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.793.051	--	--	--	--	914.824	2.707.875
Banks	379.617	--	--	--	--	111.209	490.826
Financial Assets at Fair Value Through Profit or Loss	140.427	64.695	158.441	472.922	154	--	836.639
Interbank Money Market Placements	30.010	--	--	--	--	--	30.010
Financial Assets Measured at Fair Value through Other Comprehensive Income	98.944	1.027	23.741	664.919	15.137	3.800	807.568
Loans(*)	2.418.490	3.444.489	3.760.128	4.436.418	1.448.658	116.228	15.624.411
Financial Assets Measured at Amortized Cost	20.983	--	--	144.239	409.788	--	575.010
Other Assets(**)	--	--	--	--	--	816.868	816.868
<b>Total Assets</b>	<b>4.881.522</b>	<b>3.510.211</b>	<b>3.942.310</b>	<b>5.718.498</b>	<b>1.873.737</b>	<b>1.962.929</b>	<b>21.889.207</b>
<b>Liabilities</b>							
Bank Deposits	12.262	14.705	--	--	--	22.159	49.126
Other Deposits	9.765.679	2.214.505	277.179	619	--	1.258.580	13.516.562
Interbank Money Market Borrowings	267.655	465.602	--	--	--	--	733.257
Sundry Creditors	--	--	--	--	--	358.723	358.723
Marketable Securities Issued(***)	363.510	86.980	57	2.878.597	178.206	--	3.507.350
Funds Borrowed From Other Institutions	3.032	337.501	208.036	310.812	--	--	859.381
Other Liabilities(****)	138.731	61.742	150.741	505.627	--	2.007.967	2.864.808
<b>Total Liabilities</b>	<b>10.550.869</b>	<b>3.181.035</b>	<b>636.013</b>	<b>3.695.655</b>	<b>178.206</b>	<b>3.647.429</b>	<b>21.889.207</b>
Balance Sheet Long Position	--	329.176	3.306.297	2.022.843	1.695.531	--	7.353.847
Balance Sheet Short Position	(5.669.347)	--	--	--	--	(1.684.500)	(7.353.847)
Off-Balance Sheet Long Position	--	--	--	322.010	--	18.462.430	18.784.440
Off-Balance Sheet Short Position	--	--	--	(322.010)	--	(18.337.350)	(18.659.360)
<b>Total Position</b>	<b>(5.669.347)</b>	<b>329.176</b>	<b>3.306.297</b>	<b>2.022.843</b>	<b>1.695.531</b>	<b>(1.559.420)</b>	<b>125.080</b>

(\*) Non-performing loans (TL 920.338) net-off related provision for expected loss of stage 3 loans (TL 515.118) and expected losses for stage 1 (TL 117.374) and stage 2 (TL 171.618) are presented in "non-interest bearing" column.

(\*\*) Non-interest bearing column includes TL 36.397 associations, TL 324.109 tangible assets, TL 69.894 intangible assets, TL 58.012 tax asset, TL 63.247 assets held for sale, TL 265.710 other assets and TL (501) expected losses for financial assets.

(\*\*\*) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(\*\*\*\*) Non-interest bearing column includes TL 1.659.092 shareholders' equity, TL 210.693 other liabilities, TL 97.137 provisions and TL 41.045 tax liabilities.

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**IV. Explanations on Consolidated Interest Rate Risk (continued)**

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	Over 5 Years	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.031.089	--	--	--	--	733.473	1.764.562
Banks	724.480	--	--	--	--	241.334	965.814
Financial Assets at Fair Value Through Profit or Loss	153.974	60.461	242.369	1.096.761	2.991	--	1.556.556
Interbank Money Market Placements	306.208	--	--	--	--	--	306.208
Financial Assets Measured at Fair Value through Other Comprehensive Income	--	--	178.444	522.855	326	2.713	704.338
Loans(*)	3.036.288	3.849.812	2.920.235	3.762.600	500.399	52.083	14.121.417
Financial Assets Measured at Amortized Cost	20.631	--	--	104.114	238.287	--	363.032
Other Assets(**)	--	--	--	--	--	837.249	837.249
<b>Total Assets</b>	<b>5.272.670</b>	<b>3.910.273</b>	<b>3.341.048</b>	<b>5.486.330</b>	<b>742.003</b>	<b>1.866.852</b>	<b>20.619.176</b>
<b>Liabilities</b>							
Bank Deposits	538.394	12.950	--	--	--	88.411	639.755
Other Deposits	5.636.092	3.164.948	1.121.893	46.253	--	704.200	10.673.386
Interbank Money Market Borrowings	16.694	434.228	45.014	--	--	--	495.936
Sundry Creditors	--	--	--	--	--	699.090	699.090
Marketable Securities Issued(***)	204.462	365.965	--	2.868.301	--	--	3.438.728
Funds Borrowed From Other Institutions	195.549	627.885	515.778	--	--	--	1.339.212
Other Liabilities(****)	106.774	52.553	114.431	1.241.850	645	1.816.816	3.333.069
<b>Total Liabilities</b>	<b>6.697.965</b>	<b>4.658.529</b>	<b>1.797.116</b>	<b>4.156.404</b>	<b>645</b>	<b>3.308.517</b>	<b>20.619.176</b>
Balance Sheet Long Position	--	--	1.543.932	1.329.926	741.358	--	3.615.216
Balance Sheet Short Position	(1.425.295)	(748.256)	--	--	--	(1.441.665)	(3.615.216)
Off-Balance Sheet Long Position	--	--	--	288.045	--	20.330.867	20.618.912
Off-Balance Sheet Short Position	--	--	--	(288.045)	--	(20.244.305)	(20.532.350)
<b>Total Position</b>	<b>(1.425.295)</b>	<b>(748.256)</b>	<b>1.543.932</b>	<b>1.329.926</b>	<b>741.358</b>	<b>(1.355.103)</b>	<b>86.562</b>

(\*) Non-performing loans net-off related provision for expected loss of stage 3 loans and expected losses for stage 1 and stage 2 are presented in "non-interest bearing" column.

(\*\*) Non-interest bearing column includes TL 26.397 investments in associates, TL 257.069 tangible assets, TL 35.001 intangible assets, TL 79.351 tax assets, TL 215.235 non-current assets held for sale and TL 224.324 other assets.

(\*\*\*) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(\*\*\*\*) Non-interest bearing column includes TL 1.322.249 shareholders' equity, TL 348.966 other liabilities, TL 463 finance lease liabilities, TL 109.751 provisions and TL 39.477 tax liabilities.



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**IV. Explanations on Consolidated Interest Rate Risk (continued)**

**Average interest rates applied to financial instruments**

Current Period	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	--	--	--
Banks	--	--	--	11,00
Financial Assets at Fair Value Through Profit/ Loss	2,43	6,68	--	31,29
Interbank Money Market Placements	--	--	--	12,21
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,28	5,55	--	8,79
Loans	6,03	6,14	--	18,47
Financial Assets Measured at Amortized Cost	5,22	--	--	9,10
<b>Liabilities</b>				
Bank Deposits	--	1,75	--	10,09
Other Deposits	0,36	2,66	--	12,10
Interbank Money Market Borrowings	0,47	3,45	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued(*)	--	7,25	--	14,59
Funds Borrowed from Other Financial Institutions	2,62	4,44	--	11,84

(\*) Includes subordinated debts, which are classified under "Subordinated Debts - Other Debt Instruments" in Balance Sheet, as well.

Prior Period	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	2,00	--	13,00
Banks	--	--	--	23,89
Financial Assets at Fair Value Through Profit/ Loss	2,04	5,34	--	24,37
Interbank Money Market Placements	--	--	--	24,81
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,43	5,39	--	8,38
Loans	6,25	7,91	--	24,82
Financial Assets Measured at Amortized Cost	--	--	--	8,96
<b>Liabilities</b>				
Bank Deposits	--	2,45	--	22,46
Other Deposits	1,66	4,65	--	23,96
Interbank Money Market Borrowings	0,80	4,53	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued(*)	--	6,95	--	24,76
Funds Borrowed from Other Financial Institutions	3,15	4,00	--	10,76

(\*) Includes subordinated debts, which are classified under "Subordinated Debts - Other Debt Instruments" in Balance Sheet, as well.

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**IV. Explanations on Consolidated Interest Rate Risk (continued)**

**Interest rate risk on banking book**

As per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method” published by the BRSA on 23 August 2011, the Bank analyses and reports to the Bank’s senior management the interest rate sensitivity of equity on a monthly basis by applying positive and negative shocks to the interest sensitive on balance sheet and off-balance sheet positions which are distributed into groups based on their cash flows.

Current Period			Gains/ Equity
	Shocked Applied (+/- x bps)	Gains/ Losses	- Losses /Equity
TRY	500	(107.159)	-2,92%
TRY	-400	94.296	2,57%
USD Dollar	200	96.116	2,62%
USD Dollar	-200	(102.254)	-2,79%
Euro	200	(193.924)	-5,29%
Euro	-200	215.017	5,87%
<b>Total (For Positive Shocks)</b>		<b>(204.968)</b>	<b>-5,59%</b>
<b>Total (For Negative Shocks)</b>		<b>207.059</b>	<b>5,65%</b>

Prior Period			Gains/ Equity
	Shocked Applied (+/- x bps)	Gains/ Losses	- Losses /Equity
TRY	500	32.101	1,00%
TRY	-400	(37.396)	-1,16%
USD Dollar	200	67.941	2,11%
USD Dollar	-200	(74.103)	-2,30%
Euro	200	(104.903)	-3,26%
Euro	-200	116.840	3,63%
<b>Total (For Positive Shocks)</b>		<b>(4.861)</b>	<b>-0,15%</b>
<b>Total (For Negative Shocks)</b>		<b>5.341</b>	<b>0,17%</b>

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#### **V. Explanations on Consolidated Position Risk of Equity Securities Resulted from Banking Book**

The Bank has no position risk of equity shares as of 31 December 2019 (31 December 2018: None).

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

The Board of Directors reviews the liquidity and funding risk management policy weekly or in case of necessity. Liquidity risk is managed by Asset and Liability Committee (ALCO) in line with risk management policy as short and long term liquidity risk.

Liquidity Risk is managed by ALCO in order to take the necessary measures in a timely and correct manner against possible liquidity shortages. Treasury department manages cash inflows and outflows in line with strategies determined by ALCO. As deemed necessary by the ALCO members, liquidity meetings are performed for the purposes of close monitoring. Treasury department manages short term liquidity by adhering to the ALCO strategy and ensuring compliance with legal liquidity limits and stress testing.

In the context of TL and foreign currencies liquidity management, the Bank monitors the cash flows weekly and action plan is made based on ALCO decisions. The funding balance is directly monitored and compensated by making the risk-return-cost evaluation.

For long-term liquidity "Maturity Mismatch Report" is prepared and presented to ALCO on a weekly basis. The Bank, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 1 year maturity period. The Bank intends to eliminate liquidity mismatch shifting focus to long-term funding alternatives. Such decisions of the risk of incompatibility are taken by ALCO. The Bank diversifies its funding sources among customer deposits, domestic and foreign borrowings, bills and bonds issued, taking into consideration the maturity match between its assets and liabilities and keeps liquid assets in order to fully meet the liquidity requirements that may emerge in case of market volatility.

#### **Information on the use of stress testing**

Department of Risk Management implements stress testing according to Liquidity and Funding Risk Policy approved by the Board of Directors on a weekly basis. These stress tests are based on the scenarios of the deposit outflow, funds obtained from bonds issued will outflow and banks limits will not be used during a 14-day period, the results are included in the presentation of ALCO on a weekly basis and in the Presentation of Risk Committee on a monthly basis. By this way, the Bank's funding structure is closely monitored and actions are taken on behalf of existing risk management.

Alternative funding sources are identified in case of need. ALCO members are responsible for taking actions against short-term liquidity shocks. In the case of a crisis or if deemed necessary, ALCO summon a meeting and take necessary actions immediately. These action plans are approved by the Board of Directors under the İSEDES. The Bank reviews resources that are available in any emergency situation constantly and takes into consideration the results of the above-mentioned stress testing and scenario analysis by the early warning system.

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks"; published in the Official Gazette numbered 28948, dated 21 March 2014; liquidity ratio is required to be 80% for foreign currency assets/liabilities and 100% for total assets/liabilities in the calculation of the banks' weekly and monthly reporting effective from 1 January 2019.

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**VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio(continued)**

Current Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>				
1 Total high-quality liquid assets (HQLA)			3.119.548	2.372.613
<b>CASH OUTFLOWS</b>				
2 Deposits from natural persons and retail deposits	7.971.570	4.534.781	1.029.109	505.257
3 Stable deposits	974.071	--	86.487	--
4 Less stable deposits	6.997.499	4.534.781	942.622	505.257
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	3.808.576	1.796.223	2.232.077	1.554.518
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	2.062.151	1.010.951	576.279	315.335
8 Other unsecured funding	1.746.425	785.272	1.655.798	1.239.182
9 Secured funding	--	--	125.875	125.522
10 Other cash outflows	2.360.789	978.569	492.506	295.495
11 Outflows related to derivative exposures and other collateral requirements	352.499	282.069	276.007	238.432
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	2.008.290	696.501	216.499	57.062
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	39.571	16	40.404	33
16 TOTAL CASH OUTFLOWS			3.919.971	2.480.825
<b>CASH INFLOWS</b>				
17 Secured receivables	32.845	32.845	13.933	13.793
18 Unsecured receivables	2.305.438	600.359	1.563.798	709.161
19 Other cash inflows	113.717	81.873	45.995	32.788
20 TOTAL CASH INFLOWS	2.451.999	715.077	1.623.726	755.743
21 TOTAL HQLA			3.119.548	2.372.613
22 TOTAL NET CASH OUTFLOWS			2.296.459	1.725.082
23 LIQUIDITY COVERAGE RATIO (%)			135,84	137,54

\* The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

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**VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio(continued)**

Prior Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>				
1 Total high-quality liquid assets (HQLA)			2.322.797	1.927.058
<b>CASH OUTFLOWS</b>				
2 Deposits from natural persons and retail deposits	7.924.770	3.313.684	767.136	331.797
3 Stable deposits	835.698	--	41.786	--
4 Less stable deposits	7.089.072	3.313.684	725.350	331.797
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	3.617.698	1.883.101	2.390.063	1.400.156
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	1.610.328	629.850	643.029	252.064
8 Other unsecured funding	2.007.371	1.253.251	1.747.034	1.148.092
9 Secured funding	--	--	180.956	178.936
10 Other cash outflows	1.934.670	614.893	370.704	157.209
11 Outflows related to derivative exposures and other collateral requirements	181.696	108.093	183.116	109.101
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	1.752.974	506.800	187.588	48.109
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	33.761	114	33.899	110
16 TOTAL CASH OUTFLOWS			3.742.758	2.068.208
<b>CASH INFLOWS</b>				
17 Secured receivables	35.060	35.060	29.360	28.837
18 Unsecured receivables	3.228.841	800.885	2.184.971	704.647
19 Other cash inflows	185.124	148.742	186.150	149.422
20 TOTAL CASH INFLOWS	3.449.025	984.687	2.400.481	882.906
21 TOTAL HQLA			2.322.797	1.927.058
22 TOTAL NET CASH OUTFLOWS			1.342.278	1.185.302
23 LIQUIDITY COVERAGE RATIO (%)			173,05	162,58

\* The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

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#### **VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio(continued)**

The table below shows the lowest, highest and average Liquidity Coverage Ratio in the last 3 months of the 1 January - 31 December 2019 period.

Current Period	Highest	Date	Lowest	Date	Average
TL+FC	220,20%	23/12/2019	110,77%	27/11/2019	140,33%
FC	229,35%	25/12/2019	107,14%	26/11/2019	141,54%
Prior Period	Highest	Date	Lowest	Date	Average
TL+FC	255,22%	09/11/2018	133,07%	30/11/2018	174,10%
FC	264,40%	09/11/2018	114,14%	31/12/2018	166,86%

The Bank implements the calculation in accordance with the Regulation of Liquidity Coverage Ratio Calculation of Banks dated 21 March 2014 and numbered 28948 published in the Official Gazette. As per the related regulation high quality liquid assets are mainly securities portfolio, cash assets and reserve requirements. The important factors affecting the results of the liquidity coverage ratio are the changes in the remaining maturities of the items and changes in the amounts of deposits and money market transactions, the remaining maturities of which are less than 30 days. Deposits form a significant portion of the Bank's sources of funds, on the other hand bonds issued, money market borrowings, funds provided from abroad are other important sources of funding.

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**VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio(continued)**

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 Year	5 Years and Over	Unallocated	Total
<b>Assets</b>								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.071.324	1.636.551	--	--	--	--	--	2.707.875
Banks	111.209	379.617	--	--	--	--	--	490.826
Financial Assets at Fair Value Through Profit or Loss	--	116.147	64.654	158.434	497.250	154	--	836.639
Interbank Money Market Placements	--	30.010	--	--	--	--	--	30.010
Financial Assets Measured at Fair Value through Other Comprehensive Income	3.800	98.944	1.027	21.275	664.919	17.603	--	807.568
Loans (*)	--	1.904.239	2.357.855	5.611.010	4.714.373	920.706	116.228	15.624.411
Investment Securities Held-to-Maturity	--	--	--	--	144.239	430.771	--	575.010
Other Assets(**)	--	--	--	--	--	--	816.868	816.868
<b>Total Assets</b>	<b>1.186.333</b>	<b>4.165.508</b>	<b>2.423.536</b>	<b>5.790.719</b>	<b>6.020.781</b>	<b>1.369.234</b>	<b>933.096</b>	<b>21.889.207</b>
<b>Liabilities</b>								
Bank Deposits	22.159	12.262	14.705	--	--	--	--	49.126
Other Deposits	1.258.580	9.765.679	2.214.505	277.179	619	--	--	13.516.562
Funds Borrowed from Other Financial Institutions	--	5.737	28.929	385.127	439.588	--	--	859.381
Interbank Money Market Received	--	267.655	465.602	--	--	--	--	733.257
Marketable Securities Issued(***)	--	133.255	317.235	57	1.300.613	1.756.190	--	3.507.350
Sundry Creditors	--	358.723	--	--	--	--	--	358.723
Other Liabilities(****)	--	262.543	69.361	178.036	548.848	735	1.805.285	2.864.808
<b>Total Liabilities</b>	<b>1.280.739</b>	<b>10.805.854</b>	<b>3.110.337</b>	<b>840.399</b>	<b>2.289.668</b>	<b>1.756.925</b>	<b>1.805.285</b>	<b>21.889.207</b>
<b>Net Liquidity Surplus / (Gap)</b>	<b>(94.406)</b>	<b>(6.640.346)</b>	<b>(686.801)</b>	<b>4.950.320</b>	<b>3.731.113</b>	<b>(387.691)</b>	<b>(872.189)</b>	<b>--</b>
<b>Net Off-Balance Sheet Position</b>								
Derivative Financial Assets	--	15.048	10.035	5.928	94.533	--	--	125.544
Derivative Financial Liabilities	--	4.174.644	5.037.678	3.140.414	4.168.309	--	--	16.521.045
<b>Non-Cash Loans</b>	<b>--</b>	<b>60.914</b>	<b>193.352</b>	<b>337.775</b>	<b>125.390</b>	<b>307.237</b>	<b>--</b>	<b>1.024.668</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>974.392</b>	<b>5.223.848</b>	<b>2.366.949</b>	<b>5.260.338</b>	<b>5.351.942</b>	<b>552.375</b>	<b>889.332</b>	<b>20.619.176</b>
<b>Total Liabilities</b>	<b>792.611</b>	<b>7.741.026</b>	<b>4.236.038</b>	<b>2.041.090</b>	<b>2.801.581</b>	<b>1.564.577</b>	<b>1.442.253</b>	<b>20.619.176</b>
<b>Net Liquidity Gap</b>	<b>181.781</b>	<b>(2.517.178)</b>	<b>(1.869.089)</b>	<b>3.219.248</b>	<b>2.550.361</b>	<b>(1.012.202)</b>	<b>(552.921)</b>	<b>--</b>
<b>Net Off-Balance Sheet Position</b>	<b>--</b>	<b>(11.408)</b>	<b>(23.834)</b>	<b>127.481</b>	<b>(6.816)</b>	<b>(350)</b>	<b>--</b>	<b>85.073</b>
Derivative Financial Assets	--	7.823.307	1.934.703	2.438.061	6.878.019	5.260	--	19.079.350
Derivative Financial Liabilities	--	7.834.715	1.958.537	2.310.580	6.884.835	5.610	--	18.994.277
<b>Non-Cash Loans</b>	<b>--</b>	<b>63.245</b>	<b>70.059</b>	<b>379.523</b>	<b>77.337</b>	<b>281.386</b>	<b>--</b>	<b>871.550</b>

(\*) Non-performing loans net-off related provision for expected loss of stage 3 loans an expected losses for stage 1 and stage 2 are presented in "unallocated" column.

(\*\*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short term such as tangible assets, stationary supplies and prepaid expenses are included in this column.

(\*\*\*) Securities issued as subordinated loan classified under "Subordinated debt - Other debt instruments" in the balance sheet are also included.

(\*\*\*\*) Shareholders' equity and provisions are classified in other liabilities in unallocated column.



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**VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio(continued)**

**Contractual maturity analysis of liabilities according to remaining maturities**

Current Period	Carrying Values	Gross Nominal Outflows	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposit	49.126	49.282	22.159	12.263	14.860	--	--	--
Other Deposit	13.516.562	13.561.682	1.258.580	9.780.215	2.232.074	290.008	805	--
Money Market Funds	733.257	735.252	--	267.977	467.275	--	--	--
Securities Issued	1.718.332	1.957.608	--	139.018	283.867	39.018	1.495.705	--
Funds Borrowed	859.381	955.232	--	3.038	30.678	428.540	492.976	--
Subordinated Debts	1.789.018	2.576.717	--	--	61.147	61.147	489.175	1.965.248
<b>Total</b>	<b>18.665.676</b>	<b>19.835.773</b>	<b>1.280.739</b>	<b>10.202.511</b>	<b>3.089.901</b>	<b>818.713</b>	<b>2.478.661</b>	<b>1.965.248</b>

Prior Period	Carrying Values	Gross Nominal Outflows	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposit	639.755	640.648	88.411	538.943	13.294	--	--	--
Other Deposit	10.673.386	10.907.453	704.198	5.661.669	3.237.711	1.244.665	59.210	--
Money Market Funds	495.936	498.221	--	16.710	436.497	45.014	--	--
Securities Issued	1.842.585	2.176.361	--	212.480	346.140	39.139	1.578.602	--
Funds Borrowed	1.339.212	1.584.779	--	199.722	204.774	878.979	301.303	--
Subordinated Debts	1.596.143	2.674.528	--	--	60.592	60.592	484.738	2.068.606
<b>Total</b>	<b>16.587.017</b>	<b>18.481.990</b>	<b>792.609</b>	<b>6.629.524</b>	<b>4.299.008</b>	<b>2.268.389</b>	<b>2.423.853</b>	<b>2.068.606</b>

According to the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks published in the Official Gazette numbered 29450 and dated 19 August 2015, total amount of assets and risk in the consolidated financial statements prepared in accordance with Turkish Accounting Standards is shown below;

	Current Period (**)	Prior Period (**)
1 Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*)	44.547.190	43.219.725
2 The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	--	--
3 The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(15.985.526)	(18.554.523)
4 The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	--	--
5 The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	--	--
6 Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	--	--
<b>7 Total risk amount</b>	<b>28.561.664</b>	<b>24.665.202</b>

(\*) Consolidated financial statements prepared in compliance with the Article 6 of the communiqué 5 "Preparation of Consolidated Financial Statements.

(\*\*) Represents three-months average amounts.



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**VII. Explanations on Consolidated Leverage Ratio**

The table of leverage level calculated in accordance with the Regulation on Assessment and Calculation of Banks' Leverage Level published in the Official Gazette numbered 28812 and dated 5/11/2013 shown below.

Bank's consolidated leverage ratio calculated in accordance with the "Regulation on Assessment and Calculation of Banks' Leverage Level" is 6,82%. The decrease in the ratio is due to the increase in total risk. Minimum leverage ratio has to be 3% according to the regulation.

	Balance sheet assets	Current Period(*)	Prior Period(*)
1	Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	22.022.023	19.226.259
2	(Assets deducted in determining Tier 1 capital)	(147.927)	(399.762)
3	Total balance sheet risks (sum of lines 1 and 2)	21.874.096	18.826.497
<b>Derivative financial instruments and credit derivatives</b>			
4	Replacement cost associated with all derivative financial instruments and credit derivative	156.336	534.882
5	Potential credit risk associated with all derivative financial instruments and credit derivati	285.715	383.359
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	442.051	918.241
<b>Securities or commodity financing transactions (SCFT)</b>			
7	Risks from SCFT assets (except for on-balance sheet)	1.217.268	607.250
8	Risks from brokerage activities related exposures	--	--
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1.217.268	607.250
<b>Off-balance sheet transactions</b>			
10	Gross notional amounts of off-balance sheet transactions	5.028.249	4.313.214
11	(Adjustments for conversion to credit equivalent amounts)	--	--
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	5.028.249	4.313.214
<b>Capital and total risks</b>			
13	Tier 1 capital	1.809.286	1.593.770
14	Total risks (sum of lines 3, 6, 9 and 12)	28.561.664	24.665.202
<b>Leverage ratio</b>			
15	Leverage ratio	6,33	6,48

(\*)Represents three-month average amounts.

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## **VIII. Explanations on presentation of financial assets and liabilities at their fair values**

Valuation methods of the financial instruments valued with their fair value are shown below.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Current Period</b>				
<b>Financial assets</b>	<b>17.527.913</b>	<b>16.460.809</b>	<b>17.710.363</b>	<b>16.165.548</b>
Money market placements	30.010	306.208	30.010	306.208
Due from banks	490.826	965.814	490.826	965.814
Financial assets at fair value through other comprehensive income	807.568	704.338	807.568	704.338
Loans measured at amortised cost	575.098	363.032	605.709	332.424
Loans	15.624.411	14.121.417	15.776.250	13.856.764
<b>Financial liabilities</b>	<b>18.291.142</b>	<b>16.790.171</b>	<b>18.291.142</b>	<b>16.790.171</b>
Interbank deposits	49.126	639.755	49.126	639.755
Other deposits	13.516.562	10.673.386	13.516.562	10.673.386
Funds provided from other financial institutions	859.381	1.339.212	859.381	1.339.212
Marketable securities issued	3.507.350	3.438.728	3.507.350	3.438.728
Miscellaneous payables	358.723	699.090	358.723	699.090

(\*) Securities issued as subordinated debt classified under "Subordinated debt- Other debt instruments" in the balance sheet are also included.

Fair values of financial assets measured at FVTOCI and measured at amortized cost are calculated by market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

Fair values of loans are calculated discounting future cash flows at current market interest rates for fixed-rate loans. The carrying values of floating-rate loans are deemed as approximation for their fair values.

Fair values of other financial assets and liabilities represent the total acquisition costs and accrued interest.

Current Period	Level 1 TL		Level 2 TL		Level 3 TL	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>						
Financial assets measured at fair value through profit and loss	97.737	75.807	--	--	--	--
Financial assets measured at fair value through other comprehensive income	807.568	704.338	--	--	--	--
Derivative financial assets	--	--	738.902	1.480.756	--	--
Loans measured at fair value through profit and loss	--	--	1.948.020	1.516.819	--	--
<b>Total</b>	<b>905.305</b>	<b>780.145</b>	<b>2.686.922</b>	<b>2.997.575</b>	<b>--</b>	<b>--</b>
<b>Financial Liabilities</b>						
Derivative financial liabilities	--	--	788.205	1.516.253	--	--
<b>Total</b>	<b>--</b>	<b>--</b>	<b>788.205</b>	<b>1.516.253</b>	<b>--</b>	<b>--</b>

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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**IX. Explanations on transactions carried out on behalf of customers and fiduciary activities**

None.

**X. Explanations on consolidated securitisation positions**

The Bank does not have any securitization positions as of balance sheet date.

**XI. Explanations on risk management objectives and policies**

The Bank does not apply any netting on balance sheet and off-balance sheet. Guarantees and derivatives are not used as credit mitigation techniques; but only financial collaterals consisting of cash blockages are used.

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, the Asset-Liability Committee and the Risk Management Department which have been composed in order to manage systemic risks that the Bank is exposed to. The Board of Directors is the owner of the Bank's Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Bank's Risk Management System is to identify, measure, monitor and control the risks that the Bank is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Bank's future cash flows, the level and the quality of related activities.

As part of the Risk Management System, the Asset and Liability Committee presentation is prepared on a weekly basis and the Risk Committee and the Board of Directors presentations are prepared on a monthly basis. The presentations mainly consist of the Bank's financial statements, profit and loss analysis, credit risk, market risk, liquidity risk, concentration risk, interest rate risk due to banking book, and operational risk as well as the risk that the Bank is currently exposed to or possible risks.

The Board of Directors of the Bank delegated the authorization related to the hedge accounting to the Asset and Liability Committee with the condition of providing regular information. At the same time the Bank has organized credit policies and risk mitigation policies due to credit risk. All processes of the Bank are controlled by the Bank's Internal Control Department's control matrices regularly and are subject to supervision by the Internal Audit Department at the same time.

The Bank uses credit rating models and/or decision trees and rating systems using financial and non-financial data for loan customers as a risk measurement system. Market risk measures are calculated within the scope of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks and using only internal model and market data for intra-bank use. In addition to these, risks are measured and reported with regular stress tests. Three stress tests (base, negative, extremely negative) are performed on a yearly basis, stress tests are performed on a monthly basis for market risk and counter party credit risk, stress tests are performed on a weekly basis for interest rate risk and liquidity risk by Risk Management Department of Bank and then they are shared with senior management in the ALCO and the Risk Committee meetings.

Periodic reports about liquidity risk, interest risk, securities portfolio, credit risk, customer concentration, sectorial concentration, collateral structure and capital adequacy are reported to the Board of Directors and senior management.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### XI. Explanations on risk management objectives and policies (continued)

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about RWA flow statements of credit risk exposures under IRB Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables which prepared annually basis have not been presented as of 31 December 2019:

- RWA flow statements of credit risk exposures under IRB (Internal Ratings Based)
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an Internal Model Approach (IMA)
- Qualitative disclosures related to IRB models
- IRB - Credit risk exposures by portfolio and PD range
- IRB - Effect on RWA of credit derivatives used as CRM techniques
- IRB - Backtesting of probability of default (PD) per portfolio
- IRB (specialised lending and equities under the simple risk weight method)
- CCR exposures by portfolio and PD scale
- Quantitative disclosures related to IRB models
- Internal model approach for trade account

#### a. Overview of Risk Weighted Amounts

	Risk Weighted Amounts		Minumum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	16.135.932	13.596.968	1.290.875
2 Of which standardised approach (SA)	16.135.932	13.596.968	1.290.875
3 Of which internal rating-based (IRB) approach	--	--	--
4 Counterparty credit risk	499.911	850.549	39.993
5 Of which standardised approach for counterparty credit risk (SA-CCR)	499.911	850.549	39.993
6 Of which internal model method (IMM)	--	--	--
7 Equity position in banking book under basic risk weighting or internal rating-based	--	--	--
8 Equity investments in funds - look-through approach	83.713	40.619	6.697
9 Equity investments in funds - mandate-based approach	--	--	--
10 Equity investments in funds - 1250% risk weighting approach	--	--	--
11 Settlement risk	-	--	--
12 Securitisation exposures in banking book	-	--	--
13 Of which IRB ratings-based approach (RBA)	--	--	--
14 Of which IRB supervisory formula approach (SFA)	--	--	--
15 Of which SA/simplified supervisory formula approach (SSFA)	--	--	--
16 Market risk	552.463	911.638	44.197
17 Of which standardised approach (SA)	552.463	911.638	44.197
18 Of which internal model approaches (IMM)	--	--	--
19 Operational risk	1.485.530	1.114.639	118.842
20 Of which basic indicator approach	1.485.530	1.114.639	118.842
21 Of which standardised approach	--	--	--
22 Of which advanced measurement approach	--	--	--
23 Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	18.757.549	16.514.413	1.500.604

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**XI. Explanations on risk management objectives and policies (continued)**

**b. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation**

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		Subject to credit risk	Subject to counterparty credit risk(*)	Securitisation exposures	Subject to market risk (**)	Not subject to capital requirements or subject to deduction from capital
Current Period						
Assets						
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances With Central Bank of Turkey	2.707.875	2.707.875	--	--	--	--
Banks	490.826	490.826	--	--	--	--
Money Markets Placements	30.010	--	30.010	--	--	--
Financial Assets Measured at Fair Value Through Profit or Loss	97.737	64.868	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	807.568	807.568	632.282	--	--	--
Financial Assets Measured at amortized cost	575.098	575.098	419.376	--	--	--
Derivative financial assets	738.902	--	160.284	--	738.902	--
Non-performing Financial Assets	(589)	(589)	--	--	--	--
Loans (net)	15.624.411	15.624.411	--	--	--	--
Assets Held for Sale and Assets of Discontinued Operations(net)						
Investment in Associates (net)	63.247	63.247	--	--	--	--
Investment in Subsidiaries (net)	4.897	4.897	--	--	--	--
Joint-Ventures (net)	31.500	31.500	--	--	--	--
Tangible Assets (net)	--	--	--	--	--	--
Intangible Assets (net)	324.109	324.137	--	--	--	--
Investment Property (net)	69.894	17	--	--	--	69.877
Tax Asset	--	--	--	--	--	--
Other Assets	58.012	58.012	--	--	--	--
Total Assets	265.710	265.683	--	--	--	--
	21.889.207	21.017.550	1.241.952	--	738.902	69.877
Liabilities						
Deposits	13.565.688	--	--	--	--	13.565.688
Funds Borrowed	859.381	--	--	--	--	859.381
Money Market Funds	733.257	--	733.263	--	--	733.257
Securities Issued	1.718.332	--	--	--	--	1.718.332
Funds	--	--	--	--	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--	--	--
Derivative financial liabilities	788.205	--	--	--	788.205	788.205
Factoring Payables	--	--	--	--	--	--
Lease Payables	68.636	--	--	--	--	68.654
Provisions	97.137	--	--	--	--	--
Tax Liability	41.045	--	--	--	--	58.723
Liabilities for Assets Held for Sale and Assets of Discontinued Operations (net)						
Subordinated Debts	--	--	--	--	--	--
Other liabilities	1.789.018	--	--	--	--	--
Shareholders' Equity	569.416	--	--	--	--	569.415
Total Liabilities	1.659.092	--	733.263	--	788.205	1.659.092
	21.889.207	--	733.263	--	788.205	20.020.747

(\*) Disclosed based on gross amounts of the securities.

(\*\*) Disclosed based on gross position amounts subject to general market risk and specific risk.

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**XI. Explanations on risk management objectives and policies (continued)**

**b. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation**

	Carrying values in financial statements prepared as per TAS	Subject to credit risk	Subject to counterparty credit risk(*)	Securitisation exposures	Subject to market risk (**)	Not subject to capital requirements or subject to deduction from capital
Prior Period						
Assets						
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances With Central Bank of Turkey	1.764.562	1.764.562	--	--	--	--
Banks	965.814	965.814	--	--	--	--
Money Markets Placements	306.208	306.208	--	--	--	--
Financial Assets Measured at Fair Value Through Profit or Loss	75.807	36.722	--	--	75.807	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	707.732	707.732	642.482	--	--	--
Financial Assets Measured at amortized cost	363.099	363.099	90.935	--	--	--
Derivative financial assets	1.480.756	--	446.187	--	1.480.756	--
Non-performing Financial Assets	(3.961)	(3.961)	--	--	--	--
Loans (net)	14.121.417	14.121.415	--	--	--	2
Assets Held for Sale and Assets of Discontinued Operations(net)	215.235	215.235	--	--	--	--
Investment in Associates (net)	4.897	4.897	--	--	--	--
Investment in Subsidiaries (net)	21.500	21.500	--	--	--	--
Joint-Ventures (net)	--	--	--	--	--	--
Tangible Assets (net)	257.069	244.758	--	--	--	12.059
Intangible Assets (net)	35.001	--	--	--	--	35.001
Investment Property (net)	--	--	--	--	--	--
Tax Asset	79.716	79.716	--	--	--	--
Other Assets	224.324	224.324	--	--	--	--
Total Assets	20.619.176	19.052.021	1.179.604	--	1.556.563	47.062
Liabilities						
Deposits	11.313.141	--	--	--	--	11.313.141
Funds Borrowed	1.339.212	--	--	--	--	1.339.212
Money Market Funds	495.936	--	495.936	--	--	495.936
Securities Issued	1.842.585	--	--	--	--	1.842.585
Funds	--	--	--	--	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--	--	--
Derivative financial liabilities	1.516.253	--	--	--	1.516.253	1.516.253
Factoring Payables	--	--	--	--	--	--
Lease Payables	463	--	--	--	--	463
Provisions	109.751	--	--	--	--	109.751
Tax Liability	39.477	--	--	--	--	39.477
Liabilities for Assets Held for Sale and Assets of Discontinued Operations (net)	--	--	--	--	--	--
Subordinated Debts	1.596.143	--	--	--	--	1.596.143
Other liabilities	1.043.966	--	--	--	--	1.043.966
Shareholders' Equity	1.322.249	--	--	--	--	1.322.249
Total Liabilities	20.619.176	--	495.936	--	1.516.253	20.619.176

(\*) Disclosed based on gross amounts of the securities.

(\*\*) Disclosed based on gross position amounts subject to general market risk and specific risk.

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**XI. Explanations on risk management objectives and policies (continued)**

**c. The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements**

	Total	Credit risk	Subject to the securitization	Counterparty	Market risk(*)
<b>Current Period</b>					
1 Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial	21.819.331	21.017.550	--	1.241.952	738.902
2 Carrying value of liabilities that are subjected to counterparty credit risk as per TAS	--	--	--	733.257	788.205
3 Total Net Amount	21.819.331	21.017.550	--	508.695	(49.303)
4 Off-balance sheet amounts(**)	23.806.133	6.671.862	--	17.134.271	17.134.271
5 Valuation differences	--	--	--	--	--
6 Differences due to different netting rules	--	--	--	--	(16.532.505)
7 Differences due to consideration of provisions	--	--	--	--	--
8 Differences resulted from the BRSA's applications	--	--	--	(16.843.709)	--
9 Differences due to risk mitigation	--	--	--	733.257	--
10 <b>Risk Amounts</b>	<b>45.625.464</b>	<b>27.689.412</b>	<b>--</b>	<b>1.532.514</b>	<b>552.463</b>

(\*)Risk amounts include financial instruments in trading accounts as per to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and market risk due to calculated capital requirement for currency risk.

(\*\*)Off-balance sheet amounts subject to capital adequacy ratio calculation.

	Total	Credit risk	Subject to the securitization	Counterparty	Market risk(*)
<b>Prior Period</b>					
1 Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial	20.572.114	19.059.943	--	1.179.604	1.551.565
2 Carrying value of liabilities that are subjected to counterparty credit risk as per TAS	--	--	--	495.936	1.516.253
3 Total Net Amount	20.572.114	19.059.943	--	683.668	35.312
4 Off-balance sheet amounts(**)	24.038.869	4.871.866	--	19.167.003	19.167.003
5 Valuation differences	--	--	--	--	--
6 Differences due to different netting rules	--	--	--	--	(18.290.677)
7 Differences due to consideration of provisions	--	--	--	--	--
8 Differences resulted from the BRSA's applications	--	--	--	(18.752.631)	--
9 Differences due to risk mitigation	--	--	--	495.936	--
10 <b>Risk Amounts</b>	<b>44.610.983</b>	<b>23.931.809</b>	<b>--</b>	<b>1.593.976</b>	<b>911.638</b>

(\*)Risk amounts include financial instruments in trading accounts as per to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and market risk due to calculated capital requirement for currency risk.

(\*\*)Off-balance sheet amounts subject to capital adequacy ratio calculation.

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**Explanation on the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements:**

**Disclosures regarding differences between amounts valued according to TAS and risk exposures**

The differences between the amounts assessed under TAS and the amounts after risk reduction in transactions subject to counterparty credit risk stem from the addition of potential risk amounts to the renewal costs of derivative transactions subject to the CPR and the volatility adjustments for repo / reverse repo transactions. Funds provided to differences arising from risk reduction are also included by opening separate line for them.

Valuations of securities subject to market risk in accordance with TAS represent the fair value of held for trading financial instruments. On the other hand, the values in the risk amount line represents the amount subject to market risk based on the capital requirements calculated for the losses arising due factors such as interest rate risk of the market risk, equity price risk, currency risk in accordance with the "Regulation for Measurement and Evaluation of Banks' Capital Adequacy Ratio".

If financial instruments that are accounted for at their fair values are traded in an active market, the valuation is based on that market price. The TL borrowing instruments in the held for trading securities portfolio comprise of government securities. These securities are evaluated at the weighted average trading price in the Istanbul Stock Exchange. For TL securities that are not traded, the market price is calculated based on the CBRT prices. For the FX securities in the same portfolio, the average of purchase and sale quotations in the market are considered as the market price. Derivative financial instruments are evaluated using the discounted cash flow model using market data. Input data used in evaluations using market value and/or valuation methods are periodically checked for validity and independence.

**Information on Credit Risk**

**General Qualitative Information on Credit Risk:**

The Bank's credit risk management policies are established in line with the strategy approved by the Board of Directors in accordance with the related regulations and are based on prudence, sustainability and the customers' credit worthiness principles.

The limits are set in accordance with the Risk Policies by the Board of Directors based on the Bank's risk appetite. In accordance with the determined risk limits, the authorizations and sub-authorizations are done by the Credit Policies which is in line with the determined limits. Special attention is given to ensure that the limits are in line with market expectations and the Bank's strategies.

Credit rating models and decision trees are used in the credit underwriting processes in accordance with the risk appetite, credit policies set by the Bank and the targets of the Bank. The grading of all customers except for individual credit customers by the Bank is essential. The individual loan portfolio is managed via an automated decision trees.

Customer selection is carried out in accordance with policies and strategies of the Bank and is based on the ability to pay on time and the cash flows expected to be received from its operations independent from guarantees, sureties and pledged assets. When needed; it is mandatory for the Bank to obtain appropriate collateral in line with the source of the payment for the repayment of the credit from the customers to ensure that their obligations arising from the credit are met on time and in full. The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risks. In this context, a minimum collateral margin is determined by taking into account the collateral quality and the collection expectations given default and it is ensured that the appropriate collateral is obtained based on the credit type. Before a credit relationship is established with a customer, an analysis and intelligence collection are carried out in order to measure the creditworthiness of the customers. Before the credit decisions; the customer is examined and evaluated with an analysis for factors that have affected its past, present and future performances and any other factors (financial and non-financial data) that may affect its past, present and future performances.



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**General Qualitative Information on Credit Risk (continued):**

Credit risk is encountered when the counterparty is unable to fulfill its obligations defined with the agreement. All credit risk bearing banking products are managed with prudent credit policies and procedures in the Bank. The credit quality of the counterparty is evaluated with an internal rating score in all corporate, commercial and SME credit transactions. In order to monitor the credit risk, internal limits are determined on the basis of sector, maturity, customer and internal rating to avoid the risk of concentration.

Credit risk management is a process in which credit risks are assessed and monitored in a consistent manner, besides all credit portfolios are included on a consolidated basis. Credit risk is managed on the basis of portfolios, risk / return balance and asset quality of the Bank, and the credit risk is governed by the principles contained in the policy documents. In addition, credit-based evaluation, underwriting and follow-up are carried out by the units in the Loans group within the framework of the relevant processes. Loans proposals are evaluated by the credit units of the Headquarters, if necessary, within the framework of the level of authority based on the determined amount and finalized the loan proposal by the Credit Committee and the Board of Directors.

The units carry out their risk management activities in accordance with the risk appetite and capacity of the Bank through the use of risk measurement and management tools within the policies established by the Board of Directors. In this context, the organizational structure for credit risk management and control functions is detailed as follows the units included in the scope of Credit Risk Management are Corporate Loans, Commercial Loans Allocation, Credit Monitoring and Collection Department and Risk Analysis Department. Decisions on credit policies are taken by the Credit Committee. Allocated credit limits and usages, exceeded limits, assessments of large risks and overdue loans are regularly reported to the senior management.

In the course of credit risk management, the Risk Management Department conducts monitoring and reporting of internal concentration limits. It is ensured that the policies related to the concentration risk management are prepared and processed within the policies of allocation, monitoring, limit monitoring and management. Regular reporting on the cost of the loan and the development of the following loans is made. In addition, stress test and scenario analysis studies related to the loan portfolio are carried out within the scope of ICAAP.

The evaluation of the internal systems established to cover all branches and units and the maintenance of the continuity of functioning, competence and efficiency are among the highest priorities of the Bank's Board of Directors. Within the scope of internal systems, the duties and responsibilities of the Board of Directors, Internal Audit, Internal Control and Operational Risk and Risk Management activities are carried out by the Audit Committee.

**Credit Quality of Assets**

	Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared in accordance with statutory consolidation		Allowances/ amortisation and impairments	Net value
	Defaulted	Non-defaulted		
<b>Current Period</b>				
1 Loans	920.338	15.508.182	804.110	15.624.410
2 Debt securities	--	1.476.603	2.528	1.474.075
3 Off-balance sheet exposures	19.003	6.650.805	19.121	6.650.687
4 Total	939.341	23.635.590	825.759	23.749.172
	Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared in accordance with statutory consolidation		Allowances/ amortisation and impairments	Net value
	Defaulted	Non-defaulted		
<b>Prior Period</b>				
1 Loans	621.863	14.069.334	569.780	14.121.417
2 Debt securities	--	1.143.925	3.961	1.139.964
3 Off-balance sheet exposures	14.768	4.855.995	19.084	4.851.679
4 Total	636.631	20.069.254	592.825	20.113.060

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#### General Qualitative Information on Credit Risk (continued):

#### Changes in stock of default loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	621.863	468.493
2 Loans and debt securities defaulted since the last reporting period	718.328	896.886
3 Receivables back to non-defaulted status	--	--
4 Amounts written off(*)	249.214	442.120
5 Other changes (**)	(170.639)	(301.396)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	920.338	621.863

(\*) Sales of non-performing loan portfolios are disclosed here.

(\*\*) Other changes include collections during the period.

#### Breakdown of receivables by geographical area, sector and outstanding maturity:

##### Breakdown by geographical area:

Loans and Other Receivables	Current Period	Prior Period
Domestic	14.737.586	13.663.328
European Union (EU) Countries	175.043	143.054
OECD Countries	105	--
Off-Shore Banking Regions	402.193	240.528
USA, Canada	23.987	21.314
Other Countries	169.268	1.110
Total	15.508.182	14.069.334

##### Sectorial Breakdown:

Loans and Other Receivables	Current Period	Prior Period
Agriculture	292.098	406.009
Farming and Stockbreeding	249.587	288.025
Forestry	42.511	115.111
Fishery	--	2.873
Manufacturing	3.052.932	3.070.790
Mining and Quarrying	507.039	814.717
Production	1.656.486	1.452.693
Electricity, Gas and Water	889.407	803.380
Construction	2.957.739	2.627.124
Services	6.763.379	6.163.805
Wholesale and Retail Trade	1.359.296	1.885.956
Accommodation and Dining	2.318.262	1.152.852
Transportation and Telecommunication	975.185	657.432
Financial Institutions	240.621	561.826
Real Estate and Rental Services	479.302	417.420
Self-Employment Services	761.672	470.911
Educational Services	198.509	699.346
Health and Social Services	430.532	318.062
Others	2.442.034	1.801.606
Total	15.508.182	14.069.334

##### Breakdown by outstanding maturity:

	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 years and over	Total
Current Period	1.904.238	2.357.855	5.611.010	4.714.373	920.706	15.508.182
Prior Period	3.026.588	2.307.003	4.841.401	3.606.316	288.026	14.069.334

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**Exposures provisioned against by major regions and sectors and write-offs:**

Current Period	Non-performing loans	Specific Provisions	Write-offs
Domestic	920.338	515.118	249.214
European Union (EU) Countries	--	--	--
OECD Countries	--	--	--
Off-Shore Banking Regions	--	--	--
USA, Canada	--	--	--
Other Countries	--	--	--
<b>Total</b>	<b>920.338</b>	<b>515.118</b>	<b>249.214</b>

Prior Period	Non-performing loans	Specific Provisions	Write-offs
Domestic	621.863	295.835	442.120
European Union (EU) Countries	--	--	--
OECD Countries	--	--	--
Off-Shore Banking Regions	--	--	--
USA, Canada	--	--	--
Other Countries	--	--	--
<b>Total</b>	<b>621.863</b>	<b>295.835</b>	<b>442.120</b>

**Exposures provisioned against by major regions and sectors and write-offs :**

Current Period	Non-performing loans	Specific Provisions	Write-offs
<b>Agriculture</b>	<b>60.781</b>	<b>33.729</b>	<b>5.515</b>
Farming and Stockbreeding	48.260	25.352	3.295
Forestry	12.521	8.377	2.143
Fishery	--	--	77
<b>Manufacturing</b>	<b>201.682</b>	<b>120.638</b>	<b>70.888</b>
Mining and Quarrying	62.585	39.068	17.127
Production	133.484	77.645	53.523
Electricity, Gas and Water	5.613	3.925	238
<b>Construction</b>	<b>144.241</b>	<b>78.496</b>	<b>32.460</b>
<b>Services</b>	<b>417.420</b>	<b>220.459</b>	<b>110.907</b>
Wholesale and Retail Trade	220.831	139.919	76.912
Accommodation and Dining	112.285	29.436	19.712
Transportation and Telecommunication	27.748	16.355	6.078
Financial Institutions	98	74	36
Real Estate and Rental Services	20.616	12.077	307
Self-Employment Services	4.712	3.567	3.667
Educational Services	8.018	4.348	677
Health and Social Services	23.112	14.683	3.518
<b>Others</b>	<b>96.214</b>	<b>61.796</b>	<b>29.444</b>
<b>Total</b>	<b>920.338</b>	<b>515.118</b>	<b>249.214</b>

Prior Period	Non-performing loans	Specific Provisions	Write-offs
<b>Agriculture</b>	<b>28.954</b>	<b>15.723</b>	<b>16.735</b>
Farming and Stockbreeding	20.209	9.999	9.585
Forestry	8.419	5.474	6.091
Fishery	326	250	1.059
<b>Manufacturing</b>	<b>132.476</b>	<b>65.851</b>	<b>176.869</b>
Mining and Quarrying	51.428	15.700	122.057
Production	80.439	49.875	53.626
Electricity, Gas and Water	609	276	1.186
<b>Construction</b>	<b>87.393</b>	<b>46.234</b>	<b>64.340</b>
<b>Services</b>	<b>305.229</b>	<b>121.960</b>	<b>126.195</b>
Wholesale and Retail Trade	132.174	79.215	104.128
Accommodation and Dining	109.878	20.697	2.285
Transportation and Telecommunication	13.042	8.677	6.795
Financial Institutions	54	39	761
Real Estate and Rental Services	41.351	8.943	391
Self-Employment Services	2.348	1.878	173
Educational Services	1.132	781	4.664
Health and Social Services	5.250	1.730	6.998
<b>Others</b>	<b>67.811</b>	<b>46.067</b>	<b>57.981</b>
<b>Total</b>	<b>621.863</b>	<b>295.835</b>	<b>442.120</b>

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**Aging analysis:**

Days past due	Current Period	Prior Period
	Amount	Amount
0-30	15.307.058	13.430.906
31-60	82.355	419.880
61-90	118.770	218.548
90+	920.338	621.863
<b>Total</b>	<b>16.428.520</b>	<b>14.691.197</b>

**Breakdown of restructured receivables based on whether or not provisions are allocated:**

Current Period	Performing loans	Loans under follow-up	Non-performing loans
Provisioned	--	--	24.322
Not provisioned (*)	56.505	1.100.594	--
<b>Total</b>	<b>56.505</b>	<b>1.100.594</b>	<b>24.322</b>

(\*) The Bank calculates Stage 1 provisions for performing loans and Stage 2 provisions for loans under follow-up.

Prior Period	Performing loans	Loans under follow-up	Non-performing loans
Provisioned	--	--	4.411
Not provisioned (*)	57.796	412.242	--
<b>Total</b>	<b>57.796</b>	<b>412.242</b>	<b>4.411</b>

(\*) The Bank calculates Stage 1 provisions for performing loans and Stage 2 provisions for loans under follow-up.

# FİBABANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2019

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

#### Credit risk mitigation techniques-Overview

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	14.405.387	1.508.015	1.192.051	315.964	315.964	--	--
2 Debt Securities	1.474.075	--	--	--	--	--	--
3 Total	15.879.462	1.508.015	1.192.051	315.964	315.964	--	--
4 Of which defaulted	301.507	103.713	103.713	--	--	--	--
Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	11.225.357	3.170.005	2.142.464	1.027.541	1.027.541	--	--
2 Debt Securities	1.139.964	--	--	--	--	--	--
3 Total	12.365.321	3.170.005	2.142.464	1.027.541	1.027.541	--	--
4 Of which defaulted	208.740	117.288	117.288	--	--	--	--

#### Credit risk exposure and credit risk mitigation techniques

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to sovereigns and their central banks	3.274.025	--	3.589.989	--	554.500	15,4%
2 Exposures to regional and local governments	--	--	--	--	--	0,0%
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	0,0%
4 Exposures to multilateral development banks	--	--	--	--	--	0,0%
5 Exposures to international organizations	--	--	--	--	--	0,0%
6 Exposures to banks and brokerage houses	2.473.868	57.992	2.473.868	34.345	687.581	27,4%
7 Exposures to corporates	10.875.808	772.631	10.815.675	433.879	10.838.666	96,3%
8 Retail exposures	3.272.470	1.020.155	3.066.049	278.751	2.506.369	74,9%
9 Exposures secured by residential property	271.085	1.851	267.589	777	179.952	67,1%
10 Exposures secured by commercial property	1.255.880	44.625	1.209.966	35.760	801.550	64,3%
11 Past-due items	356.201	--	356.201	--	294.493	82,7%
12 Exposures in high-risk categories	49.506	9.432	49.506	4.716	33.380	61,6%
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0,0%
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	0,0%
15 Exposures in the form of coll. investment undertakings(*)	91.029	--	91.029	--	91.029	100,0%
16 Other exposures	908.607	4.765.176	908.607	75.985	643.592	65,4%
17 Equity share investments	--	--	--	--	--	0,0%
18 Total	22.828.479	6.671.862	22.828.479	864.213	16.631.112	70,2%

(\*)Content management methodology is used to calculate the risk-weighted amount of investments in the form of collective investment undertakings, table above contains final values that obtained by using the content methodology.

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to sovereigns and their central banks	2.101.754	--	3.129.295	--	170.450	5,4%
2 Exposures to regional and local governments	--	--	--	--	--	0,0%
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	0,0%
4 Exposures to multilateral development banks	--	--	--	--	--	0,0%
5 Exposures to international organizations	--	--	--	--	--	0,0%
6 Exposures to banks and brokerage houses	3.211.158	40.442	3.211.158	21.506	950.580	29,4%
7 Exposures to corporates	9.085.125	562.649	8.880.693	322.068	8.795.135	95,6%
8 Retail exposures	3.522.110	827.975	2.797.651	252.732	2.286.640	75,0%
9 Exposures secured by residential property	361.124	2.189	349.714	742	182.877	52,2%
10 Exposures secured by commercial property	1.430.988	50.203	1.343.748	37.031	878.543	63,6%
11 Past-due items	287.004	--	287.004	--	291.549	101,6%
12 Exposures in high-risk categories	39.100	9.508	39.100	4.754	58.266	132,9%
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0,0%
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	0,0%
15 Exposures in the form of coll. investment undertakings(*)	40.619	--	40.619	--	40.619	100,0%
16 Other exposures	849.402	3.378.901	849.402	100.252	645.617	68,0%
17 Equity share investments	--	--	--	--	--	0,0%
18 Total	20.928.384	4.871.867	20.928.384	739.085	14.300.276	66,0%

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

#### Exposures by asset classes and risk weights

Current Period											
Risk Classes/ Risk Weight	0%	10%	20%	%35(*)	50%	%50(**)	75%	100%	150%	200%	Total risk amount (**)
1 Exposures to sovereigns and their central banks	2.480.989	--	--	--	1.109.000	--	--	--	--	--	3.589.989
2 Exposures to regional and local governments	--	--	--	--	--	--	--	--	--	--	--
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to banks and brokerage houses	763.157	--	634.042	--	1.100.483	--	--	10.531	--	--	2.508.213
7 Exposures to corporates	410.888	--	--	--	--	--	--	10.838.666	--	--	11.249.554
8 Retail exposures	2.975	--	--	--	--	--	3.341.825	--	--	--	3.344.800
9 Exposures secured by residential property	--	--	--	136.021	--	--	--	132.345	--	--	268.366
10 Exposures secured by commercial property	--	--	--	--	--	888.351	--	357.375	--	--	1.245.726
11 Past-due items	--	--	--	--	199.622	--	--	80.374	76.205	--	356.201
12 Exposures in high-risk categories	--	--	--	--	47.154	--	--	1.599	5.469	--	54.222
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	91.029	--	--	91.029
16 Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17 Other Exposures	341.000	--	--	--	--	--	--	643.592	--	--	984.592
18 Total	3.999.009	--	634.042	136.021	2.456.259	888.351	3.341.825	12.155.511	81.674	--	23.692.692

(\*) Collateralized by real estate mortgages

(\*\*) After CCF and CRM

(\*\*\*) Content management methodology is used to calculate the risk-weighted amount of investments in the form of collective investment undertakings, final value obtained by using the content methodology.

Prior Period											
Risk Classes/ Risk Weight	0%	10%	20%	%35(*)	50%	%50(**)	75%	100%	150%	200%	Total risk amount (**)
1 Exposures to sovereigns and their central banks	2.788.396	--	--	--	340.899	--	--	--	--	--	3.129.295
2 Exposures to regional and local governments	--	--	--	--	--	--	--	--	--	--	--
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to banks and brokerage houses	495.940	--	1.401.604	--	1.329.722	--	--	5.398	--	--	3.232.664
7 Exposures to corporates	407.626	--	--	--	--	--	--	8.795.135	--	--	9.202.761
8 Retail exposures	1.530	--	--	--	--	--	3.048.853	--	--	--	3.050.383
9 Exposures secured by residential property	--	--	--	257.814	--	--	--	92.642	--	--	350.456
10 Exposures secured by commercial property	--	--	--	--	--	1.004.471	--	376.308	--	--	1.380.779
11 Past-due items	--	--	--	--	99.767	--	--	78.380	108.857	--	287.004
12 Exposures in high-risk categories	--	--	--	--	4.593	--	--	5.844	33.417	--	43.854
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	40.619	--	--	40.619
16 Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17 Other Exposures	304.037	--	--	--	--	--	--	645.617	--	--	949.654
18 Total	3.997.529	--	1.401.604	257.814	1.774.981	1.004.471	3.048.853	10.039.943	142.274	--	21.667.469

(\*) Collateralized by real estate mortgages

(\*\*) After CCF and CRM

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**Information on consolidated credit risk mitigation techniques**

The Bank does not apply any netting on balance sheet and off-balance sheet. Guarantees and derivatives are not used as credit mitigation technique; only financial collaterals consisting of cash blockages are used.

Applications related to the valuation and management of collaterals are defined as follows: Appraisals for the mortgages that are received as collaterals are only performed by the firms that have been approved by the BRSA and licensed by the Capital Markets Board ("CMB"). Appraisal reports for the real estates that are received as collaterals for commercial loans, are renewed each year as long as the risk continues. As a rule, each year a different appraisal firm is preferred. Management of the appraisal process is carried out by Appraisal & Real Estate Project Finance Unit. Vehicle pledges are followed through their insurance values. Regular investigations are performed for the cheques and bills that are received as collaterals and in case of any negative finding the Bank seeks to replace the collateral.

The Bank's collaterals are mainly composed of cheques, notes, mortgages, guarantees, vehicle pledges and deposit pledges. The Bank's credit risk concentration mainly consists of corporate receivables and are followed by receivables that are collateralized with mortgage, SME and retail receivables, respectively.

Exposure Categories *	Amount	Financial Collaterals	Other/Physical Collaterals **	Guarantees and Credit Derivatives
<b>Current Period</b>				
Receivables from Central Governments	3.589.989	--	--	315.964
Receivables, Coins, Purchased Cheques from Regional or Local Governments and CBT Banks	--	--	--	--
Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--
Receivables from Multilateral Development Banks	--	--	--	--
Receivables from International Organisations	--	--	--	--
Receivables from Banks and Brokerage Houses	2.508.213	763.157	--	--
Corporate Receivables	11.249.554	410.888	--	--
Retail Receivables	3.344.800	3.080	--	--
Receivables that are Collateralized by Residential Property	1.514.092	--	1.024.372	--
Past due Receivables	356.201	--	72.268	--
Receivables Defined in High Risk Category by BRSA	54.222	--	--	--
Securities Collateralised by Mortgages	--	--	--	--
Short-term Receivables from Banks, Brokerage Houses and Corporates	--	--	--	--
Investments Similar to Collective Investment Funds	91.029	--	--	--
Other Receivables	984.592	--	--	--
<b>Total</b>	<b>23.692.692</b>	<b>1.177.125</b>	<b>1.096.640</b>	<b>315.964</b>

(\*) Non-cash risks presented above after credit conversion.

(\*\*) Other / Physical Collaterals are shown with full amounts which are possible to be used, in line with the Regulation on Measurement and Assessment of Capital Adequacy of Banks and Credit Risk Mitigation Techniques.

Exposure Categories *	Amount	Financial Collaterals	Other/Physical Collaterals **	Guarantees and Credit Derivatives
<b>Prior Period</b>				
Receivables from Central Governments	3.129.295	--	--	1.027.541
Receivables, Coins, Purchased Cheques from Regional or Local Governments and CBT Banks	--	--	--	--
Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--
Receivables from Multilateral Development Banks	--	--	--	--
Receivables from International Organisations	--	--	--	--
Receivables from Banks and Brokerage Houses	3.232.664	495.940	--	--
Corporate Receivables	9.202.761	409.625	--	--
Retail Receivables	3.050.383	2.332	--	--
Receivables that are Collateralized by Residential Property	1.731.235	--	1.262.285	--
Past due Receivables	287.004	--	75.736	--
Receivables Defined in High Risk Category by BRSA	43.854	--	--	--
Securities Collateralised by Mortgages	--	--	--	--
Short-term Receivables from Banks, Brokerage Houses and Corporates	--	--	--	--
Investments Similar to Collective Investment Funds	40.619	--	--	--
Other Receivables	949.654	--	--	--
<b>Total</b>	<b>21.667.469</b>	<b>907.897</b>	<b>1.338.021</b>	<b>1.027.541</b>

(\*) Non-cash risks presented above after credit conversion.

(\*\*) Other / Physical Collaterals are shown with full amounts which are possible to be used, in line with the Regulation on Measurement and Assessment of Capital Adequacy of Banks and Credit Risk Mitigation Techniques.

# FİBABANKA A.Ş. AND ITS SUBSIDIARY

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#### Counterparty credit risk (CCR) approach analysis

Current Period	Replacement Cost	Potential Credit Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1 Standardised Approach - CCR (for derivatives)	160.284	290.562	--	1,4	450.846	289.823
2 Internal Model Method (for derivative instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	-	-	-	-
3 Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	1.051.658	121.621
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	30.010	23
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	--	--	--	--	-	-
<b>6 Total</b>	<b>160.284</b>	<b>290.562</b>	<b>--</b>	<b>--</b>	<b>1.532.514</b>	<b>411.467</b>

Prior Period	Replacement Cost	Potential Credit Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1 Standardised Approach - CCR (for derivatives)	446.187	414.372	--	1,4	860.559	568.885
2 Internal Model Method (for derivative instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
3 Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	733.417	93.804
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	--	--	--	--	--	--
<b>6 Total</b>	<b>446.187</b>	<b>414.372</b>	<b>--</b>	<b>--</b>	<b>1.593.976</b>	<b>662.689</b>

#### Capital requirement for credit valuation adjustment (CVA)

	Current Period		Prior Period	
	EAD post-CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	--	--	--	--
1 (i) VaR component (including the 3xmultiplier)	--	--	--	--
2 (ii) Stressed VaR component (including the 3xmultiplier)	--	--	--	--
3 All portfolios subject to the Standardised CVA capital obligation	450.846	88.444	860.559	187.860
<b>4 Total subject to the CVA capital obligation</b>	<b>450.846</b>	<b>88.444</b>	<b>860.559</b>	<b>187.860</b>



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**CCR exposures by risk class and risk weights - standardised approach**

Current Period									
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk (*)
Exposures to sovereigns and their central banks	--	--	--	--	--	--	--	--	--
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	763.157	--	144.287	477.129	--	67	--	--	1.384.640
Exposures to banks and brokerage houses	--	--	--	--	--	140.530	--	--	140.530
Exposures to corporates	2.746	--	--	--	4.598	--	--	--	7.344
Retail exposures	--	--	--	--	--	--	--	--	--
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Past-due items	--	--	--	--	--	--	--	--	--
Exposures in high-risk categories	--	--	--	--	--	--	--	--	--
Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--
Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Other exposures	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>765.903</b>	<b>--</b>	<b>144.287</b>	<b>477.129</b>	<b>4.598</b>	<b>140.597</b>	<b>--</b>	<b>--</b>	<b>1.532.514</b>

Prior Period									
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk (*)
Exposures to sovereigns and their central banks	3.175	--	--	2.367	--	--	--	--	5.542
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	495.940	--	135.438	642.254	--	--	--	--	1.273.632
Exposures to corporates	--	--	--	--	--	310.945	--	--	310.945
Retail exposures	728	--	--	--	3.129	--	--	--	3.857
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Past-due items	--	--	--	--	--	--	--	--	--
Exposures in high-risk categories	--	--	--	--	--	--	--	--	--
Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--
Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Other exposures	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>499.843</b>	<b>--</b>	<b>135.438</b>	<b>644.621</b>	<b>3.129</b>	<b>310.945</b>	<b>--</b>	<b>--</b>	<b>1.593.976</b>

**Collaterals for CCR**

Current Period	Collateral for derivative transactions				Collateral for other	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-local currency	--	--	--	--	--	30.010
Cash-foreign currency	2.746	--	--	--	733.257	--
Domestic sovereign debts	--	--	--	--	29.894	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	1.051.658
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
<b>Total</b>	<b>2.746</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>763.151</b>	<b>1.081.668</b>

Prior Period	Collateral for derivative transactions				Collateral for other	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-local currency	--	--	--	--	--	--
Cash-foreign currency	728	--	--	--	495.936	--
Domestic sovereign debts	--	--	--	--	--	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	733.417
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
<b>Total</b>	<b>728</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>495.936</b>	<b>733.417</b>

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#### **Explanations on consolidated market risk**

**Whether the Group within the financial risk management objectives hedges itself against market risk, the precautions taken by the Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk**

In order to hedge against the market risk within the context of the risk management objectives, the Group sets its activities related with market risk management in accordance with “Regulations on Banks’ Internal Control and Risk Management Systems” published in the Official Gazette no. 29057 dated 11 July 2014 and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 29511 dated 23 October 2015.

Being exposed to market risk, Bank’s Board of Directors have defined risk management strategies and policies about risk managements in line with application and recommendation of group and have led to follow-up strategies periodically. The limits of risks are identified and these limits are revised periodically. Board of Directors ensures that risk management group and executive managers should identify, measure, control and manage the Bank’s risk.

Market risk arising from trading transactions is limited through the risk appetite policy approved by Board of Directors as “low” and measured by taking into consideration BRSA’s standard methodology. Additionally Financial Control Department reports the market value and realized profit/loss of trading portfolio. The Risk Management and Asset Liability Committee continuously monitor compliance of trading transactions with the risk appetite policy. Market risk caused by mismatches of asset-liability maturities is also monitored through GAP reports.

Stress tests and scenario analysis are also applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations. Risk measurement methods such as cash flow projections and GAP analysis are also applied.

Capital to be kept for general market risk and specific risk are calculated by using a standard method in accordance with “Measurement and Assessment of Bank Capital Adequacy Regulation” and are reported monthly.

In the calculation of the value at credit risk for the derivative financial instruments, the receivables from counterparties are multiplied by the rates stated in the Article 21 and Appendix-2 of “the Regulation on Measurement and Assessment of Capital Adequacy of Banks”, reduced as per the “Regulation on Credit Risk Mitigation Techniques” following included in the relevant exposure category and weighted for a second time. The risk amount related to the Bank’s derivative financial instruments are calculated using the “Fair Value Method”.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### Market risk under standardised approach

Market risk under standardised approach		Current Period	Prior Period
		RWA	RWA
<b>Outright Products</b>			
1 Interest rate risk (general and specific)		533.163	820.250
2 Equity risk (general and specific)		--	--
3 Foreign exchange risk		13.875	80.313
4 Commodity risk		--	--
<b>Options</b>			
5 Simplified approach		--	--
6 Delta-plus method		5.425	11.075
7 Scenario approach		--	--
8 Securitisation		--	--
<b>9 Total</b>		<b>552.463</b>	<b>911.638</b>

#### 1. Quantitative information on counterparty risk

The counterparty risk amount is calculated in accordance with fair value measurement methodology stated in Appendix 2 and section 3 of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The replacement costs of the contracts with positive value are obtained by evaluating the contracts according to their fair value. The potential credit risk amount is calculated by multiplying contract or transaction amounts with certain ratios determined in accordance with days to maturity and contract type. The total of replacement cost and potential credit risk make up counterparty risk amount. Counterparty credit risk mitigation considers only cash collaterals.

Current Period	Value	Risk Weights					Total RWA
		0%	20%	50%	75%	100%	
Interest-Rate Contracts (*)	--	--	--	--	--	--	--
Foreign-Exchange-Rate Contracts (**)	290.562	2.746	18.840	178.607	2.112	88.257	182.913
Commodity Contracts	--	--	--	--	--	--	--
Equity-Shares Related Contracts	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Gross Positive Fair Values	160.283	--	77	105.380	2.486	52.340	106.910
Netting Benefits	--	--	--	--	--	--	--
Net Current Exposure Amount	--	--	--	--	--	--	--
Collaterals Received	2.746	--	--	--	--	--	--
<b>Net Derivative Position (***)</b>	<b>450.845</b>	<b>2.746</b>	<b>18.917</b>	<b>283.987</b>	<b>4.598</b>	<b>140.597</b>	<b>289.823</b>

(\*) Repo transactions

(\*\*) Includes option, currency swap and forward contracts.

(\*\*\*) Consists of foreign exchange rate and interest rate contracts and gross values of positive fair value amounts.

Prior Period	Value	Risk Weights					Total RWA
		0%	20%	50%	75%	100%	
Interest-Rate Contracts (*)	--	--	--	--	--	--	--
Foreign-Exchange-Rate Contracts (**)	414.373	3.903	49.849	221.140	1.755	137.726	259.582
Commodity Contracts	--	--	--	--	--	--	--
Equity-Shares Related Contracts	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Gross Positive Fair Values	446.186	--	2.475	269.119	1.374	173.218	309.303
Netting Benefits	--	--	--	--	--	--	--
Net Current Exposure Amount	--	--	--	--	--	--	--
Collaterals Received	728	--	--	--	--	--	--
<b>Net Derivative Position (***)</b>	<b>860.559</b>	<b>3.903</b>	<b>52.324</b>	<b>490.259</b>	<b>3.129</b>	<b>310.944</b>	<b>568.885</b>

(\*) Repo transactions

(\*\*) Includes option, currency swap and forward contracts.

(\*\*\*) Consists of foreign exchange rate and interest rate contracts and gross values of positive fair value amounts.

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#### **Explanations on consolidated operational risk**

The value at operational risk is calculated according to the “basic indicator approach”. Value at operational risk amount is calculated by using the last 3 years’ (2018, 2017, 2016) gross income, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” issued on Official Gazette dated September 6, 2014 numbered 29111, “Calculation of Operational Risk”. 15% of gross income which is TL 118.842 (31 December 2018: TL 89.171) represents also the minimum capital requirement to recover the risk amount.

Current Period	31/12/2016	31/12/2017	31/12/2018	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	622.298	716.364	1.038.186	792.283	15	118.842
Value at Operational Risk (Total*12,5)						1.485.530

Prior Period	31/12/2015	31/12/2016	31/12/2017	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	444.760	622.298	716.364	594.474	15	89.171
Value at Operational Risk (Total*12,5)						1.114.639

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**FIFTH SECTION**

**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and disclosure related to the consolidated assets**

**1. Information on cash and balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	48.386	211.408	37.341	100.990
Balances with the Central Bank of Turkey	152.600	2.295.481	366.313	1.259.918
Other	--	--	--	--
<b>Total</b>	<b>200.986</b>	<b>2.506.889</b>	<b>403.654</b>	<b>1.360.908</b>

**1.1 Information related to the account of the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	152.527	659.002	80.959	511.053
Unrestricted Time Deposits	73	498.795	285.354	--
Restricted Time Deposits	--	1.137.684	--	748.865
<b>Total</b>	<b>152.600</b>	<b>2.295.481</b>	<b>366.313</b>	<b>1.259.918</b>

According to the communiqué No: 2005/1 on "Reserve Deposits" of CBRT, banks operating in Turkey are required to keep reserve deposit at the rates varying from 1% - 7% (31 December 2018: 1,5%-8%) for TL liabilities and at the rates 5% - 21% (31 December 2018: 4%-20%) for FC liabilities depending on maturities of liabilities.

**2. Information on financial assets at fair value through profit or loss**

**2.1 Information on financial assets at fair value through profit or loss given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	24.580	--	21.934	--
<b>Total</b>	<b>24.580</b>	<b>--</b>	<b>21.934</b>	<b>--</b>

Trading securities given as collateral represent those collaterals given to the Central Bank of Turkey, and Istanbul Clearing and Custody Bank (Takasbank) for interbank money market, foreign exchange market and other transactions, as of balance sheets dates.

As of 31 December 2019, financial assets at fair value through profit or loss not given as collateral or not blocked is TL 73.157 (31 December 2018: TL 48.868).

**Loans recognised at fair value through profit or loss**

As of 31 December 2019, loans recognised at fair value at through profit or loss is 1.948.020 (31 December 2018: TL 1.516.819).

When fair value hedge accounting terminated, the fair value amount on the hedged financial instruments are reflected into the statement of profit or loss by amortization during the life time of the hedged financial instruments.

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**2.2 Information on financial assets at fair value through profit or loss subject to repurchase agreements**

None.

**2.3 Positive differences relating to derivative financial assets**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	59.591	--	98.585	--
Swap Transactions	368.713	--	1.015.077	--
Futures Transactions	--	--	--	--
Options	195.923	27.136	341.061	26.033
Other	--	--	--	--
<b>Total</b>	<b>624.227</b>	<b>27.136</b>	<b>1.454.723</b>	<b>26.033</b>

(\*) Except the derivative financial liabilities for hedging purposes.

**3. Information on Banks**

**3.1 Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	400.573	740	731.428	339
Foreign	2.058	87.455	281	233.766
Foreign head-offices and branches	--	--	--	--
<b>Total</b>	<b>402.631</b>	<b>88.195</b>	<b>731.709</b>	<b>234.105</b>

**3.2 Due from foreign banks**

	Current Period		Prior Period	
	Unrestricted Balances	Restricted Balances	Unrestricted Balances	Restricted Balances
EU Countries	18.008	28.352	9.578	199.352
USA and Canada	29.818	--	18.664	--
OECD Countries (*)	1.433	3.624	649	210
Off-Shore Banking Regions	--	--	--	--
Other	8.278	--	5.594	--
<b>Total</b>	<b>57.537</b>	<b>31.976</b>	<b>34.485</b>	<b>199.562</b>

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

**4. Information on Financial Assets Valued at Fair Value Through Other Comprehensive Income**

**4.1 Financial assets valued at fair value through other comprehensive income subject to repurchase agreements and provided as collateral / blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	10.904	776.085	7.399	642.487
Other	--	--	--	--
<b>Total</b>	<b>10.904</b>	<b>776.085</b>	<b>7.399</b>	<b>642.487</b>

As of 31 December 2019, financial assets valued at fair value through other comprehensive income not given as collateral or not blocked is TL 20.579 (31 December 2018: TL 54.452).

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**4.2 Details of financial assets valued at fair value through other comprehensive income**

	Current Period	Prior Period
Debt instruments	803.864	729.908
Quoted on Stock Exchange	803.864	729.908
Unquoted on Stock Exchange	--	--
Share certificates	3.800	2.713
Quoted on Stock Exchange	3.800	2.713
Unquoted on Stock Exchange	--	--
Impairment provision (-)	96	28.283
<b>Total</b>	<b>807.568</b>	<b>704.338</b>

**5. Information on Loans**

**5.1 Information on all types of loans and advances given to shareholders and employees of the Bank**

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans to Shareholders	--	20	--	20
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	20	--	20
Indirect Loans to Shareholders	--	--	--	--
Loans to Employees	4.653	--	4.695	--
<b>Total</b>	<b>4.653</b>	<b>20</b>	<b>4.695</b>	<b>20</b>

**5.2 Information on Loans under Close Monitoring that are restructured with Standard Loans and Close Monitoring Loans**

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	13.684.448	723.140	785.792	314.802
Working Capital Loans	5.830.163	228.950	300.679	281.359
Export Loans	--	--	--	713
Import Loans	--	--	--	--
Loans to Financial Sector	183.692	727	84	--
Consumer Loans	1.551.525	57.774	4.549	958
Credit Cards	21.148	5.902	--	--
Others	6.097.920	429.787	480.480	31.772
Specialization Loans	--	--	--	--
Other Receivables	--	--	--	--
<b>Total (*)</b>	<b>13.684.448</b>	<b>723.140</b>	<b>785.792</b>	<b>314.802</b>

(\*) Amounting to TL 3.092 factoring receivables and TL 1.948.020 financial loans at fair value through profit or loss are also included.

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-month Expected Credit Losses	117.374	--	104.447	--
Significant Increase in Credit Risk	--	171.618	--	169.498
<b>Total</b>	<b>117.374</b>	<b>171.618</b>	<b>104.447</b>	<b>169.498</b>

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*The overdue analysis of close monitoring loans*

Current Period	Commercial Loans	Consumer Loans	Total
1-30 days	251.024	4.535	255.559
31-60 days	58.987	23.368	82.355
61-90 days	99.530	19.240	118.770
<b>Total</b>	<b>409.541</b>	<b>47.143</b>	<b>456.684</b>

Prior Period	Commercial Loans	Consumer Loans	Total
1-30 days	386.041	10.253	396.294
31-60 days	389.118	30.760	419.878
61-90 days	194.827	23.645	218.472
<b>Total</b>	<b>969.986</b>	<b>64.658</b>	<b>1.034.644</b>

*Maturity analysis of cash loans*

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
<b>Short-term Loans and Other Receivables</b>	<b>5.541.985</b>	<b>--</b>	<b>93.641</b>	<b>52.838</b>
Loans	5.541.985	--	93.641	52.838
Specialized Loans				
Other Loans				
<b>Medium and Long-term Loans and Other Receivables</b>	<b>8.085.958</b>	<b>56.505</b>	<b>629.499</b>	<b>1.047.756</b>
Loans	8.085.958	56.505	629.499	1.047.756
Specialized Loans				
Other Loans				



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**5.3 Information on consumer loans, individual credit cards and credit cards given to personnel**

	Short-Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>736.548</b>	<b>831.310</b>	<b>1.567.858</b>
Real Estate Loans	--	314.057	314.057
Vehicle Loans	46	3.731	3.777
General Purpose Loans	736.502	513.522	1.250.024
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>11.971</b>	<b>11.971</b>
Real Estate Loans	--	11.524	11.524
Vehicle Loans	--	--	--
General Purpose Loans	--	447	447
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>583</b>	<b>583</b>
Real Estate Loans	--	583	583
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Individual Credit Cards-TL</b>	<b>6.875</b>	<b>--</b>	<b>6.875</b>
With Installment	913	--	913
Without Installment	5.962	--	5.962
<b>Individual Credit Cards-FC</b>	<b>109</b>	<b>--</b>	<b>109</b>
With Installment	--	--	--
Without Installment	109	--	109
<b>Loans Given to Employees-TL</b>	<b>661</b>	<b>3.138</b>	<b>3.799</b>
Real Estate Loans	--	545	545
Vehicle Loans	--	--	--
General Purpose Loans	661	2.593	3.254
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Personnel Credit Cards - TL</b>	<b>851</b>	<b>--</b>	<b>851</b>
With Installment	181	--	181
Without Installment	670	--	670
<b>Personnel Credit Cards - FC</b>	<b>3</b>	<b>--</b>	<b>3</b>
With Installment	--	--	--
Without Installment	3	--	3
<b>Overdraft Loans-TL (Real Persons)</b>	<b>30.595</b>	<b>--</b>	<b>30.595</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>775.642</b>	<b>847.002</b>	<b>1.622.644</b>

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#### 5.4 Information on commercial loans with installments and corporate credit cards

	Short-Term	Medium or Long Term	Total
<b>Installment Commercial Loans - TL</b>	<b>542.387</b>	<b>2.751.409</b>	<b>3.293.796</b>
Real Estate Loans	--	1.018	1.018
Vehicle Loans	9.007	62.765	71.772
General Purpose Loans	533.380	2.687.626	3.221.006
Other	--	--	--
<b>Installment Commercial Loans - Indexed to FC</b>	<b>--</b>	<b>94.477</b>	<b>94.477</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	12.425	12.425
General Purpose Loans	--	82.052	82.052
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Corporate Credit Cards - TL</b>	<b>19.212</b>	<b>--</b>	<b>19.212</b>
With Installment	2.234	--	2.234
Without Installment	16.978	--	16.978
<b>Corporate Credit Cards - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
With Installment	--	--	--
Without Installment	--	--	--
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>49.359</b>	<b>--</b>	<b>49.359</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>610.958</b>	<b>2.845.886</b>	<b>3.456.844</b>

#### 5.5 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	--	--
Private Sector	15.508.182	14.069.334
<b>Total (*)</b>	<b>15.508.182</b>	<b>14.069.334</b>

(\*) Amounting to TL 3.092 factoring receivables (31 December 2018: TL 14.311) and TL 1.948.020 financial loans at fair value through profit or loss are also included (31 December 2018: TL 1.516.819).

#### 5.6 Allocation of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	14.737.586	13.663.328
Foreign Loans	770.596	406.006
<b>Total (*)</b>	<b>15.508.182</b>	<b>14.069.334</b>

(\*) Amounting to TL 3.092 factoring receivables (31 December 2018: TL 14.311) and TL 1.948.020 financial loans at fair value through profit or loss are also included (31 December 2018: TL 1.516.819).

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**5.7 Loans granted to subsidiaries and associates**

The Bank does not have any loans granted to subsidiaries and associates as of 31 December 2019 (31 December 2018: None).

**5.8 Provisions provided against loans (third stage)**

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	165.920	107.976
Loans and Receivables with Doubtful Collectability	133.848	66.127
Uncollectible Loans and Receivables	215.350	121.732
<b>Total</b>	<b>515.118</b>	<b>295.835</b>

**5.9 Information on non-performing loans (Net)**

**5.9.1 Information on loans and other receivables included in non-performing loans which are restructured or rescheduled**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Current Period</b>	<b>453</b>	<b>21.568</b>	<b>2.301</b>
Gross Amounts before Provisions	--	--	--
Restructured Loans and Other Receivables	453	21.568	2.301
<b>Prior Period</b>	<b>89</b>	<b>4.308</b>	<b>14</b>
Gross Amounts before Specific Provisions	--	--	--
Restructured Loans and Other Receivables	89	4.308	14

**5.9.2 Movement on non-performing loans**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Balances at the End of Prior Period</b>	<b>203.821</b>	<b>167.547</b>	<b>250.495</b>
Additions (+)	692.046	5.342	20.940
Transfers from Other Categories of Non-Performing Loans (+)	921	529.029	370.583
Transfers to Other Categories of Non-Performing Loans (-)	530.390	363.905	6.239
Collections (-)	49.880	36.048	84.710
Write-offs (-)	--	--	13.022
Sold (-) (*)	48.436	85.914	101.842
Corporate and Commercial Loans	48.217	84.619	83.786
Retail Loans	41	322	9.030
Credit Cards	178	973	9.026
Other	--	--	--
<b>Balances at End of the Period</b>	<b>268.082</b>	<b>216.051</b>	<b>436.205</b>
<b>Provisions (-) (*)</b>	<b>165.920</b>	<b>133.848</b>	<b>215.350</b>
<b>Net Balance on Balance Sheet</b>	<b>102.162</b>	<b>82.203</b>	<b>220.855</b>

(\*) The loan amounting to TL 236.192 in 2019 has been written off from assets by transferring to asset management company.

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**5.9.3 Information on expected credit losses**

	Stage 1	Stage 2	Stage 3
Beginning of period (1 January 2019)	104.447	169.498	295.835
Loans and movements added during the period	39.809	2.886	11.693
Loans and movements moved out during the period	(16.360)	(21.297)	(66.163)
<b>Movements of Stage 1 and Stage 2</b>			
Stage 1 Loans in two periods	12.870	--	--
Transfers from Stage 1 to Stage 2	(21.192)	66.417	--
Stage 2 Loans in two periods	--	11.638	--
Transfers from Stage 2 to Stage 1	1.064	(9.712)	--
<b>Movements of Stage 3</b>			
Transfers from Stage 1 to Stage 3 (*)	(3.265)	--	93.043
Transfers from Stage 2 to Stage 3	--	(47.812)	233.201
Stage 3 Loans in two periods (amount and parameter change)	--	--	42.698
Write-offs	--	--	--
Sold	--	--	(95.188)
<b>Period end (31 December 2019)</b>	<b>117.374</b>	<b>171.618</b>	<b>515.118</b>

(\*)The mentioned customers are in Stage 1 at the end of 2018 and they have passed to Stage 3 during the year.

**5.9.4 Information on non-performing loans and other receivables in foreign currencies**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Current Period</b>			
Balance as of Period End	15.936	33.897	85.845
Provisions (-)	9.818	17.768	31.520
<b>Net Balance on Balance Sheet</b>	<b>6.118</b>	<b>16.129</b>	<b>54.325</b>
<b>Prior Period</b>			
Balance as of Period End	50.101	46.335	40.260
Provisions (-)	12.756	5.526	9.989
<b>Net Balance on Balance Sheet</b>	<b>37.345</b>	<b>40.809</b>	<b>30.271</b>

**5.9.5 Information regarding gross and net amounts of non-performing loans with respect to debtor groups**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Current Period (Net)</b>	<b>102.162</b>	<b>82.203</b>	<b>220.855</b>
Loans Granted to Real Persons and Legal Entities (Gross)	268.082	216.051	436.205
Provisions (-)	165.920	133.848	215.350
Loans Granted to Real Persons and Legal Entities (Net)	102.162	82.203	220.855
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
<b>Prior Period (Net)</b>	<b>95.845</b>	<b>101.420</b>	<b>128.763</b>
Loans Granted to Real Persons and Legal Entities (Gross)	203.821	167.547	250.495
Provisions (-)	107.976	66.127	121.732
Loans Granted to Real Persons and Legal Entities (Net)	95.845	101.420	128.763
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

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**5.10 Information on interest accruals, valuation differences and related provisions calculated for non-performing loans by the banks which reserves provision according to TFRS 9**

The Bank does not calculate interest accruals for non-performing loans.

**5.11 Explanations about policy of cancelling from Credit**

In the event that the conditions stated in the law related to the unworthiness of the receivable arise, whole provisions are set aside for all of these loans and the loans are written off from the assets by the board decision.

**6. Information on financial assets measured at amortized cost**

**6.1 Information on securities subject to repurchase agreement and given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	188.506	386.592	188.864	90.518
Other	--	--	--	--
<b>Total</b>	<b>188.506</b>	<b>386.592</b>	<b>188.864</b>	<b>90.518</b>

**6.2 Information on government securities in financial assets measured at amortized cost**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	188.506	386.592	188.864	174.168
Treasury Bill	--	--	--	--
Other Debt Securities	--	--	--	--
<b>Total</b>	<b>188.506</b>	<b>386.592</b>	<b>188.864</b>	<b>174.168</b>

**6.3 Information on financial assets measured at amortized cost**

	Current Period	Prior Period
Debt instruments	575.098	363.032
Quoted on Stock Exchange	575.098	363.032
Unquoted on Stock Exchange	--	--
Share certificates	--	--
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange	--	--
Impairment provision (-)	--	--
<b>Total</b>	<b>575.098</b>	<b>363.032</b>

**6.4 Information on the movement of financial assets measured at amortized cost during the period**

	Current Period	Prior Period
Balance at the beginning of period	363.032	--
Foreign Exchange Difference in Monetary Assets	--	--
Purchases during the year (*)	212.066	363.032
Disposals through Sales and Redemptions	--	--
Impairment provision (-)	--	--
<b>Total</b>	<b>575.098</b>	<b>363.032</b>

(\*) According to TFRS 9 transaction, the related amount classified as "Financial Assets at Fair Value Through Other Comprehensive Income" to "Financial Assets Measured at Amortized Cost".

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## **7. Information on associates**

The Group has an investment amounting to TL 4.897 as of 31 December 2019 (31 December 2018: TL 4.897).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)
Kredi Garanti Fonu A.Ş.	Ankara	1,54%	1,54%

## **8. Information on consolidated subsidiaries**

The Group has TL 36.945 investment in subsidiaries as of 31 December 2019 (31 December 2018: TL 26.945).

### **Non-financial subsidiaries**

The Bank has TL 31.500 investment in a non-financial subsidiary as of 31 December 2019 (31 December 2018: TL 21.500).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)
Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş.	İstanbul	100,00%	100,00%

Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş., was established with the purpose of providing entrepreneurship, creation of new business fields and technologies, investment in financial technology companies, mobile payment, income expenditure follow-up and money transfer consultancy services.

### **Financial subsidiaries**

The Bank has TL 5.445 investment in a financial subsidiary as of 31 December 2019 (31 December 2018: TL 5.445).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)	Consolidation Type
Fiba Portföy Yönetimi A.Ş.	İstanbul	99,00%	99,00%	Full Consolidation

Fiba Portföy Yönetimi A.Ş. has been established as of 26 September 2013 with 99% share of Fibabanka A.Ş.

The financial information about Fiba Portföy Yönetimi A.Ş.as of 31 December 2019 is given below:

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
9.902	8.734	458	61	--	2.912	355	--

(\*) Total fixed assets consist tangible and intangible assets.

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**8. Information on subsidiaries (continued)**

**Information on capital adequacy of major subsidiary**

Current Period	Fiba Portföy Yönetimi A.Ş.
Core Capital	8.742
Paid-in Capital	5.500
Inflation Adjustments to Paid-in Capital	--
Share Premium	--
Reserves	--
Current Period's Profit and Prior Periods' Profit	3.242
Current Period's Losses and Prior Periods' Losses	--
Leasehold Improvements on Operational Leases (-)	--
Intangible Assets (-)	--
Goodwill (Net) (-)	--
Supplementary Capital	--
Capital	8.742
Deductions From Capital	--
Net Available Equity	8.742

The Parent Bank does not have any needs for its subsidiary included in the calculation of its consolidated capital adequacy standard ratio.

**Movement of consolidated investment in subsidiaries**

	Current Period	Prior Period
Balance at Beginning of Period	5.445	5.445
Movements during the Period	--	--
Additions and Capital Increases	--	--
Bonus Shares Received	--	--
Dividends from the Current Year Profit	--	--
Sales/Liquidations	--	--
Reclassification of shares	--	--
Increase / (Decrease) in Market Values	--	--
Currency Differences on Foreign	--	--
Reversal of Impairment Losses/	--	--
Impairment Losses (-)	--	--
Balance at the End of Period	5.445	5.445
Capital Commitments	5.445	5.445
Share of Percentage at the end of Period (%)	99	99

Fiba Portföy Yönetimi A.Ş. was established on 26 September 2013 with %99 participation of Fibabanka A.Ş.

	Current Period	Prior Period
Banks	--	--
Insurance Companies	--	--
Factoring Companies	--	--
Leasing Companies	--	--
Finance Companies	--	--
Other Subsidiaries	5.445	5.445

**Quoted consolidated investments in subsidiaries**

None.

**9. Information on entities under common control**

The Group does not have investments in entities under common control as of 31 December 2019.

**10. Information on lease receivables**

The Group does not have lease receivables as of 31 December 2019.

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**11. Information on derivative financial assets held for hedging purposes**

As of 31 December 2019, derivative financial assets held for hedging purposes amounting to TL 87.539 (31 December 2018: TL 201.839 financial liabilities).

The Bank's Asset Liability Committee aims to hedge the interest risk through hedging its TL denominated fixed rate credit portfolio with cross currency swaps by linking the high correlated part of the fair value changes of hedging instruments after prospective tests.

**12. Information on tangible assets**

Current Period	Real Estate	Cars	Other Tangible Assets*	Total
<b>Cost</b>				
Beginning Balance, 1 January 2019	223.097	79	88.598	311.774
Additions	72.279	12.721	24.280	109.280
Disposals	--	--	6.101	6.101
<b>Ending Balance, 31 December 2019</b>	<b>295.376</b>	<b>12.800</b>	<b>106.776</b>	<b>414.952</b>
<b>Accumulated Depreciation</b>				
Beginning Balance, 1 January 2019	(6.541)	(99)	(48.065)	(54.705)
Depreciation	(22.404)	(798)	(18.972)	(42.174)
Disposals	(111)	--	6.146	6.036
<b>Ending Balance, 31 December 2019</b>	<b>(29.056)</b>	<b>(897)</b>	<b>(60.890)</b>	<b>(90.843)</b>
<b>Net Book Value, 31 December 2019</b>	<b>266.320</b>	<b>11.903</b>	<b>45.886</b>	<b>324.109</b>

\* Other tangible fixed assets consist of leasehold improvements, safe boxes, office machinery, furniture and other movables.

Prior Period	Gayrimenkul	Araçlar	Diğer MDV*	Toplam
<b>Cost</b>				
Beginning Balance, 1 January 2018	171.563	79	75.758	247.400
Additions	51.534	--	26.567	78.101
Disposals	--	--	13.728	13.728
<b>Ending Balance, 31 December 2018</b>	<b>223.097</b>	<b>79</b>	<b>88.598</b>	<b>311.774</b>
<b>Accumulated Depreciation</b>				
Beginning Balance, 1 January 2018	(4.683)	(38)	(50.718)	(55.439)
Depreciation	(1.813)	(61)	(10.895)	(12.769)
Disposals	(45)	--	13.548	13.503
<b>Ending Balance, 31 December 2018</b>	<b>(6.541)</b>	<b>(99)</b>	<b>(48.065)</b>	<b>(54.705)</b>
<b>Net Book Value, 31 December 2018</b>	<b>216.556</b>	<b>(20)</b>	<b>40.533</b>	<b>257.069</b>

\* Other tangible fixed assets consist of leasehold improvements, safe boxes, office machinery, furniture and other movables.

**12.1 Disclosure for impairment losses or releases individually material for financial statement**

**12.1.1 Conditions for allocating/releasing any impairment**

None.

**12.1.2 Amount of impairment losses provided or released in financial statements during current period**

None.

**12.2 Other impairment losses provided or released in current period that are immaterial for the financial statement individually**

None.



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**13. Information on intangible assets**

**13.1 Useful lives and depreciation rates**

The useful life of an asset is determined by taking the asset's expected economic life, technical, technological or other kinds of obsolescence, and maintenance costs into account. The amortization rates used are in accordance with the useful lives of the underlying assets. The useful lives are determined as defined by TAS 38 "Intangible Assets".

The Group's intangible assets consist of software programs and rights, and their useful lives range between 3 to 10 years

**13.2 Depreciation methods**

Depreciation for assets which are in balance sheet for less than one year is calculated by the straight line method by proportioning the duration of asset in the balance sheet to the predicted yearly depreciation amount.

**13.4 Movements of intangible assets for the current period**

	Current Period	Prior Period
Cost		
Beginning Balance, 1 January	90.570	55.343
Additions	50.298	35.334
Disposal	2.616	107
Ending Balance, 31 December	138.252	90.570
Accumulated Depreciation		
Beginning Balance, 1 January	(55.569)	(49.395)
Amortisation Expense for Current Period (-)	(24)	(107)
Disposal	(12.812)	(6.281)
Ending Balance, 31 December	(68.358)	(55.569)
Net Book Value, 31 December	69.894	35.001

**13.5 Details for any individually material intangible assets**

None

**13.6 Intangible assets capitalised under government incentives at fair values**

None.

**13.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates**

None

**13.8 Net book value of intangible asset that are restricted in usage or pledged**

None

**13.9 Commitments to acquire intangible assets**

None.

**13.10 Disclosure on revalued intangible assets**

None.

**13.11 Research and development costs expensed during current period**

None.

**13.12 Goodwill**

None.

**14. Information on investment properties**

None.

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**15. Information on deferred tax asset**

**15.1 Amount of deferred tax asset recognized in the balance sheet in respect of deductible temporary differences, unused tax losses and unused tax credits**

As of 31 December 2019, the deferred tax assets amounting to TL 54.503 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2018: TL 79.351 deferred tax asset).

Deferred tax asset consists of deferred tax asset and liability items recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. The deferred tax assets and liabilities are presented as net in the accompanying financial statements.

Current Period		
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Assets Valuation	(124.029)	(24.671)
Unearned Commission Income/Prepaid Commission	13.823	3.041
Retirement Pay and Unused Vacation Provision	29.953	6.287
Tangible Assets Base Differences	(29.545)	(5.909)
Provisions	345.129	73.408
Other	10.852	2.347
<b>Deferred Tax Asset/(Liability)</b>	<b>246.183</b>	<b>54.503</b>
Prior Period		
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Loss	105.405	23.190
Financial Assets Valuation	(108.312)	(26.047)
Unearned Commission Income/Prepaid Commission	20.772	4.570
Retirement Pay and Unused Vacation Provision	23.498	4.944
Tangible Assets Base Differences	(17.859)	(3.572)
Provisions	353.131	75.366
Other	4.182	900
<b>Deferred Tax Asset/(Liability)</b>	<b>380.817</b>	<b>79.351</b>

The movement of the current year and prior year deferred tax assets is shown below:

	1 January - 31 December 2019	1 January - 31 December 2018
Deferred Tax Asset, 1 January	79.351	9.504
Deferred Tax Income / (Expense)	(15.309)	(41.147)
Deferred Tax Recognized Directly Under Equity	(9.539)	110.994
<b>Deferred Tax Asset/(Liability) , Period End Balance</b>	<b>54.503</b>	<b>79.351</b>

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- 15.2** *Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in prior periods in the balance sheet*
- None. (31 December 2018: None)
- 15.3** *Deferred tax asset resulting from the cancellation of the provision for impairment losses related to the deferred taxes*
- None.
- 16.** **Information on assets held for sale and non-current assets related to discontinued operations**
- As of 31 December 2019, the Group has TL 63.247 assets held for sale (31 December 2018: TL 215.235).
- 17.** **Information on other assets**
- Other assets do not exceed 10% of total assets excluding the off-balance sheet items.
- 17.1** *Information on prepaid expenses, tax and similar items*
- As of 31 December 2019, total prepaid expenses are TL 42.018 (31 December 2018: TL 30.557).

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**II. Explanations and disclosures related to consolidated liabilities**

**1. Information on deposits**

**1.1 Information on maturity structure of deposits**

**Current Period**

	Demand	7 Days Notice	Up to 1 Month	Up to 3 Months	3-6 Months	6 Months -		Cumulative	Total
						1 Year	1 Year and Over	Deposit	
Saving Deposits	217.255	--	3.423.787	1.503.762	55.737	181.346	110.105	--	5.491.992
Foreign Currency Deposits	624.521	--	2.338.733	2.869.532	539.707	446.008	28.506	--	6.847.007
Residents in Turkey	569.703	--	2.326.177	2.862.047	539.338	445.553	28.419	--	6.771.237
Residents Abroad	54.818	--	12.556	7.485	369	455	87	--	75.770
Public Sector Deposits	59.892	--	--	--	--	--	--	--	59.892
Commercial Deposits	329.418	--	169.359	558.319	4.516	964	1.664	--	1.064.240
Other Ins. Deposits	2.348	--	3.959	21.696	--	40	242	--	28.285
Precious Metal Deposits	25.146	--	--	--	--	--	--	--	25.146
Interbank Deposits	22.159	--	12.262	14.705	--	--	--	--	49.126
Central Bank of Turkey	--	--	--	--	--	--	--	--	--
Domestic Banks	68	--	--	6.916	--	--	--	--	6.984
Foreign Banks	11.605	--	12.262	7.789	--	--	--	--	31.656
Special Finan.Inst.	10.486	--	--	--	--	--	--	--	10.486
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>1.280.739</b>	<b>--</b>	<b>5.948.100</b>	<b>4.968.014</b>	<b>599.960</b>	<b>628.358</b>	<b>140.517</b>	<b>--</b>	<b>13.565.688</b>

**Prior Period**

	Demand	7 Days Notice	Up to 1 Month	Up to 3 Months	3-6 Months	6 Months -		Cumulative	Total
						1 Year	1 Year and Over	Deposit	
Saving Deposits	96.239	--	738.810	1.592.139	1.257.139	478.607	321.611	--	4.484.545
Foreign Currency Deposits	395.655	--	883.617	2.656.753	216.034	123.331	197.448	--	4.472.838
Residents in Turkey	370.154	--	875.647	2.648.053	215.735	122.674	73.312	--	4.305.575
Residents Abroad	25.501	--	7.970	8.700	299	657	124.136	--	167.263
Public Sector Deposits	459	--	--	293	--	--	--	--	752
Commercial Deposits	197.420	--	341.316	690.084	169.870	90.089	124.025	--	1.612.804
Other Ins. Deposits	2.057	--	4.354	29.074	16.278	95	38.221	--	90.079
Precious Metal Deposits	12.368	--	--	--	--	--	--	--	12.368
Interbank Deposits	88.410	--	465.589	82.830	2.926	--	--	--	639.755
Central Bank of Turkey	--	--	273.793	--	--	--	--	--	273.793
Domestic Banks	14.938	--	157.837	--	2.926	--	--	--	175.701
Foreign Banks	37.903	--	33.959	82.830	--	--	--	--	154.692
Special Finan.Inst.	35.569	--	--	--	--	--	--	--	35.569
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>792.608</b>	<b>--</b>	<b>2.433.686</b>	<b>5.051.173</b>	<b>1.662.247</b>	<b>692.122</b>	<b>681.305</b>	<b>--</b>	<b>11.313.141</b>

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**1.2 Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance**

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	2.739.691	1.208.164	2.736.619	3.253.366
Foreign Currency Saving Deposits	1.025.106	391.384	4.415.973	2.840.835
Other Deposits in the Form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--	--	--
<b>Total</b>	<b>3.764.797</b>	<b>1.599.548</b>	<b>7.152.592</b>	<b>6.094.201</b>

**1.3 Saving deposits in Turkey are not covered by any insurance in any other countries since the Bank's headquarter is not located abroad**

**1.4 Saving deposits that are not under the guarantee of deposit insurance fund**

	Current Period	Prior Period
- Deposits and Accounts in Branches Abroad	--	--
- Deposits of Ultimate Shareholders and Their Close Families	23.907	37.448
- Deposits of Chairman and Members of the Board of Directors and their Close Families	21.646	21.379
- Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004.	--	--
- Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	--	--

**2. Information on derivative financial liabilities held for trading**

**2.1 Information on negative differences relating to derivative financial liabilities held for trading**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	65.341	--	101.503	--
Swap Transactions	386.379	--	846.126	--
Futures Transactions	--	--	--	--
Options	195.948	27.093	340.718	26.067
Other	--	--	--	--
<b>Total</b>	<b>647.668</b>	<b>27.093</b>	<b>1.288.347</b>	<b>26.067</b>

(\*) Derivatives for hedging purpose are excluded.

**3. Information on banks and other financial institutions**

**3.1 Information on banks and other financial institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	--	--	--	--
From Domestic Banks and Institutions	16.773	391.415	10.298	255.075
From Foreign Banks, Institutions and Funds	--	451.193	--	1.073.839
<b>Total</b>	<b>16.773</b>	<b>842.608</b>	<b>10.298</b>	<b>1.328.914</b>

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**3.2 Maturity analysis of borrowing**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	16.773	112.037	10.298	66.671
Medium and Long Term	--	730.571	--	1.262.243
<b>Total</b>	<b>16.773</b>	<b>842.608</b>	<b>10.298</b>	<b>1.328.914</b>

**3.3 Additional explanation related to the concentrations of the Group's major liabilities**

In the scope of normal banking operations, the Group funds itself through the funds provided in the form of deposits, bank borrowings and bond issuance.

**4. Information related with issued instruments**

	Current Period		Prior period	
	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	383.867	--	--	1.300.613
Book Value	383.937	--	--	1.334.395

	Current Period		Prior period	
	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	519.481	--	--	1.304.630
Book Value	503.729	--	--	1.338.856

**5. Other Liabilities**

Other liabilities of balance sheet do not exceed 10% of the balance sheet total.

**6. Obligations under financial lease**

With the "TFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by leases. Implementation and impacts on transition of TFRS 16 are presented in Note XXVII of Section Three.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	31.985	37.899	194	171
Between 1-4 Years	54.263	29.917	313	292
More than 4 Years	3.429	820	--	--
<b>Total</b>	<b>89.677</b>	<b>68.636</b>	<b>507</b>	<b>463</b>

**6.1 Additional explanations related to the changes in agreements and the additional liabilities brought by these changes**

None

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**II. Explanations and disclosures related to liabilities (continued)**

**7. Information on derivative financial liabilities for hedging purposes**

As of 31 December 2019, derivative financial liabilities for hedging purposes is TL 113.444 (31 December 2018: TL 201.839).

**8. Information on provisions**

**8.1 Foreign exchange losses on the foreign currency indexed loans**

The foreign exchange losses on foreign currency indexed loans are netted off from the loans on the balance sheet. As of 31 December 2019, there is no provision of foreign exchange loss on the foreign currency indexed loans. (31 December 2018: None).

**8.2 The specific provisions provided for unindemnified non cash loans**

As of 31 December 2019, the specific provision provided for unindemnified non cash loans is TL 11.449 (31 December 2018: TL 5.215).

**8.3 Explanation on other provisions**

**8.3.1 Provisions for possible losses**

	Current Period	Prior Period
Provisions for Possible Losses	44.500	65.000

**8.3.2 The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total provisions**

None.

**8.3.3 Explanations on reserves for employee benefits**

As of 31 December 2019, reserves for employee benefits amounting to TL 29.953 (31 December 2018: TL 23.499) comprise of TL 15.083 reserve for employee termination benefits (31 December 2018: TL 11.187), TL 4.965 unused vacation pay liability (31 December 2018: TL 3.407) and TL 9.905 personnel premium accrual (31 December 2018: TL 8.904).

The table below shows the predicted total net cost from employee termination benefits.

	Current Period	Prior Period
Balance at the Beginning	11.187	11.497
Change in the period	6.338	3.578
Aktuerial Loss/Profit Transferred to Equity	2.542	1.384
Paid in the Period	(4.984)	(5.272)
Balance at the End	15.083	11.187

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**9. Explanations on Tax Liability**

**9.1 Explanations on current tax liability**

**9.1.1 Explanations on tax provision**

As of 31 December 2019, the Group's current tax liability is TL 41.045 (31 December 2018: TL 39.477)

**9.1.2 Information on taxes payable**

	Current Period	Prior Period
Corporate taxes payable	--	--
Taxation on securities	17.703	14.434
Property tax	357	366
Banking and Insurance Transaction Tax (BITT)	10.555	15.284
Taxes on foreign exchange transactions	584	--
Value added taxes payable	1.364	815
Income tax ceased from wages	4.755	3.800
Other	787	660
<b>Total</b>	<b>36.105</b>	<b>35.359</b>

**9.1.3 Information on premium**

	Current Period	Prior Period
Social Security Premiums- Employee	2.089	1.741
Social Security Premiums- Employer	2.415	2.010
Bank Social Aid Pension Fund Premium- Employee	--	--
Bank Social Aid Pension Fund Premium- Employer	--	--
Pension Fund Membership Fees and Provisions- Employee	--	--
Pension Fund Membership Fees and Provisions- Employer	--	--
Unemployment Insurance- Employee	146	121
Unemployment Insurance- Employer	290	246
Other	--	--
<b>Total</b>	<b>4.940</b>	<b>4.118</b>

**9.2 Explanations on deferred tax liabilities**

None (31 December 2018: None).

**10. Information on liabilities regarding assets held for sale and discounted operations**

None (31 December 2018: None).

**11. Explanations on subordinated loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments subject to common equity	100.000	178.263	--	--
Subordinated loans	--	--	--	--
Subordinated debt instruments* (*)	100.000	178.263	--	--
Debt instruments subject to Tier 2 equity	--	1.610.755	--	1.596.143
Subordinated loans	--	--	--	--
Subordinated debt instruments	--	1.610.755	--	1.596.143
<b>Total</b>	<b>100.000</b>	<b>1.789.018</b>	<b>--</b>	<b>1.596.143</b>

(\*) Related debt instrument is shown in "Other Capital Reserves" account.



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**12. Information on shareholders' equity**

**12.1 Paid-in capital**

	Current Period	Prior Period
Common Stock	941.161	941.161
Preferred Stock	--	--

**12.2 Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital ceiling:**

Registered share capital system is not applied.

**12.3 Information on share capital increases and their sources; other information on increased capital shares in current period**

None.

**12.4 Information on share capital increases from revaluation funds:**

None.

**12.5 Information on capital commitments the purpose and the sources until the end of the fiscal year and the subsequent interim period:**

The capital is totally paid in and there are no capital commitments.

**12.6 Indicators of the Group's income, profitability and liquidity for the prior periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Group's equity:**

None.

**12.7 Information on privileges given to stocks representing the capital**

The Group does not have any preferred shares.

**12.8 Common stock issue premiums, shares and equity instruments**

Number of shares issued with premiums and the related share premiums are presented below:

	Current Period	Prior Period
Number of Shares (Thousand)	26.230.098	26.230.098
Number of Privileged Shares	--	--
Share Premium	128.678	128.678
Share Cancellation Profits	--	--
Other Equity Instruments	--	--

**12.9 Information on marketable securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates, and Entities Under Common Control (Joint Ventures)	--	--	--	--
Security Valuation Difference	3.033	12.741	(363)	(26.209)
Exchange Difference	--	--	--	--
<b>Total</b>	<b>3.033</b>	<b>12.741</b>	<b>(363)</b>	<b>(26.209)</b>

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**12. Information on shareholders' equity (continued)**

**12.10 Information on other capital reserves**

The Parent Bank has issued a TL-denominated debt instrument on 20 March 2019 with nominal amount of TL 100.000 with a floating interest rate, which fulfills the conditions of 7th section-2nd paragraph of BRSA's "Regulation on Equities of Banks", has equity characteristics and will be added to Tier I capital calculations. It is recognised under "Other Capital Reserves" account.

**12.11 Information on revaluation reserve**

None.

**12.12 Bonus shares of subsidiaries, associates and joint ventures**

None.

**12.13 Information on legal reserves**

	Current Period	Prior Period
Legal Reserves	31.719	21.886
Special Reserves	--	--

**12.14 Information on extraordinary reserves**

	Current Period	Prior Period
Reserves allocated by the General Assembly	252.630	388.400
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Capital Exchange Differences	--	--

In the Ordinary General Assembly Meeting of the Bank, which was held on 27 March 2019, it was decided to set off the accumulated loss to extraordinary legal reserve.

**13. Information on minority shares:**

	Current Period	Prior Period
Opening Balance	58	54
Minority Shares in Net Profit of Subsidiaries	29	4
Dividend Payment in Prior Period	--	--
Increase / (Decrease) in Minority Shares due to Sale	--	--
Others	--	--
<b>Period-end Balance</b>	<b>87</b>	<b>58</b>

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**III. Explanations and disclosures related to consolidated off-balance sheet contingencies and commitments**

**1. Information on consolidated off-balance sheet commitments**

**1.1 Nature and amount of irrevocable loan commitments**

	Current Period	Prior Period
Asset Sale and Purchase Commitments	4.527.252	3.077.634
Credit Card Limit Commitments	32.901	85.881
Credit Card and Bank Trans. Promo. Guarantee	1	1
Commitments for Credit Allocation with the Guarantee of Usage	876.316	615.901
Export Commitments	5.940	6.502
Commitment for Cheques	187.578	199.635
Other Irrevocable Commitments	15.152	13.659
<b>Total</b>	<b>5.645.140</b>	<b>3.999.213</b>

**1.2 Possible losses and commitments related to off-balance sheet items, including the ones listed below**

**1.2.1 Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits**

	Current Period	Prior Period
Letters of Guarantee TL	432.859	419.207
Letters of Guarantee FC	317.754	266.723
Letters of Credit	168.208	56.195
Bills of Exchange and Acceptances	105.847	129.425
<b>Total</b>	<b>1.024.668</b>	<b>871.550</b>

The Bank has set aside TL 13.331 of expected credit loss allowance for non-cash loans (December 2018 TL 13.161).

**1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies**

	Current Period	Prior Period
Revocable Letters of Guarantee	37.188	1.811
Irrevocable Letters of Guarantee	659.784	623.944
Letters of Guarantee Given in Advance	28.699	36.898
Letters of Guarantee Given to Customs	5.423	2.209
Other Letters of Guarantee	19.519	21.068
<b>Total</b>	<b>750.613</b>	<b>685.930</b>

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

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	7.898	14.403
With Original Maturity of 1 Year or Less Than 1 Year	--	--
With Original Maturity of More Than 1 Year	7.898	14.403
Other Non-Cash Loans	1.016.770	857.147
<b>Total</b>	<b>1.024.668</b>	<b>871.550</b>

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**3. Information on sectorial risk concentrations of non-cash loans**

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	2.050	0,5%	27.275	4,6%	5.776	1,4%	5.960	1,3%
Farming and raising livestock	--	0,0%	--	0,0%	487	0,1%	--	0,0%
Forestry	2.050	0,5%	27.275	4,6%	5.289	1,3%	5.960	1,3%
Fishing	--	0,0%	--	0,0%	--	0,0%	--	0,0%
<b>Manufacturing</b>	28.713	6,6%	180.630	30,5%	47.787	11,4%	234.802	52,0%
Mining	2.406	0,6%	1.496	0,3%	4.758	1,1%	3.109	0,7%
Production	20.674	4,8%	179.134	30,3%	32.731	7,8%	231.693	51,3%
Electric, gas and water	5.633	1,3%	--	0,0%	10.298	2,5%	--	0,0%
<b>Construction</b>	86.747	20,0%	39.551	6,7%	112.749	26,9%	83.024	18,4%
<b>Services</b>	148.571	34,3%	186.821	31,6%	203.698	48,5%	121.142	26,8%
Wholesale and retail trade	57.757	13,3%	93.435	15,8%	47.848	11,4%	49.510	11,0%
Hotel, food and beverage services	4.312	1,0%	36.930	6,2%	15.210	3,6%	39.117	8,7%
Transportation and telecommunication	15.030	3,5%	9.014	1,5%	16.070	3,8%	6.916	1,5%
Financial Institutions	41.370	9,6%	37.608	6,4%	101.744	24,2%	19.230	4,3%
Real estate and renting services	14.626	3,4%	655	0,1%	1.043	0,2%	--	0,0%
Self-employment services	10.986	2,5%	7.482	1,3%	5.888	1,4%	69	0,0%
Education services	1.687	0,4%	--	0,0%	2.918	0,7%	341	0,1%
Health and social services	2.803	0,6%	1.697	0,3%	12.977	3,1%	5.959	1,3%
<b>Other</b>	166.778	38,5%	157.532	26,6%	49.626	11,8%	6.986	1,5%
<b>Total</b>	<b>432.859</b>	<b>100,0%</b>	<b>591.809</b>	<b>100,0%</b>	<b>419.636</b>	<b>100,0%</b>	<b>451.914</b>	<b>100,0%</b>

**4. Information on the first and second group of non-cash loans**

	Stage I		Stage II	
	TL	FC	TL	FC
<b>Current Period</b>				
Letters of Guarantee	406.915	312.347	25.944	5.407
Bills of Exchange and Bank Acceptances	--	105.847	--	--
Letters of Credit	--	168.208	--	--
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Related Guarantees	--	--	--	--
Other Guarantees and Sureties	--	--	--	--
<b>Non-Cash Loans</b>	<b>406.915</b>	<b>586.402</b>	<b>25.944</b>	<b>5.407</b>
	Stage I		Stage II	
	TL	FC	TL	FC
<b>Prior Period</b>				
Letters of Guarantee	401.958	255.449	17.249	11.274
Bills of Exchange and Bank Acceptances	429	128.996	--	--
Letters of Credit	--	56.195	--	--
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Related Guarantees	--	--	--	--
Other Guarantees and Sureties	--	--	--	--
<b>Non-Cash Loans</b>	<b>402.387</b>	<b>440.640</b>	<b>17.249</b>	<b>11.274</b>

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

	Current Period	Prior Period
<b>Types of trading transactions</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>28.917.977</b>	<b>35.863.444</b>
Forward Transactions	4.459.648	5.362.018
Swap Transactions	18.989.037	24.249.617
Futures Transactions	--	5.484
Option Transactions	5.469.292	6.246.325
<b>Interest Related Derivative Transactions (II)</b>	<b>644.020</b>	<b>576.090</b>
Forward Rate Transactions	--	--
Interest Rate Swap Transactions	644.020	576.090
Interest Option Transactions	--	--
Futures Interest Transactions	--	--
<b>Other Trading Derivative Transactions (III)</b>	<b>1.157.032</b>	<b>703.519</b>
<b>A. Total Derivative Transactions Held for Trading (I+II+III)</b>	<b>30.719.029</b>	<b>37.143.053</b>
<b>Types of hedging transactions</b>		
Fair Value Hedges	2.197.519	930.574
Cash Flow Hedges	--	--
Net Investment Hedges	--	--
<b>B. Total Derivative Transactions Held for Hedging Purposes</b>	<b>2.197.519</b>	<b>930.574</b>
<b>Total Derivative Transactions (A+B)</b>	<b>32.916.548</b>	<b>38.073.627</b>

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

None.

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

The Group provided provision of TL 2.107 for the legal cases pending against the Group where the cash out flows are probable (31 December 2018: TL 2.156).

**8. Custodian and intermediary services**

The Group provides trading and safe keeping services in the name and account of third parties. Such transactions are presented in off-balance statements.

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**IV. Explanations and disclosures related to the statement of profit or loss**

**1. Interest income**

**1.1 Information on interest on loans**

	Current Period		Prior Period	
	TP	YP	TP	YP
Interest on loans(*)	1.815.576	406.944	2.003.549	370.981
Short Term Loans	1.039.354	88.811	1.218.986	47.464
Medium and Long Term Loans	776.222	318.133	784.563	323.517
Interest on Non-Performing Loans	9.776	--	4.800	--
Premiums received from Resource Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>1.825.352</b>	<b>406.944</b>	<b>2.008.349</b>	<b>370.981</b>

(\*) Includes fees and commissions obtained from cash loans as well.

**1.2 Information on interest income received from banks**

	Current Period		Prior Period	
	TP	YP	TP	YP
The Central Bank of Turkey	5.831	--	62.012	--
Domestic Banks	109.615	375	81.220	854
Foreign Banks	--	1.414	--	765
Branches and Head Office Abroad	--	--	--	--
<b>Total</b>	<b>115.446</b>	<b>1.789</b>	<b>143.232</b>	<b>1.619</b>

**1.3 Interest received from marketable securities portfolio**

	Current Period		Prior Period	
	TP	YP	TP	YP
Financial Assets at Fair Value Through Profit or Loss	17.736	67	2.798	265
Financial Assets at Fair Value Through Other Comprehensive Income	903	41.926	2.027	37.392
Financial Assets Measured at Amortized Cost	10.220	18.376	15.618	903
<b>Total</b>	<b>28.859</b>	<b>60.369</b>	<b>20.443</b>	<b>38.560</b>

**1.4 Information on interest income received from associates and subsidiaries**

None (31 December 2018: None).

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**2. Interest expense**

**2.1 Information on interest on funds borrowed**

	Current Period		Prior Period	
	TP	YP	TP	YP
<b>Banks</b>	<b>1.548</b>	<b>35.922</b>	<b>1.281</b>	<b>63.407</b>
The Central Bank of Turkey	--	--	--	--
Domestic Banks	1.548	22.468	1.273	11.140
Foreign Banks	--	13.454	8	52.267
Branches and Head Office Abroad	--	--	--	--
<b>Other Institutions</b>	<b>--</b>	<b>146.966</b>	<b>--</b>	<b>153.000</b>
<b>Total</b>	<b>1.548</b>	<b>182.888</b>	<b>1.281</b>	<b>216.407</b>

(\*)Includes fees and commission expenses on borrowings, as well.

**2.2 Information on interest expenses to associates and subsidiaries**

Total interest expense given to subsidiaries is TL 408 (1 January - 31 December 2018: 492).

**2.3 Information on interest expenses to marketable securities**

	Current Period		Prior Period	
	TP	YP	TP	YP
Interest Paid to Marketable Securities	100.699	79.165	191.288	79.101

**2.4 Information maturity structure of deposits**

Account Description	Demand Deposits	Time Deposits					Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 6 Year	1 Year and Over		
<i>Turkish Lira</i>								
Bank Deposits	--	15.760	--	--	--	--	--	15.760
Saving Deposits	--	348.807	280.053	71.971	65.735	71.604	--	838.170
Public Sector Deposits	--	101	24	--	--	--	--	125
Commercial Deposits	--	36.178	161.878	13.033	9.401	15.810	--	236.300
Other	--	653	8.037	598	48	805	--	10.141
7 Days Notice	--	--	--	--	--	--	--	--
Total	--	401.499	449.992	85.602	75.184	88.219	--	1.100.496
<i>Foreign Currency</i>								
Foreign Currency Deposits	--	44.487	95.008	8.028	11.319	6.076	--	164.918
Bank Deposits	--	11.265	--	--	--	--	--	11.265
7 Days Notice	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	21	--	--	--	--	--	21
Total	--	55.773	95.008	8.028	11.319	6.076	--	176.204
Grand Total	--	457.272	545.000	93.630	86.503	94.295	--	1.276.700

**3. Information on dividend income**

None (31 December 2018: None).

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

	Current Period	Prior Period
<b>Income</b>	<b>1.803.527</b>	<b>3.803.792</b>
Gains on Capital Market Operations	66.313	67.448
Gains on Derivative Financial Instruments	807.204	2.021.638
Foreign Exchange Gains	930.010	1.714.706
<b>Loss (-)</b>	<b>1.730.412</b>	<b>3.796.361</b>
Losses on Capital Market Operations	3.973	2.862
Losses on Derivative Financial Instruments	807.645	2.151.993
Foreign Exchange Losses	918.794	1.641.506
<b>Net Trading Income / ( Loss )</b>	<b>73.115</b>	<b>7.431</b>

**5. Information on other operating income**

Other operating income mainly consists of provision reversals, profit from sale of assets, commissions on cheques and notes and costs recharged.

**6. Provisions for Expected Losses**

	Current Period	Prior Period
<b>Expected Credit Losses</b>	<b>489.872</b>	<b>470.830</b>
12 Month Expected Credit Losses (Stage 1)	16.442	11.960
Significant Increase In Credit Risk (Stage 2)	2.902	86.086
Impaired Credits (Stage 3)	470.528	372.784
<b>Impairment Losses on Marketable Securities</b>	<b>--</b>	<b>--</b>
Financial Assets Valued at Fair Value Through Profit or Loss	--	--
Financial Assets Valued at Fair Value Through Other Comprehensive Income	--	--
<b>Impairment Losses on Associates, Subsidiaries and Joint Ventures</b>	<b>--</b>	<b>--</b>
Associates	--	--
Subsidiaries	--	--
Joint-Ventures	--	--
<b>Other (*)</b>	<b>98</b>	<b>16.074</b>
<b>Total</b>	<b>489.970</b>	<b>486.904</b>

(\*) No provisions for possible losses in the current period. (31 December 2018: TL 9.500)

**7. Information related to other operational expenses**

	Current Period	Prior Period
Provision for Employee Termination Benefits	1.354	12
Provision for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	14.361	12.735
Impairment Losses on Intangible Assets	--	--
Depreciation Charges of Intangible Assets	12.886	6.315
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	--	201
Impairment of Assets Held for Sale	27.766	--
<b>Other Operating Expenses</b>	<b>120.856</b>	<b>131.686</b>
Operational leases expenses related with TFRS 16 exceptions(*)	1.073	39.841
Repair and Maintenance Expenses	3.520	3.091
Advertisement Expenses	13.392	15.000
Other Expenses	102.871	73.754
Losses on Sale of Assets	2.283	979
<b>Other</b>	<b>82.596</b>	<b>70.064</b>
<b>Total</b>	<b>262.102</b>	<b>221.992</b>

(\*) 31 December 2018 amounts include all operational leases expenses.



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

The Group's profit/loss before tax is from its continued operations. The Group has no discontinued operations.

	Current Period	Prior Period
Interest Income	2.496.641	2.620.901
Interest Expenses (-)	1.680.573	1.747.535
Net Fee and Commission income	206.746	81.247
Dividend income	--	--
Trading Profit/Loss (Net)	73.115	7.431
Other Operating Income(*)	171.485	217.783
Provision for Impairment in Loans and Other Receivables	489.872	470.830
Other Provision Expenses (-)	98	16.074
Personnel Expenses (-)	261.476	232.653
Other Operating Expenses (-)	262.102	221.992
<b>Profit/(loss) Before Tax</b>	<b>253.866</b>	<b>238.278</b>

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

**9.1 Current period taxation income or expense and deferred tax income or expense**

The current tax expense of the Group is TL 23.601 expense as of 31 December 2019 (1 January - 31 December 2018: TL 117 expense). The deferred tax expense of the Group is TL 15.309 (1 January - 31 December 2018: TL 41.147 deferred tax expense).

**10. Information on profit/loss from continued and discontinued operations**

	Current Period	Prior Period
Profit/(Loss) Before Tax from Continuing Operations	253.866	238.278
Tax Benefit/(Charge) on Continuing Operations	(38.910)	(41.264)
<b>Net Profit/(Loss) from Continuing Operations</b>	<b>214.956</b>	<b>197.014</b>

**11. Information on net profit/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 the complete understanding of the Group's performance for the period**

In the current and prior periods, the Group's income from ordinary banking transactions is interest income from loans and marketable securities and other banking service income. Main expenses are interest expense on deposits and similar debt items which are funding resources of loans and marketable securities.

**11.2 Changes in estimations made by the Group with respect to the financial statement items do not have a material effect on profit/loss**

**11.3 Consolidated profit in current period from minority shares**

Consolidated profit in current period from minority shares is TL 29 (2018: TL 4)

**12. If "other" lines of the statement of profit or loss exceeds 10% of the period profit/loss, information on components making up at least 20% of "other" items**

In the current period, "other" items recognised in "fees and commissions received" majorly comprised of commissions such as limit allocation and revision commissions, valuation commissions, insurance commissions, contracted merchant commissions, credit card commissions and account maintenance fees.

In the current period, "other" items recognised in "fees and commissions paid" majorly comprised of commissions to correspondent banks, credit card commissions and commissions on issuance of securities.

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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#### **V. Explanations and disclosures related to statements of changes in consolidated shareholders' equity**

##### **1. Information on inflation adjustment difference of shareholders' equity**

As per the circular issued by the BRSA on 28 April 2005 and the decision of BRSA No: 1623 on 21 April 2005, the inflation accounting applied in banking system has been decided to be ceased as at 1 January 2005.

In accordance with the circular, TL 17.416 inflation adjustments to paid-in-capital until 31 December 2005 have been transferred to "Other Capital Reserves" account which was formerly recognized in "Inflation Adjustment to Paid-in-Capital" account. Mentioned inflation adjustment was used in the capital increase from TL 426.650 to TL 550.000 together with TL 9.502 profit from the disposal of real estate and TL 96.432 cash contribution of Fiba Holding A.Ş. in accordance with the Board of Directors decision dated 25 February 2013. Legal procedures were completed on 29 May 2013 and capital increase was accounted for in the financial statements.

##### **2. Information on profit distribution**

The decision relating to distribution of 2019 profit will be made at the General Assembly.

At the General Assembly meeting held on 27 March 2019, 2018 profit of the Parent Bank was decided to be distributed as follows:

<b>Profit or Loss</b>	<b>196.659</b>
A- Legal Reserves	9.833
B- Extraordinary Reserves	186.826

##### **3. Information on foreign exchange difference**

None.

##### **4. Information on financial assets at fair value through other comprehensive income**

Mark to market gains and losses on financial assets at fair value through other comprehensive income securities are not reflected to profit and loss but recognized in equity under "Securities Valuation Reserve" account until such securities are sold, redeemed, disposed of or impaired; recognised as "Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss" under equity.

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**VI. Explanations and disclosures related to the consolidated statement of cash flows**

**1. Information on cash and cash equivalents**

Cash and cash equivalents components and accounting policies defining these components:

Cash, foreign currency, money in transfer, purchased bank cheques and deposits in all banks including Central Bank of Turkey are defined as "Cash", interbank money market placements with original maturity less than 3 months and investments on marketable securities are defined as "Cash equivalents".

**a. Cash and cash equivalents at the beginning of the period:**

	<b>1 January 2019</b>	<b>1 January 2018</b>
Cash	138.331	118.112
Banks and Other Financial Institutions	1.643.619	801.826
Money Market Placements	306.208	376.334
<b>Total Cash and Cash Equivalent Assets</b>	<b>2.088.158</b>	<b>1.296.272</b>

**b. Cash and cash equivalents at the end of the period:**

	<b>31 December 2019</b>	<b>31 December 2018</b>
Cash	259.794	138.331
Banks and Other Financial Institutions	1.833.199	1,643.619
Money Market Placements	30.010	306.208
<b>Total Cash and Cash Equivalent Assets</b>	<b>2.123.003</b>	<b>2.088.158</b>

**2. Information on cash and cash equivalent assets of the Bank that is not available for free use due to legal restrictions or other reasons**

In the current period, demand deposits of TL 31.976 which is blocked at foreign banks as the guarantee of derivative transactions and required reserves at the Central Bank of Turkish Republic are not included in cash and cash equivalents (31 December 2018: TL 199.562).

**3. Information on other item in cash flow statement and the effect of the exchange rate change on cash and cash equivalents**

"Other items" amounting to TL (256.217) in "operating profit before changes in operating assets and liabilities" consists of other operating expenses and realized derivative losses (31 December 2018: TL (574.205)).

"Net increase/decrease in other liabilities" amounting to TL (26.753) in "Changes in operating assets and liabilities" consists of changes in sundry creditors, taxes and due payables, other liabilities (31 December 2018: TL 570.938).

"Net increase/decrease in other assets" amounting to TL (101.962) in "Changes in operating assets and liabilities" consists of changes in sundry receivables, other receivables (31 December 2018: TL (154.303)).

"Other" amounting to TL (47.682) in "Net cash flows from investment activities" consists of purchases of intangible asset (31 December 2018: TL (35.333)).

"The effect of exchange rate changes on cash and cash equivalents" is the amount arising from conversion of the cash and cash equivalents denominated in foreign currencies with the average of the exchange rates effective at the beginning and at the end of the related periods and is TL (75.065) the current period (1 January- 31 December 2018: TL 233.413).

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**VII. Explanations and disclosures on the risk group of the Parent Bank**

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

**1.1 Current period**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	20	402.272	55.468
Balance at the End of the Period	--	--	--	20	331.014	61.073
Interest and Commission Income Received	--	--	--	--	39.078	105

(\*) Described in article 49 of the Banking Act No: 5411.

(\*\*) Includes all transactions described as loans in article 48 of the Banking Act No: 5411.

**Prior period**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	22	11.556	48.284
Balance at the End of the Period	--	--	--	20	402.272	55.468
Interest and Commission Income Received	--	--	--	--	51.949	171

(\*) Described in article 49 of the Banking Act No: 5411.

(\*\*) Includes all transactions described as loans in article 48 of the Banking Act No: 5411.

**1.2 Information on deposits of the Bank's risk group**

Bankanın Dahil Olduğu Risk Grubu*	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	1.774	--	80.750	300.055	460.871	409.339
Balance at the End of the Period	7.685	1.774	57.840	80.750	231.137	460.871
Deposit Interest Expense	408	492	20.577	7.427	49.554	53.501

(\*) Described in article 49 of the Banking Act No: 5411.

**1.3 Information on funds obtained from the Bank's risk group**

As of 31 December 2019, there are no funds other than deposit obtained from Bank's risk group (31 December 2018: TL 210.925; that fund amount other than deposit has obtained from IFC and EBRD in the form of borrowings).

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**1.4 Information on forward and option agreements and similar agreements made with Bank's risk group**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss:	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	--	780.609	899.553
Balance at the End of the Period	--	--	--	--	741.741	780.609
Total Income/Loss	--	--	--	--	(37.471)	(45.510)
Transactions for Hedging Purposes:	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/Loss	--	--	--	--	--	--

(\*) As described in the Article 49 of Banking Act no.5411.

**2. Information on transactions with the Bank's risk group**

**2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties**

The terms of related party transactions are equivalent to those that prevail in arm's length transactions only if such terms can be substantiated regarding the limits exposed by the Banking Act. Adopted Bank policy is that assets and liabilities will not be dominated by the risk group and the balances with the risk group will have a reasonable share in the total balance sheet.

**2.2 In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other**

As of 31 December 2019, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 2,12% (31 December 2018: 2,68%) and the ratio of the deposits of entities of risk group to total deposits is 2,19% ( 31 December 2018: 4,80%). There are no funds obtained from entities of risk group (31 December 2018:7,4%).

In current period benefits; such as salaries and bonuses; provided to the key management is TL 15.964 (1 January - 31 December 2018: TL 12.693).

**2.3 Total of similar type of transactions together, unless a separate disclosure is required to present the effect of the transactions on financial statements**

None.

**2.4 Transactions accounted for under equity method**

None.

**2.5 Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agency contracts, finance 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**

None.

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**VIII. Explanations on the Parent Bank's domestic, foreign, off-shore branches or investments in associates and foreign representative offices**

**1. Information related to the Parent Bank's domestic and foreign branch and representatives**

	Number	Number of Employees			
Domestic Branch	63	1.541			
			Country of Incorporations		
Foreign Reprasantation Office			1-		
			2-		
			3-		
				Total Assets	Statutory Share Capital
Foreign Branch			1-		
			2-		
			3-		
Off-shore Banking Region Branches			1-		
			2-		
			3-		

**Domestic Consolidated Subsidiaries**

	Number of Employees	Assets	Legal Capital
Fiba Portföy Yönetimi A.Ş.	13	9.854	5.500

**IX. Events after balance sheet date**

None.

**SECTION SIX**

**1. Other disclosures on activities of the Parent Bank**

**Summary information of Parent Bank's risk ratings by international rating agencies**

**Fitch Ratings**

Long term FC and TL Rating	B+
Short term FC and TL Rating	B
Viability Rating	b
Viability Rating	5
Support Rating	A- (tur)
Long term National Scale Rating	B+
Senior Unsecured Debt Rating	B-
Subordinated Debt Rating	Negative

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**SECTION SEVEN**

**DISCLOSURES ON INDEPENDENT AUDIT REPORT**

**I. Disclosures on auditors' report**

The consolidated financial statements of the Bank and its subsidiary as of 31 December 2019, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative) and an independent audit report is presented before the accompanying financial statements

**II. Disclosures and footnotes prepared by independent auditors**

None.

# Contact and Branches

No	Branch Name	Province	District	Branch Address	Postal Code	Telephone	Fax
1	Adana	Adana	Seyhan	Cemalpaşa Mah. Atatürk Cad. No: 52/A	01120	+90 (322) 459 97 11	+90 (322) 459 79 93
2	Akdeniz Kurumsal	Antalya	Muratpaşa	Mehmetçik Mah. Aspendos Bulvarı No: 81/D	07300	+90 (242) 314 10 21	+90 (242) 322 24 93
3	Aksu Branch	Antalya	Aksu	Macun Mah. İsmail Ogan Cad. No: 3-1/10	07112	+90 (242) 426 36 60	+90 (242) 426 36 61
4	Alanya	Antalya	Alanya	Saray Mah. Yunusemre Cad No: 52/A	07400	+90 (242) 511 50 50	+90 (242) 511 69 95
5	Altıyol	İstanbul	Kadıköy	Osmanağa Mah. Söğütözü Cad. No: 79 Altıyol	34714	+90 (216) 450 56 96	+90 (216) 450 56 97
6	Altunizade	İstanbul	Üsküdar	Mahir İz Cad. No: 28B Altunizade	34662	+90 (216) 531 74 15	+90 (216) 474 13 72
7	Ankara Kurumsal	Çankaya	Ankara	Koç Kuleleri Söğütözü Mah. Söğütözü Cad. No: 2/A Blok K: 27 Ofis No: 78-79	06700	+90 (312) 284 47 72	+90 (312) 287 64 41
8	Asya Kurumsal	İstanbul	Ataşehir	Barbaros Mah. Begonya Sok. No: 3/106 Nida Kule- Kuzey Ataşehir	34746	+90 (216) 515 37 69	+90 (216) 515 37 80
9	Atatürk OSB	İstanbul	Başakşehir	İkitelli OSB Şubesi Atatürk Bulvarı Haseyad 1. Kısım Göksu İş Merkezi No: 56/D	34490	+90 (212) 549 65 98	+90 (212) 549 32 84
10	Avcılar	İstanbul	Avcılar	Cihangir Mah. E-5 Yangol No: 247	34310	+90 (212) 593 45 33	+90 (212) 593 45 91
11	Avrupa Kurumsal	İstanbul	Şişli	Fulya Cad. Torun Plaza No: 74/D Blok Kat: 12/52		+90 (212) 809 29 25	+90 (212) 809 02 88
12	Bakırköy	İstanbul	Bakırköy	İncirli Cad. Aydın İşhanı No: 90	34145	+90 (212) 571 17 01	+90 (212) 571 17 15
13	Balgat	Ankara	Çankaya	Oğuzlar Mah. Ceyhan Atuf Kansu Cad. No: 50/A Balgat	06520	+90 (312) 220 16 77	+90 (312) 220 16 78
14	Beşiktaş Çarşı	İstanbul	Beşiktaş	Barbaros Bulvarı No: 23/A	34464	+90 (212) 363 82 02	+90 (212) 299 36 02
15	Beylikdüzü	Büyükçekmece	İstanbul	Cumhuriyet Mah. D100 Karayolu Cad. No: 374/26-27	34250	+90 (212) 873 68 85	+90 (212) 872 98 87
16	Bodrum	Muğla	Bodrum	Hasan Reşat Öncü Cad. No: 20	48400	+90 (252) 313 16 80	+90 (252) 313 16 90
17	Boğaziçi Kurumsal	İstanbul	Beşiktaş	Maslak Mah. Ahi Evran Cad. Olive Plaza No: 11/15 Maslak	34398	+90 (212) 284 21 55	+90 (212) 284 21 45
18	Bornova	İzmir	Bornova	Kazım Dirik Mah. Mustafa Kemal Cad. No: 117/A	35100	+90 (232) 343 33 04	+90 (232) 343 66 62
19	Bursa	Bursa	Osmangazi	Doğanbey Mah. Fevzi Çakmak Cad. Burçin-3 İşhanı, Zemin Kat No: 6	16220	+90 (224) 280 90 20	+90 (224) 224 11 30
20	Çallı	Antalya	Kepez	Ulus Mah. Namık Kemal Bulvarı Çetin İş Merkezi No: 6/5	07090	+90 (242) 344 54 20	+90 (242) 344 54 21
21	Çorlu	Tekirdağ	Çorlu	Cemaliye Mah. Eski Hükümet Cad. No: 6/2B	59860	+90 (282) 653 70 20	+90 (282) 652 19 69
22	Denizli	Denizli	Merkezefendi	Saraylar Mah. Enverpaşa Cad. No: 15	20010	+90 (258) 264 44 21	+90 (258) 264 44 02
23	Düzce	Düzce	Merkez	Kültür Mah. İstanbul Cad. No: 104	81010	+90 (380) 524 59 55	+90 (380) 514 96 61
24	Eminönü	İstanbul	Fatih	Hobyar Mah Ankara Cad. No: 39	34110	+90 (212) 455 81 12	+90 (212) 526 20 30
25	Eskişehir	Odunpazarı	Eskişehir	İstiklal Mah. Şair Fuzuli Cad. No: 12/A		+90 (222) 220 85 81	+90 (222) 220 03 54
26	Etiler	İstanbul	Beşiktaş	Nispetiye Cad. No: 77 Etiler	34337	+90 (212) 359 82 03	+90 (212) 257 20 59



No	Branch Name	Province	District	Branch Address	Postal Code	Telephone	Fax
27	Gaziantep	Gaziantep	Şehitkamil	İncilipınar Mah. Prof. Muammer Aksoy Cad. No: 19	27090	+90 (342) 215 16 88 +90 (342) 215 16 78	
28	Gebze	Kocaeli	Gebze	Hacı Halil Mah. Atatürk Cad. No: 55/1 A Blok	41400	+90 (262) 643 10 53 +90 (262) 643 10 72	
29	İmes	İstanbul	Ümraniye	İmes Sanayi Sitesi B Blok 202. Sok. No: 4	34776	+90 (216) 527 97 50 +90 (216) 527 97 91	
30	İzmir	İzmir	Konak	Cumhuriyet Meydanı, Meydan Apt. No: 11/A Alsancak	35220	+90 (232) 466 01 24 +90 (232) 422 49 24	
31	İzmit	Kocaeli	İzmit	Hürriyet Cad. No: 169	41040	+90 (262) 324 03 31 +90 (262) 324 03 32	
32	Kağıthane	İstanbul	Kağıthane	Merkez Mah. Cendere Cad. No: 22	34406	+90 (212) 381 74 50 +90 (212) 500 37 71	
33	Kalamış	İstanbul	Kadıköy	Fenerbahçe Mah. Ahmet Mithat Efendi Cad. No: 13	34220	+90 (216) 477 72 50 +90 (216) 369 14 89	
34	Karşıyaka	İzmir	Karşıyaka	Donanmacı Mah. Cemal Gürsel Cad. No: 342/B	35580	+90 (232) 368 70 85 +90 (232) 368 70 21	
35	Kayseri Çarşı	Kayseri	Melikgazi	Cumhuriyet Mah. Millet Cad. No: 22	38040	+90 (352) 231 30 00 +90 (352) 231 30 12	
36	Konya Büsan	Konya	Karatay	Fevzi Çakmak Mah. Kosgeb Cad. No: 3-A	42050	+90 (332) 345 02 30 +90 (332) 345 09 91	
37	Kozyatağı	İstanbul	Kadıköy	Sahrayıcedit Mah. Atatürk Cad. No: 36/A	34736	+90 (216) 477 71 32 +90 (216) 369 11 36	
38	Topkapı	İstanbul	Zeytinburnu	Maltepe Mah. Teyyareci Sami Sok. Beyaz Residans Sitesi C Blok No: 2/I	34130	+90 (212) 638 91 61 +90 (212) 638 91 68	
39	Levent Çarşı	İstanbul	Beşiktaş	Gonca Sok. No: 9 1. Levent	34330	+90 (212) 317 93 50 +90 (212) 283 04 46	
40	Maltepe	İstanbul	Maltepe	Cevizli Mah. Bağdat Cad. No: 444/A	34844	+90 (216) 457 33 69 +90 (216) 457 33 70	
41	Manavgat	Antalya	Manavgat	Eskihisar Mah. Demokrasi Bulvarı Taşaroğlu Apt. No: 71/B	07600	+90 (242) 742 34 49 +90 (242) 742 85 96	
42	Marmara	Kadıköy	İstanbul	Kozyatağı Mah. Değirmen Sok. No: 18/A Kat: 9/16 +90 (Nidakule-Kozyatağı)	34742	+90 (216) 372 86 45 +90 (216) 373 40 52	
43	Merkez	İstanbul	Şişli	Esentepe Mah. Büyükdere Cad. No: 129 A	34394	+90 (212) 381 85 55 +90 (212) 227 24 52	
44	Mersin	Mersin	Akdeniz	Uray Cad. No: 17 Şihman İş Merkezi	33060	+90 (324) 233 11 49 +90 (324) 233 69 32	
45	Muratpaşa	Antalya	Muratpaşa	Tahıl Pazarı Mah. Adnan Menderes Bulvarı No: 9/C Muratpaşa	07070	+90 (242) 229 10 24 +90 (242) 229 10 28	
46	Necatibey	Ankara	Çankaya	Necatibey Cad. No: 23/A Kızılay	06420	+90 (312) 205 10 83 +90 (312) 229 67 90	
47	Nilüfer	Bursa	Nilüfer	Üçevler Mah. Ersan Sok. No: 7/B	16120	+90 (224) 441 44 08 +90 (224) 441 44 28	
48	Nişantaşı	İstanbul	Şişli	Harbiye Mah. Teşvikiye Cad. No: 49/B	34371	+90 (212) 368 81 58 +90 (212) 219 66 17	
49	Ostim	Ankara	Yenimahalle	Organize Sanayi Bölgesi, 100. Yıl Bulvarı No: 17	06374	+90 (312) 386 04 01 +90 (312) 386 04 62	

# Contact and Branches

No	Branch Name	Province	District	Branch Address	Postal Code	Telephone	Fax
50	Özyeğin Üniversitesi	İstanbul	Çekmeköy	Nişantepe Mah. Orman Sok. No: 28/30 Öğrenci Merkezi	34794	+90 (216) 525 50 00 +90 (216) 525 50 01	
51	Pendik	İstanbul	Pendik	Çınardere Mah. Cönenli Mehmet Efendi Cad. No: 83/1	34896	+90 (216) 598 15 25 +90 (216) 598 15 85	
52	Salihli	Manisa	Salihli	Atatürk Mah. Belediye Cad. No: 89 /A	45300	+90 (236) 713 49 09 +90 (236) 713 88 59	
53	Sincan	Ankara	Sincan	Atatürk Mah. Meltem Sok. No: 43/B	06160	+90 (312) 348 28 44 +90 (312) 348 28 30	
54	Söke	Söke	Aydın	Konak Mah. Cumhuriyet Meydanı No: 4		+90 (256) 518 89 83 +90 (256) 518 65 34	
55	Suburcu	Gaziantep	Şahinbey	Karagöz Mah. Karagöz Cad. No: 20/A Suburcu	27400	+90 (342) 220 82 89 +90 (342) 220 64 41	
56	Şanlıurfa	Şanlıurfa	Haliliye	Ulubatlı Mah. Yunusemre Cad. No: 67/5	63100	+90 (414) 312 34 75 +90 (414) 313 66 05	
57	Şaşkınbakkal	İstanbul	Kadıköy	Bağdat Cad. No: 351/1 Erenköy	34740	+90 (216) 569 71 20 +90 (216) 372 69 34	
58	Şişli	İstanbul	Şişli	Halaskargazi Cad. No: 207	34381	+90 (212) 368 81 22 +90 (212) 219 42 54	
59	Tuzla BOSB	İstanbul	Tuzla	Aydınlı Mah. Birlik OSB 1 No'lu Cad. No: 10/1	34953	+90 (216) 593 45 65 +90 (216) 593 45 62	
60	Ümraniye	İstanbul	Ümraniye	Alemdağ Cad. No: 372/1	34760	+90 (216) 481 91 01 +90 (216) 481 91 03	
61	Üsküdar	İstanbul	Üsküdar	Aziz Mahmut Hüdayi Mah. Halk Cad. No: 4-6 A Üsküdar	34672	+90 (216) 532 33 07 +90 (216) 532 34 75	
62	Yeşilköy	İstanbul	Bakırköy	İstasyon Cad. No: 23/B Yeşilköy	34149	+90 (212) 468 84 80 +90 (212) 662 94 57	
63	Yıldız	Ankara	Çankaya	Hilal Mah. Hollanda Cad. No: 3/A	06550	+90 (312) 405 80 03 +90 (312) 442 24 93	



