

FİBABANKA A.Ş.
ANNUAL ACTIVITY REPORT
OF
THE YEAR 2013

(Prepared according to the "Regulation on Procedures and Principles Regarding Preparation and Publishing of the Annual Activity Reports by Banks", published by the Banking Regulation and Supervision Agency in the Official Gazette dated 01.11.2006 and issue no. 26333)

Trade Name of the Bank:	FİBABANKA A.Ş
Trade Registry No.:	272902
Term which the Report Relates to:	Year 2013
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Branches:	as of the date of 31.12.2013

No	Branch	Address	Telephone	Fax
1	Altunizade	Mahir İz Cad. No: 28B Altunizade / İstanbul	(216) 531 7415	(216) 474 1372
2	Avcılar	Cihangir Mah. E-5 Yanyol No:247 Avcılar / İstanbul	(212) 593 4533	(212) 593 4591
3	Bakırköy	İncirli Cad. Aydın İşhanı No:90 Bakırköy/İstanbul	(212) 571 1701	(212) 571 1715
4	Bayrampaşa	Yenidoğan Mahallesi Abdi İpekçi Cad. No:22/A Bayrampaşa / İstanbul	(212) 576 3113	(212) 576 1699
5	Çiftelavuzlar	Bağdat Cad. No: A/228 Çiftelavuzlar / İstanbul	(216) 477 7250	(216) 369 1489
6	Eminönü	Ankara Cad. No: 30A Eminönü / İstanbul	(212) 455 8112	(212) 526 2030
7	Etiler	Nispetiye Cad. No: 91 Etiler / İstanbul	(212) 359 8203	(212) 257 2059
8	Güneşli	Evren Mah., Bahar Cad. Polat İş Merkezi, C Blok, No: 6/2-4 Güneşli / İstanbul	(212) 550 7854	(212) 550 7855
9	İkitelli	İkitelli OSB Mah. Hürriyet Bulvarı Deparko Sitesi 1/2 Bağcılar / İstanbul	(212) 675 1635	(212) 675 1628
10	İmes	İmes Sanayi Sitesi B Blok 202.Sokak No: 4 Yukarı Dudullu, Ümraniye / İstanbul	(216) 527 9750	(216) 527 9791
11	İstoç	İstanbul Toptancılar Çarşısı 3 Ada No:9/11 Bağcılar / İstanbul	(212) 659 0884	(212) 659 0864
12	Kartal Çarşı	Kordonboyu Mah. Hürriyet Cad. No:38 Kartal / İstanbul	(216) 488 3445	(216) 488 3446
13	Kazasker	Erenköy Mah. Şemsettin Günaltay Cad.No:155 Kadıköy / İstanbul	(216) 408 2001	(216) 408 2002
14	Kızıltoprak	Fenerbahçe Mah. Bağdat Cad. Kanuni Apt No:74-A Kızıltoprak Kadıköy / İstanbul	(216) 450 5755	(216) 450 5789
15	Kozyatağı	Atatürk Cad. No: 68 Kozyatağı / İstanbul	(216) 477 7132	(216) 369 1136
16	Levent Çarşı	Gonca Sk. No: 9 1.Levent / İstanbul	(212) 317 9350	(212) 283 0446
17	Levent Sanayi	Eski Büyükdere Cad., Destegül Sk., Çınar Plaza, No:1, 4.Levent, Kağıthane / İstanbul	(212) 284 2155	(212) 284 2145
18	Maltepe Çarşı	Bağlarbaşı Mah. Bağdat Cad. Mevkii, Hacı Cemile Apt. No:392/B Maltepe / İstanbul	(216) 457 3369	(216) 457 3370
19	Mecidiyeköy	Büyükdere Cad. Ercan Han No:121 A Blok Gayrettepe / İstanbul	(212) 272 1266	(212) 272 1237
20	Merkez (Main Branch)	Emirhan Cad. Barbaros Plaza İş Merkezi, No: 113 Zemin Kat Dikilitaş Beşiktaş / İstanbul	(212) 381 8555	(212) 227 2452
21	Nişantaşı	Halaskargazi Mah. Valikonağı Cad. No: 77 Nişantaşı / İstanbul	(212) 368 8158	(212) 219 6617
22	Özyeğin University	Nişantepe Mah. Orman Sk. No: 28/30 Öğrenci Merkezi Çekmeköy / İstanbul	(216) 525 5000	(216) 525 5001

No	Branch	Address	Telephone	Fax
23	Pendik	Çınardere Mah. E5 Yanyol Cad. No: 83 Pendik / İstanbul	(216) 598 1525	(216) 598 1585
24	Suadiye	Bağdat Cad. No: 471/A Suadiye / İstanbul	(216) 569 7120	(216) 372 6934
25	Sultanbeyli	Abdurrahmangazi Mahallesi Bosna Bulvarı No: 9/4 Sultanbeyli / İstanbul	(216) 398 2080	(216) 398 3318
26	Şişli	Halaskargazi Cad. No: 207 Şişli / İstanbul	(212) 368 8122	(212) 219 4254
27	Ümraniye	Alemdağ Cad. No:372/1 Ümraniye / İstanbul	(216) 481 9101	(216) 481 9103
28	Üsküdar Çarşı	Aziz Mahmut Hüdayi Mah.Hakimiyeti Milliye Cad. No:80 Üsküdar / İstanbul	(216) 532 3307	(216) 532 3475
29	Yeniköy	Köybaşı Cad. No: 150/A Yeniköy-Sarıyer/ İstanbul	(212) 363 8202	(212) 299 3602
30	Yeşilköy	İstasyon Cad. No: 23/B Yeşilköy / İstanbul	(212) 468 8480	(212) 662 9457
31	Ankara	Arjantin Cad. Budak Sk. No: 1 G.O.P. / Ankara	(312) 405 4110	(312) 428 7989
32	Necatibey	Necatibey Cad. No: 23/A Kızılay / Ankara	(312) 205 1083	(312) 229 6790
33	Ostim	Organize Sanayi Bölgesi, 100.Yıl Bulvarı No: 17 Ostim / Ankara	(312) 386 0401	(312) 386 0462
34	Yıldız	Hilal Mah. Hollanda Cad.No:3/A Çankaya / Ankara	(312) 405 8003	(312) 442 2493
35	Siteler	Demirhenderek Cad. No:64 Siteler / Ankara	(312) 348 2844	(312) 348 2830
36	İvedik	Serhat Mah. Melih Gökçek Bulvarı No:18/13 Yenimahalle / Ankara	(312) 395 4245	(312) 395 4254
37	Balgat	Oğuzlar Mah.Ceyhun Atuf Kansu Cad. No: 50/A Balgat/ Ankara	(312) 220 16 77	(312) 220 1678
38	İzmir	Cumhuriyet Meydanı, Meydan Apt. No: 11/A Alsancak / İzmir	(232) 466 0124	(232) 422 4924
39	Bornova	Kazım Dirik Mah. Mustafa Kemal Cad. No:29 Bornova / İzmir	(232) 343 3304	(232) 343 6662
40	Karşıyaka Çarşı	Cemal Gürsel Cad. Mısır Apt. No:348/B Karşıyaka / İzmir	(232) 368 7085	(232) 368 7021
41	Bursa	Doğanbey Mah.Fevzi Çakmak Cad. Burçin-3 İşhanı, Zemin Kat No: 6 Osmangazi / Bursa	(224) 280 9020	(224) 224 1130
42	Akdeniz Corporate	Mehmetçik Mah. Aspendos Bulvarı No: 81/D Muratpaşa / Antalya	(242) 314 1021	(242) 322 2493

No	Branch	Address	Telephone	Fax
43	Alanya	Saray Mah. Atatürk Bulvarı No: 60/A Alanya / Antalya	(242) 511 5050	(242) 511 6995
44	Antalya	Şirinyalı Mah. İsmet Gökşen Cad. Elif Apt. No:14/A Muratpaşa / Antalya	(242) 316 4578	(242) 316 6906
45	Manavgat	Eskihisar Mah. Demokrasi Bulvarı Taşaroğlu Apt. No: 71/B Manavgat / Antalya	(242) 742 3449	(242) 742 8596
46	Konyaaltı	Uluç Mah. 24. Cad. Flora Evleri A blok No:2 Uncalı Konyaaltı / Antalya	(242) 229 1024	(242) 229 1028
47	Çallı	Fabrikalar mah. 3001 Sk. No:1 Kepez / Antalya	(242) 344 5420	(242) 344 5421
48	Adana	Ziyapaşa Bulvarı, Çınarlı Mah. 61025 Sk. Öngen Apt. No:66/A Seyhan / Adana	(322) 458 8665	(322) 458 8765
49	Atatürk Caddesi	Reşatbey Mah. Atatürk Cad. No:26/A Adana	(322) 459 9711	(322) 459 7993
50	Gaziantep	İncilipınar Mah. Prof.Muammer Aksoy Cad. No:19 Şehitkamil / Gaziantep	(342) 215 16 88	(342) 215 1678
51	Şehitkamil	Mücahitler Mah. Gazi Muhtarpaşa Bulvarı No:65/A Şehitkamil / Gaziantep	(342) 323 1550	(342) 323 1552
52	Suburcu	Karagöz Mah. Karagöz Cad. No:20/A Suburcu / Gaziantep	(342) 220 8289	(342) 220 6441
53	Gebze	Hacı Halil Mah. Atatürk Cad. No:55/1 A Blok Gebze / Kocaeli	(262) 643 10 53	(262) 643 1072
54	Bodrum	Hasan Reşat Öncü Cad. No:20 Bodrum / Muğla	(252) 313 1680	(252) 313 1690
55	Denizli	Saraylar Mah. Enverpaşa Cad. No:15 Merkez / Denizli	(258) 264 4421	(258) 264 4402
56	Mersin	Uray Cad. No:17 Şihman İş Merkezi Mersin	(324) 233 1149	(324) 233 6932
57	Konya Büsan	Fevzi Çakmak Mah. Kosgeb Cad. No : 3-A Karatay / Konya	(332) 345 0230	(332) 345 0991
58	Diyarbakır	Diclekent Bulvarı Umut 1 Sitesi No:103/A Kayapınar / Diyarbakır	(412) 290 1915	(412) 290 1902
59	Şanlıurfa	Atatürk Cad. No:7 Şanlıurfa	(414) 312 3475	(414) 313 6605
60	Çorlu	Cemaliye Mah. Eski Hükümet Cad. No:6/2B Çorlu / Tekirdağ	(282) 653 7020	(282) 652 1969
61	Düzce	Kültür Mah. İstanbul Cad. No:104 Merkez Düzce	(380) 524 5955	(380) 514 9661
62	Kayseri	Osman Kavuncu Cad. No:191/B Melikgazi / Kayseri	(352) 320 86 76	(352) 320 8656

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I. PRESENTATION

I.A. Brief Financial Information Relating to Results of Activities During the Term

Summary of Balance Sheet			
(Thousand TL)	<u>31/12/13</u>	<u>31/12/12</u>	<u>Artis/ Azalış %</u>
Cash and balances with central bank	804,527	429,812	%87
Financial assets at fair value through profit or loss (net)	75,493	43,709	%73
Due from banks	214,158	25,047	>%300
Money market placements	46,697	30,304	%54
Financial assets available for sale (net)	265,644	108,733	%144
Loans to customers (net)	5,179,954	3,220,704	%61
Investments in associates (net)	--	--	--
Investments in equity participations (net)	5,445	--	%100
Tangible assets (net)	32,766	15,846	%107
Intangible assets (net)	6,985	6,211	%12
Deferred tax assets	13,243	5,369	%147
Asset Held For Sale And Assets Of Discontinued Operations (net)	1,173	6,393	(%82)
Other assets	17,794	8,104	%120
Total Assets	6,663,879	3,900,232	%71
Deposits	4,548,177	2,689,441	%69
Derivative liabilities held for trading	80,718	13,696	>%300
Funds Borrowed	559,081	308,670	%81
Interbank money markets	225,988	97,247	%132
Securities issued (net)	297,160	222,746	%33
Miscellaneous payables	54,255	9,364	>%300
Other external resources	44,826	34,833	%29
Lease Payables (net)	260	--	%100
Provisions	63,782	41,820	%53
Taxes payable	17,039	10,053	%69
Subordinated debts	275,420	89,693	%207
Shareholder's equity	497,173	382,669	%30
Total Liabilities	6,663,879	3,900,232	%71

Summary of Income Statement

(Thousand TL)	<u>31/12/13</u>	<u>31/12/12</u>	<u>Artis/ Azalis %</u>
Interest Income	460,062	335,525	37%
Interest Expense	-266,930	-204,441	31%
Net Interest Income	193,132	131,084	47%
Net Fees and Comission Income	13,327	6,984	91%
Trading Income (net)	37,222	37,033	1%
Other Operational Income	9,962,00	4,725,00	111%
Total Operational Income	253,643	179,826	41%
Provision for loans and other receivables (-)	42,269	23,951	76%
Other Operational Expenses (-)	152,446	95,557	60%
Income from operational activities	58,928	60,318	-2%
Income before tax on continuing operations	58,928	60,318	-2%
Provision for taxes on continuing operations	-15,122	-14,603	4%
Net Profit/Loss	43,806	45,715	-4%

I.B. Historical Development of the Bank and Changes Made in the Articles of Association During This Period and the Reasons Thereof

- 1) According to the decision of the Banking Regulation and Supervision Agency dated 09.07.2001 and no. 379 and the 3rd paragraph of article 14 of the Banks Act; management and supervision of Sitebank A.Ş. had been transferred to the Banking Regulation and Supervision Agency.
- 2) Shares of Sitebank A.Ş. which used to be under control of the Savings Deposit and Insurance Fund had been sold to Novabank S.A. by the Share Purchase Agreement signed by the Banking Regulation and Supervision Agency on the date of 21.12.2001.
- 3) Transfer of the shares of Sitebank A.Ş. had been realized and concluded by the letter of Banking Regulation and Supervision Agency dated 22.11.2002 and no.860/94 and the resolution of the Board of Directors of Sitebank A.Ş. dated 24.01.2002 and no.972.
- 4) Sitebank A.Ş. convened an Extraordinary General Assembly meeting on 25.01.2002 and in this first Meeting of the General Assembly held after the Bank was taken over by Novabank S.A., members of the Board of Directors were elected.
- 5) In the Extraordinary General Assembly Meeting of Sitebank A.Ş. held on the date of 14.05.2002, share capital of the Bank has been increased from TL 3,900,000.- to TL 20,000,000.- and relating to said capital increase, article 7 (seven) with the heading "Share Capital" of the Articles of Association has been changed.
- 6) In the Extraordinary General Assembly Meeting of Sitebank A.Ş. held on the date of 03.06.2002, it has been resolved to increase the number of the members of Board of Directors of the Bank, to 7 (seven) members.
- 7) In the Extraordinary General Assembly Meeting of Sitebank A.Ş. held on the date of 04.03.2003, it has been resolved to change the trade name of the Bank to "BankEuropa A.Ş." and its enterprise name to "BankEuropa".
- 8) In the Extraordinary General Assembly of the BankEuropa Bank held on the date of 20.06.2003, share capital of the Bank has been increased from TL 20,000,000.- to TL 50,401,874.- and relating to said capital increase, article 7 (seven) with the heading "Share Capital" of the Articles of Association has been changed.
- 9) In the Extraordinary General Assembly of the BankEuropa Bank held on the date of 29.06.2004, share capital of the Bank has been increased from TL 50,401,874.- to TL 77,351,429.- and relating to said capital increase, article 7 (seven) with the heading "Share Capital" of the Articles of Association has been changed.
- 10) In the Extraordinary General Assembly meeting of the BankEuropa Bank held on the date of 07.03.2005 relating to the year 2004, new members of the Board of Directors were elected for a period of 3 (three) years, in place those whose terms of office expired and the new Board of Directors was formed thereby.
- 11) In the Extraordinary General Assembly meeting of the BankEuropa Bank held on the date of 24.02.2006 relating to the year 2005, transfer of the shares of BankEuropa Bankası A.Ş. held by Novabank S.A. to BCP Internacional II Sociedade Unipessoal SGPS LDA, was approved based on the permission of the Banking Regulation and Supervision Agency dated 07.02.2006 and no. BDDK.UY1/55.1.02-1010.

- 12) In the Extraordinary General Assembly meeting of the BankEuropa Bank held on the date of 13.03.2006, share capital of the Bank has been increased from TL 77,351,429.- to TL 108,433,429.- and relating to said capital increase, article 7 (seven) with the heading "Share Capital" of the Articles of Association has been changed.
- 13) In the Extraordinary General Assembly meeting of Millennium Bank A.Ş. held on the date of 28.11.2006, trade name of the Bank was changed to "Millenium Bank A.Ş." and its enterprise name was changed to "Millenium Bank and relating to said changes, article 3 (three) with the heading "Trade Name and Enterprise Name", of the Articles of Association was changed accordingly.
- 14) In the Extraordinary General Assembly of meeting Millennium Bank A.Ş. held on the date of 21.12.2006, share capital of the Bank has been increased from TL 108,433,429.- to TL 163,791,316.- and relating to said capital increase, article 7 (seven) with the heading "Share Capital" of the Articles of Association has been changed.
- 15) In the Extraordinary General Assembly meeting of Millennium Bank A.Ş. held on the date of 18.06.2008, share capital of the Bank has been increased from TL 163,791,316.- to TL 202,535,316.- and relating to said capital increase, article 7 (seven) with the heading "Share Capital" of the Articles of Association has been changed.
- 16) In the Extraordinary General Assembly meeting of Millennium Bank A.Ş. held on the date of 16.03.2010, article 19 (nineteen) with the heading "Representation of the Bank" and article 25 (twenty five) with the heading "Qualifications Required for the General Manager and His/Her Assistants", of the Articles of Association of the Bank were amended in accordance with the Banking Law no. 5411.
- 17) In the Extraordinary General Assembly meeting of Millennium Bank A.Ş. held on the date of 27.12.2010, based on the permission of the Banking Regulation and Supervision Agency dated 13.12.2010 and no. B.02.1.BDK.0.11.00.00.55.1-25726, transfer of 192,408,550,200 shares held by Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda'ya (former trade name; BCP Internacional II, Sociedade Unipessoal SGPS Lda) corresponding to 95% of the total shares of the Bank, to Credit Europe Bank N.V. was approved.
- 18) In the Ordinary General Assembly meeting of Millennium Bank A.Ş. held on the date of 21.03.2011, share capital of the Bank has been increased from TL 202,535,316.- to TL 325,000,000.- and relating to said capital increase, article 7 (seven) with the heading "Share Capital" of the Articles of Association has been changed.
- 19) In the Extraordinary General Assembly meeting of Millennium Bank A.Ş. held on the date of 25.04.2011, article 3 with the heading "Trade Name and Enterprise Name", of the Articles of Association of the Bank has been amended and its trade name has been changed to "Fibabanka Anonim Şirketi".
- 20) In the Extraordinary General Assembly meeting of Millennium Bank A.Ş. held on the date of 15.09.2011, for the purpose of issuing bank bonds, paragraph (c) of article 4 (four) with the heading "Purpose and Subject" and article 8 (eight) with the heading "Issuing Share Certificates", of the Articles of Association of the Bank have been changed.
- 21) In the Extraordinary General Assembly meeting of Fibabanka A.Ş. held on the date of 26.01.2012, share capital of the Bank has been increased from TL 325,000,000.- to TL 426,650,100.- and relating to said capital increase, article 7 (seven) with the heading "Share Capital" of the Articles of Association has been changed.
- 22) In the Extraordinary General Assembly meeting of Fibabanka A.Ş. held on the date of 14.05.2013, share capital of the Bank has been increased from TL 426,650,100.- to TL 550,000,000.- and relating to said capital increase, article 7 (seven) with the heading "Share Capital" of the Articles of Association has been changed.

- 23) In the Extraordinary General Assembly meeting of Fibabanka A.Ş. held on the date of 27.06.2013, articles 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 24, 25, 26, 27, 28, 30, 31, 32, 33, 34, 35, 36, 37 of the Articles of Association of the Bank have been amended and article 38 has been added to the Articles of Association.

I.C.Share Capital Structure of the Bank, Changes Occurred in the Share Capital and Shareholding Structure of the Bank During the Term

1) Share Capital Structure

Name of the Shareholder	Capital Amount (TL)	Share (%)
Fiba Holding A.Ş.	541,274,997.87	98.41363598
Fiba Faktoring A.Ş.	1.06	0.00000019
Girişim Varlık Yönetimi A.Ş.	0.43	0.00000008
Fiba Araştırma Geliştirme ve Müşavirlik Hizmetleri A.Ş.	0.32	0.00000006
Fiba Kapital Holding A.Ş.	0.32	0.00000006
Other	8,725,000.00	1.58636364
TOTAL	550,000,000.00	100.00000000

There is no privileged share of the Bank.

2) Changes Occurred in the Share Capital

In the Extraordinary General Assembly meeting of the Fibabanka A.Ş. held on the date of 14.05.2013, share capital of the Bank has been increased from TL 426,650,100.- to TL 550,000,000.-. Nominal value of one share has been determined as TL 0.01 (1 Kuruş).

3) Changes Occurred in the Shareholding Structure

- As a result of share transfers made on the date of 01.02.2011; the shareholders named Tezcan Yaramancı, Manuel D'Almeida Marecos Duarte, Rui Pedro da Conceição Coimbra Fernandes, Joao Manuel Rodrigues Tome Da Cunha Martins, Antonios Mouzas, Rui Nelson Moreira de Carvalho Maximino transferred totally 21 (twenty one) shares, to Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda (former trade name; BCP Internacional II, Sociedade Unipessoal SGPS Lda.).
- Furthermore, as a result of share transfers made on the date of 01.02.2011; the shareholder named Credit Europe Bank N.V transferred totally 3.000 (three thousand) shares; namely 1.000 (one thousand) shares to Fiba Holding A.Ş., 1.000 (one thousand) shares to Fiba Faktoring A.Ş. and 1.000 (one thousand) shares to Girişim Varlık Yönetimi A.Ş. After the nominal value of one share has been determined as TL 0.01 (1 Kuruş), number of total shares transferred is 300 (three hundred).
- Upon decision of the Board of Directors dated 30.11.2012; Girişim Varlık Yönetimi A.Ş., a shareholder of our Bank, transfer 30 (thirty) shares out of totally 100 (one hundred) shares held by it in the share capital of our Bank, to Fiba Araştırma Geliştirme ve Müşavirlik Hizmetleri A.Ş. and another 30 (thirty) shares held by it, to Fiba Kapital Holding A.Ş. After the nominal value of one share has been determined as TL 0.01 (1 Kuruş), number of total shares transferred is 60 (sixty).
- Upon decision of Board of Directors dated 03.12.2012; 41.652.333.100 (forty one billion six hundred and fifty two million three hundred and thirty three thousand and one hundred) shares

held by Credit Europe Bank N.V. in the share capital of our Bank, have been transferred to Fiba Holding A.Ş. As a result of this share transfer, Credit Europe Bank N.V. has no shares in the share capital of our Bank.

- e. Upon decision of the Board of Directors dated 06.12.2012; Millennium bcp Participações SGPS, Sociedade Unipessoal, Lda (former trade name: BCP Internacional II, Sociedade Unipessoal SGPS Lda.), which used to be shareholder of our Bank, transferred 1.012.676.600 (one billion twelve million six hundred and seventy six thousand and six hundred) shares held by it in the share capital of our Bank, to Fiba Holding A.Ş. As a result of this transfer, Millennium bcp Participações SGPS, Sociedade Unipessoal, Lda (former trade name: BCP Internacional II, Sociedade Unipessoal SGPS Lda.) has no shares in the share capital of our Bank.
- f. By the decision of the Board of Directors dated 03.07.2013; it has been decided that all provisional share certificates issued since incorporation of the Bank until today, be cancelled and demolished and that registered share certificates in the total amount of TL 550,000,000.- be published in the name of each shareholder at the rate of their shares, each share having a value of TL 0,01.
- g. Based on the decisions of the Board of Directors taken by Fiba Holding A.Ş. on the dates of 01.08.2013 and 03.05.2013, 872.500.000 share certificates with a value of TL 8,725,000.-, have been purchased by the persons who have power regarding management of the Bank.

I.D.Explanations Regarding the Shares Held by the Chairman and the Members of the Board of Directors of the Bank, Members of the Audit Committee General Manager and his/her Assistants

There are 750,000,000 shares with a value of TL 7,500,000.-.

I.E.Evaluations of the Chairman of the Board of Directors and the General Manager Regarding the Term and Their Expectations Relating to Future Activities

Expansionary monetary policies aiming to support growth have been continued abroad in 2013 as well and a highly limited improvement has been observed in Euro zone and more apparent improvement has been observed in USA and as a result of this, FED decided to suspend asset purchases beginning from December. Impacts of the decision of FED, which points to the end of cheap money era, are expected to be negative especially for developing markets.

Turkish economy slowed down in the second half of 2013 due to the impact of tight monetary policy. Growth rate for 2013 is expected to realise slightly above the rate of 3,6%. Current account deficit maintained its high level at the rate of around 7% and inflation remained above the targeted level.

It is expected that 2014 shall not be an easy year for Turkey. Mainly by the effect of FED decision which shall cause outflow of hot money, tight liquidity policy of the Central Bank which is expected to continue in 2014 and regulatory changes that shall impede excessive borrowing of consumers shall be limiting factors for the growth of economy. It is forecasted that high current account deficit and inflation and weak global liquidity shall limit Turkey's room for manoeuvre, however it is expected that strong fundamental macroeconomic dynamics shall help the country to get over this difficult period.

In 2013, our Bank completed a profitable and successful year by the financial performance delivered by it as a result of comprehensive structural changes and investments started to be implemented in previous years.

In 2013, asset size of the Bank realized as TL 6.7 billion, with a 71% growth compared to the end of 2012. Loan portfolio which amounted to TL 3.2 billion at the end of 2012, reached to TL 5.2 billion at the end of 2013 by an increase of 61% and customer deposits which is the most important funding source of the Bank, reached to TL 4.3 billion by an increase of 64%.

For the purpose of supporting growth, paid-in capital of the Bank which used to be TL 427 million at the end of 2012, has been increased to TL 550 million during the year.

Syndicated loan utilised in 2012, has been renewed in 2013. Renewal rate for the syndication loan composed of two different tranches in the amounts of EUR 69.5 million and USD 30.5 million with one year maturity period, provided from 12 international banks; has been realized as 156%.

Furthermore, subordinated loans have been provided from IFC, EBRD and ETDB in the amounts of respectively USD 40 million, EUR 20 million and USD 10 million, with 10 years maturity period.

On the other hand, bonds and bills have been continued to be issued domestically and in 2013, bonds and bills have been issued with a total nominal value of TL 205 million with different maturity periods.

To support steady growth of our Bank, activities for opening new branches have been continued in 2013 as well and our bank opened 34 new branches in 2013 and increased the number of its branches to 62. In addition to its branch network, our Bank launched a radical infrastructure change in internet banking to serve its clients much better and internet branch has been re-designed. Moreover, our accounts as Fibabanka have been activated in social media. Promotions have been started to be made through LinkedIn, Twitter and Facebook and communication through social media has been started.

Number of employees which used to be 612 as of the end of 2012, has reached to 1,152 at the end of 2013 by the personnel recruited within the scope of growth in the organisation of the Bank.

Together with its financial targets, our Bank continued to realize also its structural organizational targets set for 2013, within the framework of its plans. In January 2013, SME banking activities have been separated from Corporate Banking and together with individual banking activities, have been restructured under the name of Retail Banking. Thereby, it is targeted to diversify credits and to form a credit portfolio with higher return in controlled manner and to increase net interest margin and on the other hand, operating costs have been kept under control carefully and our Bank has been provided to grow consistently with sustainable profit. As a result of this, income before tax has been realized as TL 58.9 million and net income has been TL 43.8 million in 2013. Capital adequacy ratio of our Bank as of 31st December 2013 has been realized as 13.3%.

Our Bank shall continue its customer-oriented growth 2014 as well. In this context, the first target with regards to future activities is to increase number of clients in all lines of business and to make cross sales by means of completed product range and to increase customer loyalty thereby.

Taking this opportunity, we thank to our valuable employees who work in our Bank with devotion and who will be the main architect of our success in 2014 as well, and to our valuable shareholders and esteemed customers who supported our Bank.

With regards,

Hüsnü Mustafa Özyeğin

Chairman of the Board of Directors

Bekir Dildar

Member of the Board of Directors and

General Manager

I.F. Explanations Relating to the Number of Personnel and the Branches, Types of Services provided by the Bank and Its Fields of Activities and Evaluation of the Bank in the Sector Based on Said Information

As of the end of 2013, we have 62 branches and 1,152 employees.

In parallel with the growing branch network; activities in the field of Retail Banking also have been intensified in 2013.

In 2013, by the acceleration of processes as well, a business plan has been prepared containing a wide-ranging customer structure and cross sale oriented actions. In this context, we have mainly focused on consumer loan sales in Individual Banking. Additionally, SME Banking has been separated from Corporate Banking as of January 2013 and together with individual banking; it has been restructured under the name of Retail Banking.

In 2013, number of loan customers in Individual Banking has reached to 31,196 by an increase of 347%; volume of TL consumer loans has reached to TL 279 million by an increase of 251%. Number of customers in deposits and investment products has increased at the rate of 62%. Size of deposits of individual customers increased to the amount of TL 2,678 million by an increase of 70%.

2013 has been a year during which there has been growth in SME Banking as well. Number of SME loan customers increased to 5,639 by an increase rate of 411% and the total SME loan volume has increased at the rate of approximately 75% and reached to the amount of TL 1.4 billion. Due to increase in the number of customers, loan size per customer has decreased from TL 736 thousand to TL 253 thousand and a significant achievement has been realized in loans by increasing numbers and distributing risks.

In the insurance product, a significant component of non-interest commission income, total premium production has been realized in the amount of TL 11.6 million by an increase of 213% compared to the previous year.

I.G. Information Relating to Research and Development Applications in connection with New Services and Activities

Since the date we started operating, we have accepted the principle of providing high quality services and it has been our main target to meet the needs of our clients at the maximum level. Accordingly, we maintain various research and development studies for the purpose of developing innovative products and services aimed at providing investment instruments for savings of our clients and meeting their financial needs. To realise these targets, expectations of branches and clients are followed at the maximum level and required actions are taken quickly.

In parallel with the expanding branch network and increasing number of clients in 2013; it has been targeted to consummate product range and intense efforts have been put in this regard.

In SME segment; the Artisans Package, Tourism Package, Exporter Package and Medical Package which have been prepared by taking into account the needs of different sectors, have been presented to existing and potential clients as an alternative.

In 2013, it has been decided to conduct activities in the field of Agricultural Banking, which is a new business line for the Bank. In this context; studies have been started with some designated branches for presenting management and investment credit products aimed at meeting financial needs of farmers and producers making agricultural production.

Within the scope of Agricultural Banking; a protocol has been signed between the Institution for Supporting Agricultural and Rural Development (TKDK) and the Bank. Accordingly, business plans of investors, willing to apply to IPARD grant programme, have been examined during the application terms and studies have been

completed to give Credit Intent Letter by the Bank to investors whose business plans have been examined in required terms and have been considered as appropriate.

Steps have been taken to offer credit products and other banking services to SME receiving support from KOSGEB (Small and Medium Size Enterprises Development and Support Administration) within the scope of Joint Financing Credit Programme Protocol signed between the Bank and KOSGEB.

For corporate clients, a Protocol regarding Implementation of Interest support has been signed by and between the Ministry of Economy, General Directorate of Incentives and Foreign Capital.

Between Türk Eximbank and the Bank, a protocol has been signed and started to be implemented for the purpose of financing receivables of exporter clients within the scope of Short Term Export Credit Insurance Programme.

The product named Vault Deposit, designed especially to provide investment opportunity for excessive funds to occur after daily cash flows of corporate clients, has been launched and offered to clients.

For the clients to make cumulative money transfers swiftly and easily, Cumulative Payment System programme has been started and it has been provided for especially corporate clients to send their cumulative payment transactions they shall make, to Bank's systems swiftly and easily and to execute them thereby.

Within the scope of protocols signed between the Social Security Institution, Ministry of Finance and Revenues Administration and the Bank, payments of our clients to said institutions have been started to be collected through branches and internet banking.

Furthermore, agreements have been made with new institutions within the scope of corporate invoice payments and for our clients to pay their invoices and to give automatic payment instruction for their invoices, number of contracted institutions have been increased. In order to increase the number contracted institutions more and to make collections of clients through all payment methods and channels, studies are continuing at full steam.

In Individual Banking, for the purpose of designating Direct Sale team in client visits, development has been made aiming to accept consumer loan application through tablet computer. By this development made for the purpose of increasing client satisfaction, a new channel has been opened in individual loan sales and it is targeted to provide swift and effective services.

Actions have been taken for launching new insurance products intended for SME and Individual Banking clients and the launching of SME Creditor, Credit Life and Unemployment insurances have been made together with Fiba Emeklilik ve Hayat A.Ş., which we are an agent of.

In 2013, cooperation has been made with Garanti Payment Systems and an agreement has been signed for offering "Fibabanka Bonus Card" to the customers of Fibabanka. All technical infrastructure developments for offering the credit card product to customers beginning from 2014, have been completed in 2013.

A fundamental infrastructure revision has been made in internet banking to facilitate life for customers and relaunching of Internet Branch has been made. It is targeted to conduct transactions more swiftly, easily and practically. By this newly developed system, in parallel with classic internet banking, a system that carries web based research functions to financial transactions have been commissioned and presented for use of clients.

As Fibabanka, accounts of the Bank in social media have been activated. Promotions of the Bank have been started to be made through LinkedIn, Twitter and Facebook communication has been started through social media.

I.H.Opinion Regarding Compliance of the Annual Activities Report

To the General Assembly of Fibabanka A.Ş.:

We have audited the accuracy and compatibility of the financial information set forth in the annual activities report of Fibabanka A.Ş. (the "Bank"), prepared as of the date of 31st December 2013, with the independent audit report issued as of the end of relevant account term. Annual activities report subject to the audit report, is under liability of the Bank's management. As the institution conducting the independent audit, our responsibility is to declare opinion on the audited annual activities report, regarding compatibility of the financial information set forth in the annual activities report, with the financial statements and explanatory notes which have been subject to independent audit

Audit has been carried out in accordance with the regulations relating to procedures and principles regarding preparation and publication of annual activity reports, put into effect according to the Banking Law no.5411, and the independent audit principles. These regulations require the planning and preparation of the annual report to provide reasonable assurance whether there is any significant error in the annual activity report. We believe that the audit conducted constitutes reasonable and sufficient basis for formation of our opinion.

According to our opinion, financial information specified in the attached annual activities report accurately reflects the information relating to financial condition of Fibabanka A.Ş., with regards to all related parties and according to the procedures and principles set forth in applicable regulations due to article 40 of the Banking Law no.5411 as of the date of 31st December 2013 and contains the brief board of directors report and the independent auditor opinion given by us and is compatible with the financial statements, which have been subject to independent audit and the information given in the explanatory notes.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Şule Firuzment Bekçi
Executive Partner Chief Auditor

İstanbul, 27th February 2014

II. INFORMATION REGARDING THE MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

II.A. Names and Surnames, Assignment Terms, Responsibility Areas, Education, Professional Experience of the Chairman and Members of the Board of Directors, General Manager and his/her Assistants, Members of the Audit Committee and Managers of the Departments within the scope Internal Systems

Name	Title	Responsibility Area	Date of Appointment	Education	Professional Experience
Hüsnü Mustafa Özyeğin	Chairman of the Board of		27.12.2010	Graduate	39 years

	Directors				
Fevzi Bozer	Vice Chairman of the Board of Directors		27.12.2010	Graduate	30 years
İsmet Kaya Erdem(3)	Member of the Board of Directors		11.02.2013	Graduate	62 years
Mehmet Güleşci	Member of the Board of Directors		27.12.2010	Graduate	29 years
M.Erhan Polat	Member of the Board of Directors		27.12.2010	Undergraduate	41 years
Mevlüt Hamdi Aydın (4)	Member of the Board of Directors		24.01.2013	Undergraduate	30 years
Bekir Dildar (1)	Member of the Board of Directors and General Manager		27.12.2010	Undergraduate	26 years
Elif Alsev Utku Özbey (2)	Assistant General Manager	Financial Control	07.01.2011	Graduate	19 years
Ahmet İlerigelen (2)	Assistant General Manager	Corporate and Commercial Credits	07.01.2011	Graduate	30 years
Ali Murat Dinç (2)	Assistant General Manager	Corporate and Commercial Banking	07.01.2011	Graduate	20 years
Adem Aykın	Assistant General Manager	Information Technologies	01.07.2011	Undergraduate	26 years
Esra Osmanağaoğlu	Assistant General Manager	Operations and Organisation	29.02.2012	Undergraduate	25 years
Emre Ergun (5)	Assistant General Manager	Retail Banking	01.06.2012	Graduate	15 years
Cengiz Sinanoğlu (6)	Coordinator	Retail Credits	07.02.2013	Graduate	18 years
Ahu Dolu (7)	Coordinator	Financial Institutions	12.08.2013	Undergraduate	16 years
Ayşe Tulgar	Department Manager	Risk Management	15.03.2011	Undergraduate	14 years

Erman Eltut	Unit Manager	Internal Control	06.02.2012	Undergraduate	13 years
Ahmet Cemil Borucu	Department Manager	Board of Inspection	07.02.2011	Graduate	15 years
Serdal Yıldırım	Department Manager	Legislation and Compliance	06.04.2011	Graduate	17 years

(1) Bekir Dildar has been elected as the member of Board of Directors in the Extraordinary General Assembly meeting held on 27th December 2010 and following the authorisation received from the Banking Regulation and Supervision Agency, he has been appointed as the General Manager as of the date of 07th January 2011.

(2) A declaration was made to the Banking Regulation and Supervision Agency on 27th December 2010 for appointment of Elif Alsev Utku Özbey, Ahmet İlerigelen and Ali Murat Dinç as Assistant General Manager and following the authorisation taken, they have been appointed as of the date of 07th January 2011. Ali Murat Dinç resigned from his office at the Bank on the date of 13th January 2014.

(3) İsmet Kaya Erdem has been appointed as member of the Board of Directors on the date of 11th January 2013.

(4) Faik Onur Umut resigned from his membership in the Board of Directors on 14th January 2013 and Mevlüt Hamdi Aydın has been appointed as member of the Board of Directors on the date of 24th January 2013.

(5) Emre Ergun, who used to serve as the Retail Banking Coordinator, has been appointed as Assistant General Manager as of the date of 02.05.2013.

(6) Cengiz Sinanoğlu started his office as the Retail Credits Coordinator on the date of 7th February 2013.

(7) Ahu Dolu has been appointed as the Financial Institutions Coordinator as of the date of 12th August 2013.

1) Chairman and Members of the Board of Directors

Hüsnü Mustafa ÖZYEĞİN – Chairman of the Board of Directors

Mr.Özyeğin who was born in 1944, holds Master of Business Administration degree from Harvard Business School following his graduation from Robert College and Oregon State University/Civil Engineering Department respectively. He was the Board Member and General Manager of Pamukbank T.A.Ş. during 1974-1984 while he was Vice Chairman of the Board of Directors of Yapı ve Kredi Bank A.Ş. between the years 1984 and 1987. Afterwards in 1987 he founded Finansbank A.Ş. He was the Chairman and General Manager of Finansbank A.Ş. until 1989 and he continued his duty as the Chairman until 2010. He serves as the Chairman of Fiba Holding A.Ş. since 1989. He is the Chairman of the Board of Directors and a Full Member of Credit Committee of Fibabanka A.Ş. since December 27th, 2010.

Fevzi BOZER – Vice Chairman of the Board of Directors

Mr.Bozer who was born in 1955, holds Master of Business Administration degree from Roosevelt University following his graduation from TED Ankara College and Indiana University/Business Administration Department respectively. He worked at Citibank between the years 1984 and 1988, then he joined Finansbank as branch manager in 1988. He served as the General Manager during 1991-1993 in Finansbank (Suisse) S.A. (Credit Europe Bank S.A.) where he was appointed in 1990 and during 1995 and 1999 in Finansbank A.Ş. where he was appointed in 1993. He continued his duty as the Executive Board Member between the years 1999 and 2006. Since 1997, he has been serving as Board Member in various companies within Fiba Group. He is Vice Chairman of the Board of Directors and Member of the Audit Committee of Fibabanka A.Ş. since December 27th, 2010.

İsmet Kaya ERDEM – Member of the Board of Directors

Mr. Erdem who was born in 1928, completed his education at Marmara University and afterwards, between the years 1961-1999, he served as the Assistant General Manager at Undersecretariat of Treasury, General Manager of the Social Insurances Institution, Minister of Finance, Minister of State in charge of Economy and the President of Grand National Assembly of Turkey. He joined Fiba Group in 2000 and has been appointed as the Member of the Board of Directors of the Bank on the date of 11th February 2013.

Mehmet GÜLEŞCİ - Member of the Board of Directors

Mr. Güleşci who was born in 1962, holds Master of Business Administration degree from Boğaziçi University following his graduation from Kabataş Boys' High School and Boğaziçi University/Business Administration Department respectively. He worked in Ernst & Young during 1984-1996, then joined Finansbank in 1997 as an Assistant General Manager and served as the Executive Board Member until 2009. Since 2009 he serves as the Chief Financial Officer of the Fiba Group and is a Board Member of the Group's financial and non-financial investments both domestic and international. He is Member of the Board of Directors and Alternate Member of the Credit Committee of Fibabanka A.Ş. since December 27th, 2010. He is a Member of the Board of Directors of Fiba Portföy Yönetimi A.Ş. since the date of 26th September 2013.

M. Erhan POLAT - Member of the Board of Directors

Mr. Polat who was born in 1948, has started his banking career in 1972 at Yapı ve Kredi Bank A.Ş. following his graduation from Elbistan Mükrimin Halil High School and Atatürk University/Business Administration Department respectively. After holding various positions in Yapı ve Kredi Bank A.Ş. until 1993, he participated to Finansbank A.Ş. as Head of Credits Group in 1993. He served as an Assistant General Manager between the years 1997 and 2002 in Finansbank A.Ş. Beginning from 2004, he has been serving as Chairman of the Board of Directors of Fiba Faktoring A.Ş. and Girişim Faktoring A.Ş. He is Member of the Board of Directors and a Full Member of the Credit Committee of Fibabanka A.Ş. since December 27th, 2010.

Mevlüt Hamdi AYDIN – Member of the Board of Directors

Mr. Aydın who was born in 1957, worked as an inspector at Akbank T.A.Ş. between the years 1983-89 following his graduation from METU (Middle East Technical University) Faculty of Administrative Sciences, Business Administration Department and in 1989, he joined Finansbank A.Ş. as the Chairman of Board of Inspection. Between 1992-95, he served as the Chairman of Board of Inspection and Head of Human Resources Group at Finansbank A.Ş. and beginning from 1995, for 9 years he served as the Assistant General Manager in charge of Human Resources. Between 2004-2013, he worked as the Human Resources Director of Fiba Group and has been appointed to the Board of Directors of the Bank on the date of 24th January 2013. Mr. Aydın is also a member of the Audit Committee and Remuneration Committee.

Bekir DİLDAR – Member of the Board of Directors and General Manager

Mr. Dildar who was born in 1964, after completing his education in Marmara College and US International (Alliant International) University Watford (UK) Business Administration Department, worked in a trade company. He started to his banking career in 1988 in Interbank AŞ. He worked in Interbank AŞ until 1991, in Egebank A.Ş. during 1991-1994 and then he joined Finansbank A.Ş. in 1994. During 1999 – 2003, he served as the General Manager of Finansbank Romania S.A., and then he returned back to the Finansbank A.Ş. in 2003. Until 2010, he worked as the Assistant General Manager in charge of SME Banking, Board Member of Finans Leasing A.Ş., Executive Committee Member and the Assistant General Manager responsible for international activities. He is the General Manager, Member of the Board of Directors and Full Member of the Credit Committee of Fibabanka A.Ş. since December 27th, 2010. Since 26th September 2013, he is a Member of the Board of Directors of Fiba Portföy Yönetimi A.Ş.

Assistant General Managers:

Elif Alsev UTKU ÖZBEY (Assistant General Manager – Financial Control)

Mrs. Özbey who was born in 1971, holds Master of Business Administration degree from Erasmus University/Rotterdam, following her graduation from Samsun Anatolian High School and Boğaziçi University/Business Administration Department respectively. After she worked in PricewaterhouseCoopers during 1994 – 1995, she joined Finansbank A.Ş. in 1995. In Finansbank A.Ş. she worked in various positions until 2009 and lastly she worked as the Assistant General Manager responsible for Financial Reporting and Planning. She joined Fiba Holding as Financial Affairs Director in 2009. As of January 7th, 2011, she has been appointed as the Assistant General Manager of Fibabanka A.Ş. responsible for Financial Reporting. Since the date of 26th September 2013, she is a Member of the Board of Directors of Fiba Portföy Yönetim A.Ş.

Ahmet İLERİGELEN (Assistant General Manager- Corporate and Commercial Credits)

Mr. İlerigelen who was born in 1961, holds Master of Money and Banking Affairs from in Istanbul University Social Sciences Faculty, following his graduation from İstanbul Işık High School and İstanbul University/Business Administration and Finance Department respectively. He started to his banking career in Yapı ve Kredi Bank A.Ş. in 1983. After holding various responsibilities in various departments in Yapı ve Kredi Bankası A.Ş. during 1983-2007, he joined to Tekstilbank A.Ş. in 2007. He participated to Fiba Group after working as Assistant General Manager responsible from Operations and Credits in Tekstilbank A.Ş. He took office in Credit Europe Bank N.V. in 2010. Since his appointment on January 7, 2011, he serves as the Assistant General Manager of Fibabanka A.Ş. in charge of Corporate and Commercial Credits.

Ali Murat DİNÇ (Assistant General Manager – Corporate and Commercial Banking)

Mr. Dinç who was born in 1968, holds Master of Business Administration degree from Exeter University, following his graduation from Galatasaray High School and İstanbul University/Econometrics Department respectively. He worked as Area Manager in Ford Otosan between 1992 – 1995 years. He began his banking career in Garanti Bankası A.Ş. in 1996. He worked in Finansbank A.Ş. during 1997 – 1998 and then he took office in Banque Du Bosphore during 1998 – 2000. After working as the Branch Manager of Finansbank A.Ş. Main Branch between the years 2000 and 2005, he worked as the Assistant General Manager of Credit Europe Bank N.V. during 2005 – 2010. As of January 7th, 2011, he started to work at Fibabanka A.Ş. where he served as the Assistant General Manager of Fibabanka A.Ş. in charge of Corporate and Commercial Banking. He resigned from office on the date of 13th January 2014.

Adem AYKIN (Assistant General Manager – Information Technologies)

Mr. Aykın who was born in 1967, graduated from Denizli High School and Dokuz Eylül University Computer Programming and Anadolu University Business Administration Departments respectively. He started to his banking career in Finansbank A.Ş. in 1988. He worked in Körfez Bank during 1993-1995, and in Finansbank A.Ş. during 1997-2006, and then he worked as the Assistant General Manager of Credit Europe Bank Russia between the years 2006 – 2011. As of July 1st, 2011, he has been appointed as the Assistant General Manager of Fibabanka A.Ş. responsible for Information Technologies.

Esra OSMANAĞOĞLU (Assistant General Manager – Operations and Organisation)

Ms. Osmanağaoğlu, who was born in 1967, graduated from Hopa High School and İstanbul University/Business Sociology Department respectively. She joined to Finansbank A.Ş. in 1990 after she worked in Pamukbank A.Ş. during 1988-1990. She held various positions in Finansbank A.Ş. until 2007. She joined Fiba Factoring A.Ş. as Assistant General Manager responsible for Operations and Fund Management in 2007. As of June 1st, 2011, she was appointed as the Coordinator of Fibabanka A.Ş. responsible for Operations and beginning from the date of 29th February 2012, Ms. Osmanağaoğlu has been working as the Assistant General Manager in charge of Operations and Organisation.

Emre ERGUN (Assistant General Manager – Retail Banking)

Mr. Ergun who was born in 1976, holds a Master of Banking and Insurance from Marmara University, following his graduation from Samsun Anatolian High School and Boğaziçi University Business Administration Departments. He started his banking career in Citibank as a Regional Sales Manager in 1997. In 2004, Mr. Ergun started to work at Finansbank as the Alternative Sales Channels Group Manager and beginning from 2007, he worked as the Assistant General Manager in charge of Individual banking and Credit Cards at Credit Europe Bank in Ukraine and Romania respectively. On June 01st, 2012, he was appointed as the Coordinator responsible for Individual Sales and Marketing, Distribution Channels and Private Banking at Fibabanka A.Ş. Finally, on 2nd May 2013, he has been appointed as the Assistant General Manager in charge of Retail Banking. Since the date of 26th September 2013, he is a Member of the Board of Directors of Fiba Portföy Yönetimi A.Ş.

Cengiz SİNANOĞLU (Coordinator – Retail Credits)

Mr. Sinanoğlu who was born in 1968, graduated from Ankara University, Faculty of Political Sciences, Business Administration Department in 1990 and received his masters degree from Dokuz Eylül University, Department of Public Finance in 1994. He started his banking career at Türkbank A.Ş. in 1994 and then, chronologically he worked at Egebank A.Ş., Kentbank A.Ş., Finansbank A.Ş. and as the Credits Group Directors at HSBC Bank A.Ş. before joining to the Bank. He started to work at the Bank as the Retail Credits Coordinator on the date of 7th February 2013.

Ahu DOLU (Coordinator – Financial Institutions)

Ms. Dolu who was born in 1975, graduated from İstanbul American Robert College and from Marmara University, Department of Economy with a bachelor degree in 1997 and started her banking career at Finansbank A.Ş. in 1997. Between 1997-2007, she worked as the Foreign Relations Manager at Finansbank A.Ş. and afterwards, between 2007-2011 she served as the Head of International Relations and Finance Department at Fiba Holding A.Ş. and then, she started to work at the Bank as the Foreign Relations Department Manager as from 1st June 2011 and on the date of 12th August 2013, she has been appointed as the Foreign Relations Coordinator. After the change of the name of Foreign Relations Department, she continues her office as the Financial Institutions Coordinator currently.

2) Managers Within The Scope Of Internal Systems:

Ahmet Cemil BORUCU (Chairman of the Board of Inspection)

Mr. Borucu who was born in 1975, holds Master of Business Administration degree from İstanbul Technical University, following his graduation from Ankara Atatürk Anadolu High School and Bilkent University/Business Administration Department respectively. He started his banking career in DışBank in 1997. After working at Türk Ekonomi Bankası A.Ş. between 2004 - 2006 years, he worked at Deloitte – DRT Audit A.Ş. during 2006 – 2007. He worked in Fortis Bank (Türk Ekonomi Bankası) A.Ş. between 2007- 2011

and since the date of 7th January 2011, he serves as the Chairman of the Board of Inspection at Fibabanka A.Ş.

Ayşe TULGAR (Head of Risk Management Department)

Ms. Tulgar who was born in 1977, after completing her education in Fenerbahçe High School and Marmara University/Business Administration Department respectively, started her banking career in İktisat Bankası A.Ş. in 1999. She worked in Alternatif Bank A.Ş. during 2000 – 2002 and in Oyak Bank during 2002 – 2004 respectively. After holding various positions in Finansbank A.Ş. beginning from 2004, she serves as the Department Manager in charge of Risk Management Department since the date of 15th March 2011.

Serdal YILDIRIM (Head of Legislation and Compliance Department)

Mr. Yıldırım who was born in 1973, holds his Master degree from Çukurova University, Social Sciences Institute, following his graduation from Kadırlı High School and Ankara University, Business Administration Department respectively. He started to his banking career in TürkBank A.Ş. in 1996. He worked at Türkiye Sınai Kalkınma Bankası A.Ş. (Industrial Development Bank of Turkey) between 2001-2002 and at Fortis Bank (Türk Ekonomi Bankası) between 2002 – 2011. Since the date of 6th April 2011, he serves as the Department Manager in charge of the Compliance and Legislation Department at Fibabanka A.Ş.

Erman ELTUT – Head of Internal Control Department

Mr. Eltut who was born in 1978, graduated from Antalya Gazi High School and İstanbul Technical University Industrial Engineering Department and started his banking career at Toprak Bank A.Ş. Board of Inspection in 2001. Between 2003 - 2005, Mr. Eltut worked at the SDIF (Savings Deposit Insurance Fund) and he worked at Fortisbank A.Ş./Türk Ekonomi Bankası in various positions between 2006-2011 and then, he continued his career at Denizbank A.Ş. between 2011-2012. Since the date of 6th February 2012, he serves as the Unit Manager in charge of the Internal Control Department at Fibabanka A.Ş.

II.B. Auditor

Trade Name	Duty	Date of the General Assembly Meeting where Appointment is Made	Term of Office	Tax Identification No.
DRT Bağımsız Denetim ve Serbest Mali Müşavirlik A.Ş.	Auditor	25.03.2013	4 Years	2910010976

II.C. Information Regarding the Activities of the Committees Established to Support the Board of Directors within the framework of Risk Management Systems according to the Regulation on Credit Committee and Internal Systems of Banks and the Names and Surnames of the Chairman and Members of These Committees and Their Main Duties

Existing committees in our Bank and their duties are as follows:

1) Corporate Governance Committee

Corporate Governance Committee	<ul style="list-style-type: none"> • Fevzi Bozer (Vice Chairman of the Board of Directors) >Chairman of the Committee • Bekir Dildar (Member of the Board of Directors and General Manager) >Member • Elif Alsev Utku Özbey (Financial Control and Financial Reporting – Assistant General Manager) > Member • Serdal Yıldırım (Head of the Legislation and Compliance Department) >Member
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Corporate Governance Committee has been established under the chairmanship of Fevzi Bozer for the purposes of monitoring the Bank's compliance with corporate governance principles, conducting improvement activities in this matter and presenting proposals to the Board of Directors. Committee convenes at least four times a year.

2) Audit Committee

Audit Committee	<ul style="list-style-type: none"> • Fevzi Bozer (Vice Chairman of the Board of Directors) • Mevlüt Hamdi Aydın (Member of the Board of Directors)
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Audit Committee has been established by the Board of Directors of the Bank for the purpose of supporting performance of audit and supervision activities. Committee convenes at least four times a year under the chairmanship of Fevzi Bozer.

3) Credit Committee

Credit Committee	<ul style="list-style-type: none"> • M. Erhan Polat (Member of the Board of Directors) >Chairman of the Committee • Hüsnü Mustafa Özyeğin (Chairman of the Board of Directors) >Full Member • Bekir Dildar (Member of the Board of Directors and General Manager) >Full Member • Mehmet Güleşçi (Member of the Board of Directors) >Alternate Member • İsmet Kaya Erdem (Member of the Board of Directors) >Alternate Member
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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, authorised to give credits and it gives credit approvals within the framework of authorisation given by the Board of Directors in compliance with the provisions of the Bank's credit policy. Credit Committee of the Bank convenes once a week under the chairmanship of M. Erhan Polat.

4) Risk Committee

Risk Management Committee	<ul style="list-style-type: none"> • Bekir Dildar (Member of the Board of Directors and General Manager) >Chairman of the Committee • Elif Alsev Utku Özbey (Financial Control and Financial Reporting – Assistant General Manager) >Member • Ahmet İlerigelen (Corporate and Commercial Credits – Assistant General Manager) >Member • Ali Murat Dinç (Corporate and Commercial Banking – Assistant general Manager) >Member • Emre Ergun (Retail Banking – Assistant General Manager) >Member • Cengiz Sinanoğlu (Retail Credits Coordinator) >Member • Ayşe Tulgar (Risk Management Department Manager) >Member • Canberk Araj (Treasury Department Manager) >Member
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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. Committee convenes once a month under the chairmanship of Mr. Bekir Dildar.

5) Assets and Liabilities Committee

Assets and Liabilities Committee	<ul style="list-style-type: none">• Bekir Dildar (Member of the Board of Directors and General Manager) >Chairman of the Committee• Elif Alev Utku Özbey (Financial Control and Financial Reporting – Assistant General Manager) >Member• Ahmet İlerigelen (Corporate and Commercial Credits – Assistant General Manager) >Member• Ali Murat Dinç (Corporate and Commercial Banking – Assistant general Manager) >Member• Emre Ergun (Retail Banking – Assistant General Manager) >Member• Cengiz Sinanoğlu (Retail Credits Coordinator) >Member• Ahu Dolu (Financial Institutions Coordinator) >Member• Ayşe Tuglar (Risk Management Department Manager) >Member• Canberk Araj (Treasury Department Manager) >Member
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Assets and Liabilities Committee has been established by the Board of Directors to determine the policies relating to the management of the Bank's assets and liabilities and in this context, the policies relating to fund movements; to decisions which shall be executed by related departments for managing the Bank's balance sheet and to follow the implementation of such decisions. Assets and Liabilities Committee convenes once a week under the chairmanship of General Manager.

6) Remuneration Committee

Remuneration Committee	<ul style="list-style-type: none">• Fevzi Bozer (Vice Chairman of the Board of Directors)• Mevlüt Hamdi Aydın (Member of the Board of Directors)
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A Remuneration Committee, with its members Mr. Fevzi Bozer and Mr. Mevlüt Hamdi Aydın who are Members of our Board of Directors, has been formed for the purposes of following and auditing remuneration practices on behalf of the Board of Directors, which shall not have any executive duty.

II.D. Information Regarding the Board of Directors and Participation of the Members of Board of Directors to Meetings

1) Board of Directors:

Board of Directors of the Bank convenes at the Head Office of the Bank, 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. Board of Directors of our bank must convene at least once a month.

2) Audit Committee:

During the relevant account term, Audit Committee meetings have been respectively held on the dates of 25th February, 18th April, 22nd July, 24th October and 19th December 2013 by the attendance of its members.

3) Credit Committee

Credit Committee convenes once a week regularly

4) Assets and Liabilities Committee:

Assets and Liabilities Committee regularly convenes once a week.

II.E. Brief Board of Directors Report Presented to the General Assembly

Total assets of the Bank as of December 31st, 2013 is TL 6,664 million TL. As of December 31st, 2013, shareholders' equity is TL 497.2 million and the paid-in capital of the Bank is TL 550.0 million, prior year losses is TL 72.6 million and the current year net profit is TL 43.8 million. Total loans of the Bank increased by 61% at the end of 2013 and reached to the amount of 5.180 million TL and the share of loans in total assets has been realized as 78%. Non-performing loans ratio of the Bank has been 1.2% and it is below the average of banking sector. Capital adequacy ratio of the Bank has been realised as 13.3% as of December 31st, 2013.

"Financial Statements" of the Bank, prepared as of the date of 31st December 2013 and which have been subject to independent audit and shall be disclosed to public, are presented for your examination and approval.

II.F. Information Relating to Human Resources Practices

Recruitments have been performed for the purpose of meeting the personnel demands in the branch network and Head Office departments, structured according to general policies of the Bank. In 2013, with 14 (fourteen) new branches opened in İstanbul and 20 (twenty) new branches opened out of İstanbul, total number of branches reached to 62 and at the end of 2013, there have been totally 1.152 employees. Through the rotations and promotions within the organisation of the Bank, it has been targeted to benefit from the experience and qualifications of the personnel at the optimum level and to meet the needs of the Bank swiftly and efficiently. Training programmes have been organised within the Bank to provide professional information and to meet professional needs of the staff within the framework of the strategies and targets of the Bank and to contribute to their personal developments, and the participation of the staff to organisations of other institutions/corporations has been provided. Regarding remuneration and social benefits, relevant practices in the industry have been followed and within the scope of existing applications, necessary regulations have been made relating to annual increases in fees and other additional benefits.

II.G. Information Relating to the Risk Group, in Which the Bank is Involved

1) Credits and Other Receivables Within the Scope of the Risk Group, in Which the Bank is Involved (Thousand TL)

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	--	--	--	--	31,845	4,959
Balance at the End of the Period	--	--	--	87	2,475	18,736
Interest and Commission Income Received	--	--	5	--	869	53

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	--	--	6,161	9,702	3,696	1,817
Balance at the End of the Period	--	--	--	--	31,845	4,959
Interest and Commission Income Received	--	--	--	1	583	34

2) Information Relating to Deposits of the Risk Group in Which the Bank is Involved

Bank's Risk Group (*)	Associates and Subsidiaries		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	--	--	2,644	2	119,992	95,201
Balance at the End of the Period	5,128	--	16,769	2,644	79,203	119,992
Deposit Interest Expense	124	--	1,419	1,823	5,941	1,828

3) Information relating to Derivative Transactions Made by the Bank with the Risk Group in Which the Bank is Involved

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	--	--	--	3,401,356	165,714	--
Balance at the End of the Period	--	--	--	--	146,863	165,714

Total Income/Loss	--	--	--	--	3,297	27,796
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/Loss	--	--	--	--	--	--

II.H. Information Regarding the Fields of Activities for Which Support Services are Received According to the Regulation on Authorisation of Institutions Which Shall Provide Support Services to Banks, and Information Regarding the Persons and Institutions From Which These Services are Received

1) Banking Operating Systems

Trade Name of the Company	Services Provided / Fields of Activities
COMPRO Bilişim Teknolojileri A.Ş.	Main Banking System, Maintenance and Support Agreement
Global Bilişim Yazılım Danışmanlık San. ve Tic. Ltd. Şti.	Installation of software for EFT payment systems, maintenance and support services. KASBOX Application
IBM Global Services İş ve Teknoloji Hiz. ve Tic. Ltd. Şti.	Services in extraordinary situations. AS400 Systems Server and Maintenance Services
Probil Bilgi İşlem Destek ve Danışmanlık San. Tic. A.Ş.	System support hardware maintenance reparations services.
Provus Bilişim Hizmetleri A.Ş.	Credit card software and credit card activities operating services.
Finar Enformasyon Derecelendirme ve Danışmanlık Hizmetleri A.Ş.	Riskmeter rating software solution application
Eastern Networks Çözümleri Ticaret A.Ş.	Service Office GWCP main connection, DRCP ODM alternate connection, Paygate Analyser and Inspector software and SWIFT transactions and management
İdeal Bilişim Hizmetleri Sanayi ve Ticaret Ltd.Şti.	FX Matching / FX Nostro settlement software
Innova Bilişim Çözümleri A.Ş.	Corporate transaction centre service study

2) Telephone Banking

Trade Name of the Company	Services Provided / Fields of Activities
NCR Bilişim Sistemleri Ltd. Şti.	Call centre and voice recording systems infrastructure support

3) ATM Banking

Trade Name of the Company	Services Provided / Fields of Activities
Bilişim Bilgisayar Hizmetleri Ltd.Şti. (Banksoft)	ATM and bank card management system software infrastructure support

4) Internet Banking

Trade Name of the Company	Services Provided / Fields of Activities
V.R.P Veri Raporlama Programlama Bilişim Yazılım ve Danışmanlık Hizmetleri Ticaret A.Ş.	Internet banking software and operating systems services SMS Gateway SMS message transmission.

5) Other Services out of the scope of Information Technologies

Trade Name of the Company	Services Provided / Fields of Activities
Akbasım Matbaacılık ve Tic. Ltd. Şti.	Cheque book printing services.
ATOS Bilişim, Danışmanlık ve Müşteri Hizmetleri San.Tic.A.Ş.	Credit sale call centre external call services.
Brinks Güvenlik Hizmetleri A.Ş.	Precious goods transportation services.
CMC İletişim Bilgisayar Reklam ve Danışmanlık Hizmetleri San. Tic. A.Ş.	Credit sale call centre external call services.
Enuygun.com İnternet Bilgi Hizmetleri Teknoloji ve Ticaret A.Ş.	Promotion of credit products and direction of credit demands.
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	Execution of land registry transactions by proxy.
Iron Mountain Arşivleme Hizmetleri A.Ş.	Filing of physical documents.
Provus Bilişim Hizmetleri A.Ş.	Account statement printing and enveloping services.
SecurVerdi Güvenlik Hizmetleri A.Ş.	Money transportation services.
Aktek Bilgi İletişim Teknolojisi San ve Tic A.Ş.	Scanning credit documentation and transferring them to the system.
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	Money transportation services.
Bonded Kayıt Sistemleri Dağıtım Hiz. Ve Tic. A.Ş.	Filing of physical documents.
Callpex Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.	Call centre IVR backup services.
T. Garanti Bankası A.Ş.	Providing credit card and member merchant services.
Girişim Alacak Yönetim Hizmetleri ve Yazılım Servisleri A.Ş.	Collection management.
Konutkredisi.com.tr Danışmanlık A.Ş.	Consumer loan application acquisition study
Republic of Turkey, General Directorate of Postal Service	Extension of consumer loan through PTT (Post Office)

III. FINANCIAL INFORMATION AND INFORMATION RELATING TO RISK MANAGEMENT

III.A. The Report Prepared by the Auditors According to Article 399 of the Turkish Commercial Code

AUDITOR'S REPORT FOR THE YEAR 2013

TO THE GENERAL ASSEMBLY OF FİBABANKA A.Ş.

We have examined the balance sheet and operations of Fibabanka A.Ş. for the period between 01.01.2013–31.12.2013 within the scope of the Turkish Commercial Code, Articles of Association of the Bank and other related laws and regulations.

As a result of our examinations, no material finding is detected regarding that accounting system of the Bank does not comply with the rules related to financial reporting defined in above mentioned laws and Articles of Association of the Bank.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE
TOHMATSU LIMITED

Şule Firuzment Bekçe

Partner

III.B. Evaluations of the Audit Committee Relating to Operation of the Internal Control, Internal Auditing Risk Management Systems and Information Regarding Its Activities During the Accounting Term

1) Legislation and Compliance Department

Legislation and Compliance Department has been established in April 2011 and its main purpose is to ensure that all of the current and planned activities, products and services of the Bank are in compliance with related laws and regulations, Bank's internal policies and procedures and banking practices; to prevent Laundering of Proceeds of Crime and Financing of Terrorism and to combat against corruption. Legislation and Compliance Department performs its activities with 4 (four) employees and it reports to the Audit Committee.

Legislation and Compliance Department is also responsible for regulating and monitoring structures and processes of the Bank relating to corporate governance and the principles relating thereto; determining and following the ethical principles, social and environmental responsibility policies.

2) Internal Control Department

Internal Control Department has been established for the purposes of protecting assets of the Bank; 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; ensuring the reliability and integrity of accounting and financial reporting systems and having access to relevant information on time, and it carries out its activities with 5 (five) persons and reports to the Audit Committee. In 2012, Internal Control Department renewed its staff and conducted audit activities at the Head Office and branches and carried out "governance statement" studies relating to Banking processes.

3) Internal Audit Department

Internal Audit Department is staffed with 4 internal auditors who have Capital Markets Board Advanced Level License, Certified Internal Auditor, Certified Public Accountant, Certified Fraud Examiner, Certified Risk and Information Systems Control, Certified Information System Auditor certificates. Organisational structure of the Internal Audit Department has been formed in a manner to cover the Banking Processes and the Information Technologies Processes separately.

Annual internal audit programme 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 annual process and the branch audit programme; Banking Process, COBIT Information Technologies Process, branch audits and other examinations have been realised. Distinguishing findings in these areas have been presented to the Audit Committee in order to be evaluated.

4) Risk Management Department

The main purpose of 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. For this purpose; periodical evaluations, measurements, reporting and controlling activities are conducted on a daily, weekly, monthly, quarterly and yearly basis.

After the Bank has been purchased by Fiba Group at the end of 2010, it has been targeted to restructure and reinforce Risk Management Department with required systems and infrastructure and also to constitute a structure that will enable the Bank to perform all activities and calculations within the Bank's internal organization.

In this context, Risk Management Department's subdivisions are organized as the Market Risk Management, Credit Risk Management and Operational Risk Management.

Related divisions and their activities can be summarized as follows:

- a. Market Risk Management: The aim is to manage the possible losses which the Bank may be exposed to due to general market risk, currency risk, specific risk, commodity risk and clearing risk and the structural interest risk arising from banking accounts.
- b. Credit Risk Management: The aim is to manage the possible losses which the Bank may be exposed to due to the credit customers' failure to comply with the requirements of the concluded contract and failure to fulfil the obligations partially or completely. Within the scope of credit risk, new restructuring has been made under 2 separate units namely the Individual Credits Decision Support and Scoring Unit and Corporate/Commercial Credits Unit and the management of scoring models relating to credits of the Bank, is also considered within the scope of credit risk.
- c. Operational Risk Management: Operational risk is the possibility whereby the risk arising as a result of insufficient and incorrect business processes, systems, human factor or external events, causes unexpected consequences such as loss, profit, cost of opportunity, etc. Operational risks and their impacts are identified and managed in a manner to remain within the limits determined according to the Bank's Risk Appetite Policy through the methods applied by the Bank such as avoiding, decreasing and transferring.

Activities realised by the Risk Management Department in 2013 may be summarised as follows:

- a. All the risks carried by the Bank are followed within the limits set forth in the Fibabanka Risk Appetite Policy which has been approved by the Board of Directors. Related reports are submitted to the Board of Directors once a month and information is given regarding the Bank's risk profile.
- b. On a monthly basis Market Risk, Exchange Risk and Credit Risk reports are sent to the BRSA (Banking Regulation and Supervision Agency) and related report according to the "Regulation on Measurement and Assessment of Capital Adequacy Ratio" within the scope of Basel II is presented to the BRSA on a monthly basis.

- c. Details of trading portfolio, liquidity, market, interest rate and credit risk analysis are made and related reports are presented in the Assets and Liabilities Committee meetings held once a week and in the Risk Committee meetings held once a month.

III.C. Information Regarding Financial Statements and the Financial Structure

Fiba Portföy Yönetimi A.Ş.("Fiba Portföy") has been established in November 2013, as an affiliated company of the Bank and the financial statements of the Bank and Fiba Portföy A.Ş. have been started to be consolidated as from the term of 31st December 2013, for the first time. Both solo and consolidated financial statements of the Bank are contained in the Independent Auditor's Report.

III.D. Evaluations Relating to Financial Situation, Profitability and Solvency

Fibabanka has grown by 71% in 2013 and its total assets as of year-end 2013 reached to TL 6,664 million.

Loan volume, which used to be TL 3,221 million at the end of 2012, increased by 61% and realized as TL 5,180 million at the end of 2013. Share of the loans in total assets has been realized as 78%.

Credit worthiness of loans and other receivables are monitored systematically in accordance with related laws and regulations. For new credits disbursed, the Bank complies with the limits determined under the Banking Laws and Regulations. Collaterals are taken for the loans disbursed in order to reduce risk. In 2013, non performing loan balance has been TL 60.4 million and provisions in the amount of TL 35.0 million have been set aside relating to these loans.

As of the end of 2013, Bank's securities portfolio kept for trading purposes decreased by 28% to TL 17.0 million. Available for sale portfolio increased to TL 265.6 million at the end of 2013, by new purchases. Securities/total assets ratio which used to be 3.4% at the end of 2012, has been realized as 4.2% as of year-end 2013.

Total deposits volume increased by 69% and reached to TL 4,548 million. Details of total deposits on the basis of type and Turkish Liras/Foreign Currency classification are as follows:

(Thousand TL)	31/12/13			31/12/12		
	TL	FC	Total	TL	FC	Total
Interbank Deposits	12,661	207,153	219,814	1,378	51,193	52,571
Savings Deposits	1,744,188	--	1,744,188	924,834	--	924,834
Public Sector Deposits	5,256	--	5,256	3,043	--	3,043
Commercial Deposits	827,897	--	827,897	549,678	--	549,678
Other Institutions' Deposits	171,053	--	171,053	53,228	--	53,228
Foreign Currency Deposit Accounts	--	1,577,409	1,577,409	--	1,105,079	1,105,079
Precious Metals Deposit Accounts	--	2,560	2,560	--	1,008	1,008
Total	2,761,055	1,787,122	4,548,177	1,532,161	1,157,280	2,689,441

In 2013, income before-tax has been TL 58.9 million. Net income after tax provision in the amount of TL 15.1 million has been realized as TL 43.8 million.

Bank's net interest income in 2013 increased by 47% and net operating revenues increased by 41% compared to the preceding year and realized as TL 253.6 million.

Operating expenses has been realized as TL 152.4 million in 2013.

Bank's Capital Adequacy Ratio, which was 14.3% as of 31.12.2012, has been realized as 13.3% as of 31.12.2013.

(Thousand TL)

	31/12/13	31/12/12
Capital Requirement for Credit Risk (CR)	437,126	258,376
Capital Requirement for Market Risk (CRMR)	8,245	3,083
Capital Requirement for Operational Risk (CROR)	14,660	7,300
Shareholders' Equity	763,188	481,160
Shareholders' Equity/((CRCR+MRMR+ORCR) * 12.5) * 100	%13.3	%14.3

Bank's share capital is not left unpaid and it suffers no insolvency. There is no measure required to be taken to improve financial structure of the Bank. Bank continues to grow profitably according to its targets.

Profit distribution schedule of the Bank in 2013 is given in section two, where unconsolidated financial statements are shown. No distribution of profit is planned for 2013 due to losses in previous years.

Exchange rate risk, interest risk and liquidity risk of the Bank are measured and monitored by various risk management systems and management of the balance sheet is made according to risk limits determined in this context, and the legal limitations.

In order to be protected against market risk within the scope of financial risk management purposes, the Bank has determined its market risk management activities and has taken necessary measures within the scope of the "Regulation on Internal Systems of Banks" and the "Regulation on Measurement and Evaluation of Capital Adequacy Ratios of Banks" published in the Official Gazette dated 28th June 2012 and issue no. 28337. Market risk calculations are made on monthly basis and the obtained results of measurements are taken into account for calculation of Capital Adequacy Standard Ratio. The amount subject to market risk as of the date of 31.12.2013 is TL 8.2 million.

For measuring the exchange risk encountered by the Bank, Standard Method and Value Subject to Risk Method are used. Legal position limits are used for the purpose of limiting the encountered risk. Amount of foreign currency long positions as of 31.12.2013, is TL 7.0 million.

Against the liquidity risk, attention is paid to ensure consistency of maturity between assets and liabilities and liquid assets are kept for the purpose of completely meeting the liquidity needs which may occur as a result of fluctuations in the market.

Efforts in this context are supported by Turkish Liras and Foreign Exchange cash flow projections and developments in the maturity structure, cost of deposits in Turkish Liras and foreign currency and the total amounts thereof are followed on daily basis and during said studies, developments experienced in previous terms and expectations from future are taken into account as well. Based on the cash flow projections made, measures are taken to meet liquidity needs by applying different pricing for various maturities, furthermore, the amount of liquidity which may be needed in extraordinary situations, is estimated and the alternative liquidity resources which may be used are determined.

III.E. Information Regarding Risk Policies Implemented Based on the Types of Risks

Market Risk Arising From Trading Portfolio

Below mentioned activities are conducted for the purposes of complying with the rules and regulations of the Banking Regulation and Supervision Agency for defining, measuring, reporting and following the market risk by the Bank; minimising the losses of the Bank which may arise from the market risk; improving processes and standards.

Bank may not maintain positions above the legal limits. Additionally, Value Subject to Risk limits have been determined for the risk due to the trading portfolio maintained by the Bank within the scope of Trading Portfolio Policy. Necessary infrastructure works have been completed to provide that compliance with these limits shall be followed by the Risk Management Department on daily basis.

Interest Risk Arising From Banking Accounts

Within the scope of Assets and Liabilities Management Policy; all the components included in the assets and liabilities of the Bank are divided into maturity tranches based on remaining maturity periods by way of re-pricing and predetermined interest shocks are applied and the change in net economic value is calculated.

By the stress tests made on the interest risk maintained by the Bank through the Interest Risk Analysis, sensibility of the risk level intended to be carried out is tested against crises scenarios and thereby, studies are made to keep them under control.

Liquidity and Funding Risk

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, funding needs estimated to occur in the future, funding resources and cash flows are taken into account.

Organisation, duties and responsibilities of the Bank's Liquidity Risk Management have been defined in details within the scope of Liquidity and Funding Risk Policy and the basic principles, implementations, limits and reporting activities to be accepted for Liquidity Risk Management are specified.

By the Liquidity Reports; short and long term liquidity risks carried by the Bank and the scenario analysis on the current positions of the Bank are presented to the Management.

Credit Risk

For the purposes of estimating, determining, measuring, following, avoiding, decreasing and managing the credit risk of the Bank; rating, model development and verification standards are determined. These standards are developed for the purpose of correctly defining the reliable credit clients with regards to credit policies.

Furthermore, for defining, measuring, reporting and controlling the credit risk, required reporting and controls are performed within the framework local laws and regulations.

Rules and regulations of the Banking Regulation and Supervision Agency are taken as the basis to calculate the provisions for credits.

For credit risks arising from transactions executed by the Treasury Department with other banks, limits are determined on the basis of each bank.

Concentration and risk limits developed relating to the credit portfolio maintained by the Bank are reviewed through the Credit Risk Reports.

Operational Risk

For determining, measuring, decreasing, reporting and controlling operational risk, the Bank implements policies formed by it according to international best practices and local laws and regulations.

Business stability policies and procedures have been formed under the framework of operational risk. Process based business impact analysis have been made for the purpose of providing business stability and critical activities of the company and resources required for maintaining these activities have been determined. Business stability plans have been prepared and infrastructure studies aimed at implementation of the plans have been completed.

III.F. Rating Note Given by Rating Agencies and Information Relating to the Basis of This Note

There is no rating note for our Bank in 2013.

III.G. Condensed Financial Information Regarding Last Five Years Including the Term for Which the Report is Prepared

Summary Balance Sheet

(Thousand TL)	<u>31/12/13</u>	<u>31/12/12</u>	<u>31/12/11</u>	<u>31/12/10</u>	<u>31/12/09</u>
Cash and balances with central bank	804.527	429.812	243.385	55.261	164.584
Financial assets at fair value through profit or loss (net)	75.493	43.709	54.132	96.869	38.155
Due from banks	214.158	25.047	18.903	73.346	104.423
Money market placements	46.697	30.304	--	--	--
Financial assets available for sale (net)	265.644	108.733	15.844	14	16
Loans to customers (net)	5.179.954	3.220.704	2.106.677	640.000	727.407
Investments in equity participations (net)	5.445	--	--	--	--
Derivative financial assets for hedging purposes	--	--	--	--	1.585
Tangible assets (net)	32.766	15.846	11.663	6.743	8.417
Intangible assets (net)	6.985	6.211	6.074	2.044	2.068
Deferred tax assets	13.243	5.369	20.472	22.798	21.925
Asset Held For Sale And Assets Of Discontinued Operations (net)	1.173	6.393	6.270	1.883	--
Other assets	17.794	8.104	3.329	3.281	2.407
Total Assets	6.663.879	3.900.232	2.486.749	902.239	1.070.987
Deposits	4.548.177	2.689.441	2.050.505	750.268	889.662
Derivative liabilities held for trading	80.718	13.696	16.315	23.543	1.192
Funds Borrowed	559.081	308.670	29.756	2.574	300
Interbank money markets	225.988	97.247	6.831	--	--
Securities issued (net)	297.160	222.746	--	--	--
Miscellaneous payables	54.255	9.364	105.796	935	3.008
Other external resources	44.826	34.833	12.343	5.546	9.265
Lease Payables (net)	260	-	-	-	-
Derivative financial liabilities for hedging purposes	--	--	--	--	32.283
Provisions	63.782	41.820	25.938	10.021	10.897
Taxes payable	17.039	10.053	6.012	2.024	2.410
Subordinated debts	275.420	89.693	--	--	--
Shareholder's equity	497.173	382.669	233.253	107.328	121.970
Total Liabilities	6.663.879	3.900.232	2.486.749	902.239	1.070.987

Summary of Income Statement

	<u>31/12/13</u>	<u>31/12/12</u>	<u>31/12/11</u>	<u>31/12/10</u>	<u>31/12/09</u>
Interest Income	460.062	335.525	168.442	71.577	87.399
Interest Expense	266.930	204.441	98.002	38.494	53.723
Net Interest Income	193.132	131.084	70.440	33.083	33.676
Net Fees and Comission Income	13.327	6.984	12.029	4.548	3.645
Trading Income (net)	37.222	37.033	5.160	(9.045)	(7.855)
Other Operational Income	9.962	4.725	3.368	4.256	3.550
Total Operational Income	253.643	179.826	90.997	32.842	33.016
Provision for loans and other receivables (-)	42.269	23.951	18.248	2.631	4.626
Other Operational Expenses (-)	152.446	95.557	64.808	45.723	49.448
Income from operational activities	58.928	60.318	7.941	(15.512)	(21.058)
Income before tax on continuing operations	58.928	60.318	7.941	(15.512)	(21.058)
Provision for taxes on continuing operations	(15.122)	(14.603)	(2.754)	870	3.273
Net income on continuing operations	43.806	45.715	5.187	(14.642)	(17.785)
Net Profit/Loss	43.806	45.715	5.187	(14.642)	(17.785)

III.H. Activities of the Bank and Important Developments Relating to Its Activities

- 1) Information relating to investments made by the Bank in 2013 is specified in paragraphs 12 and 13 of Section Five/I.Explanations and footnotes relating to assets accounts of the Balance Sheet in the Independent Auditor's Report.
- 2) Information relating to the Bank's internal control system and internal audit activities and the opinion of management body regarding this matter are specified in related section of this Report, with the heading "III. Financial Information and Information Relating to Risk Management/ B) Evaluations of the Audit Committee Relating to Operation of the Internal Control, Internal Auditing Risk Management Systems and Information Regarding Its Activities During the Accounting Term.
- 3) The Bank has a subsidiary with the trade name "Fiba Portföy Yönetimi Anonim Şirketi". Share capital of said company is 5.500.000 (five million five hundred) Turkish Liras composed of 550.000.000 (five hundred and fifty million) registered shares each with a nominal value of 1 Kuruş, all of which is paid up. TL 5,445,000.- of said share capital, which corresponds to its 99%, was undertaken by Fibabanka A.Ş. and TL 55,000.- thereof which corresponds to 1% was undertaken by Fiba Holding A.Ş. in cash and completely without any dispute all of the undertaken share capital has been paid by the shareholders in cash and fully.
- 4) There is no share of the Bank, which has been acquired by itself.
- 5) The Bank is audited by an independent audit firm at the end of each quarterly term in a limited scope and at the end of each year comprehensively. Furthermore, it is subject to constant monitoring and supervision of the Banking Regulation and Supervision Agency within the scope of banking laws and regulations.
- 6) There is no lawsuit commenced against the Bank and which may affect the financial situation and activities of the Bank.
- 7) Amount of penalties paid by the Bank due to applications in breach of related laws and regulations, is TL 14,635.-.

- 8) The Bank reached its targets in 2013 and fulfilled the decisions of its General Assembly.
- 9) In 2013, Extraordinary General Assembly meetings have been held for two times.
- a. Extraordinary General Assembly Meeting held on the date of 14.05.2013 was related to capital increase and as a result of said meeting, the Bank's share capital increased from TL 426,650,100.- to TL 550,000,000.- and the nominal value of each share has been determined as TL 0.01 (1 Kuruş). Relating to said capital increase, article 7 (seven) with the heading "Share Capital", of the Articles of Association has been amended.
 - b. Extraordinary General Assembly Meeting held on the date of 27.06.2013 was related to updating the Articles of Association of the Bank within the scope of new Turkish Commercial Code and in this context, articles 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 24, 25, 26, 27, 28, 30, 31, 32, 33, 34, 35, 36, 37 of the Articles of Association have been rearranged and article 38 has been added as a new article.
- 10) By the decision of the Board of Directors dated 03.07.2013, it has been decided that all provisional share certificates issued in registered form since incorporation of the Bank until today, shall be cancelled and demolished and that shares certificates in registered form shall be published in the name of each shareholder at the rate of their shares in the total amount of TL 550,000,000.-, each share having a value of TL 0.01 and that they shall be delivered to shareholders.
- 11) Based on the decisions of the Board of Directors dated 01.08.2013 and 03.05.2013, taken by Fiba Holding A.Ş., 872.500.000 share certificates with a total value of TL 8,725,000.- have been purchased by persons who are in the management of the Bank.
- 12) Total amount of donations and aids made by the Bank in 2013 and the expenses incurred within the scope of social responsibility projects, is TL 590.-.
- 13) With regards to transactions made with Fiba Holding A.Ş., direct major shareholder of the Bank, and with its other affiliated companies, there is no measure taken or omitted to be taken in favour of the Bank. Likewise, with regards to transactions made with Mr. Hüsni Mustafa Özyeğin, major investor of the Bank, there is also no measure taken or omitted to be taken in favour of the Bank. All all legal transactions made, agreements have been subjected to similar procedures, principles and terms and conditions as if they are made with persons out of the scope of group companies. No measure has been applied to the disadvantage of the Bank according to attempt and interest of controlling company of the Bank and its affiliated companies.
- 14) On the date of realization of legal transactions made with the controlling company, affiliated companies of the controlling company and the major investor, and the details of which are given in the Affiliation Report, according to situations and terms and conditions known by us, an appropriate counter consideration has been provided in each legal transaction. There is no measure taken or omitted to be taken and any loss suffered by our Bank in this context. As a result of examination in accordance with article 199 of the Turkish Commercial Code, of financial transactions realised by the Bank with the controlling company and the affiliated companies of the controlling company; it is understood that all the transactions made by the Bank have been executed completely in accordance with the market conditions and precedents/then current values at the time of execution of related transaction, as if they were concluded with third parties.
- 15) In 2013;
- total amount of financial benefits such as attendance fee, fee, premium, bonus, profit share, etc. provided to the Board of Directors and to seniors managers of the Bank, is TL 5,048,424.-,
 - total amount of allowances, travel, accommodation and representation costs and benefits in rem and financial benefits, insurances and similar warranties given to the Board of Directors and to senior managers of the Bank, is TL 265,502.-.

III.I. Independent Audit Report

Financial Report to be Announced to Public