

FİBANKA A.Ş. AND ITS SUBSIDIARY

**INDEPENDENT AUDITOR'S REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND FOOTNOTES
AS OF AND FOR THE YEAR ENDED
1 JANUARY – 31 DECEMBER 2015**

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

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR’S REPORT

**To the Board of Directors of
Fibabanka A.Ş.**

Report on the *Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of Fibabanka A.Ş. (“the Bank”) and its consolidated subsidiary (together will be referred as “ the Group”), which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of income, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

The Bank Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards for the matters not legislated by the aforementioned regulations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fibabanka A.Ş. and its consolidated subsidiary as at 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with the BRSA Accounting and Reporting Regulations.

Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January-31 December 2015 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

Additional paragraph for English translation

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's and its consolidated subsidiary's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Şehsuvaroğlu
Partner

İstanbul, 16 February 2016

THE CONSOLIDATED FINANCIAL REPORT OF FİBABANKA A.Ş. AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015

Address : Esentepe Mah. Büyükdere Caddesi No:129
Şişli 34394 İstanbul-Türkiye
Telephone : (212) 381 82 00
Fax : (212) 257 37 78
Web- Site : www.fibabanka.com.tr
Contact E-Mail : alper.cilekar@fibabanka.com.tr

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

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

The consolidated subsidiaries included in this annual consolidated financial report are as follows:

Subsidiaries:

- Fiba Portföy Yönetimi A.Ş.

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

 Hüsnü Mustafa Özyeğin	 Fevzi Bozer	 Mevlüt Hamdi Aydın	 Bekir Dildar	 Elif Alsev Utku Özbey	 Ayşe Akdaş
Chairman of Board of Directors	Deputy Chairman of Board of Directors and Chairman of the Audit Committee	Member of the Audit Committee	Member of Board of Directors and General Manager	Assistant General Manager	Financial Control and Reporting Department Head

Information related to personnel to whom questions related to this financial report may be directed.

Name-Surname/Title : **Ayşe Akdaş** / Financial Control and Reporting Department Head
Telephone Number : (212) 381 84 88
Fax Number : (212) 257 37 78

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FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2015

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

Credit Europe Bank N.V.'s share of capital increased from 95% to 97.6% after the capital increases during 2011 and 2012. Fiba Holding A.Ş. became the ultimate parent of the Parent Bank after acquiring 97.6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2.4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012. There were sales of equity shares to the management of the Parent Bank in 2013. Total share of the management is 1.4%.

The Parent Bank, applied to the BRSA on 14 January 2015 for permission of the subordinated loan provided from Fiba Holding A.Ş. in the amount of USD 50 million to be converted to share capital. Following the authorization of the BRSA on 4 March 2015, the Board of Directors decision was taken on 5 March 2015 regarding share capital increase from TL 550,000 to TL 678,860. TL 127,045 of the increase was provided by the subordinated loan granted by Fiba Holding A.Ş. which had been approved to be converted to capital and TL 1,815 of total capital was paid in cash by the other shareholders, capital increase was recognised in financial statements following the completion of the legal procedures on 7 May 2015.

The Parent Bank's paid-in capital amounting to TL 678,860 was increased to TL 847,515 on 23 December 2015 with equal contributions from International Finance Corporation ("IFC") and European Bank for Reconstruction and Development ("EBRD") amounting TL 168,655 in total. In addition, share issuance premium of TL 73,379 was recognised in the shareholders' equity.

As of 31 December 2015, the Bank's paid-in capital is TL 847,515.

FİBABANKA A.Ş. FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2015

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

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

<u>Name Surname</u>	<u>Title</u>	<u>Assignment Date</u>
<i>Board of Directors</i>		
Hüsnü Mustafa Özyeğin	Chairman	27 December 2010
Fevzi Bozer	Deputy Chairman	27 December 2010
Mehmet Güleşçi	Member	27 December 2010
Mevlüt Hamdi Aydın	Member	24 January 2013
İsmet Kaya Erdem	Member	11 February 2013
Bekir Dildar(*)	Member-General Manager	27 December 2010
<i>Audit Committee</i>		
Fevzi Bozer	Member	27 December 2010
Mevlüt Hamdi Aydın	Member	24 January 2013
<i>Assistant General Managers</i>		
Elif Alsev Utku Özbey	AGM-Financial Control & Reporting	7 January 2011
Adem Aykın	AGM-Information Technologies, Organization and Projects	1 July 2011
Esra Osmanağaoğlu	AGM-Banking Operations &	29 February 2012
Emre Ergun	AGM-Retail Banking	2 May 2013
Kerim Lokman Kuriş	AGM – Corporate &Commercial Banking	1 December 2015
Turgay Hasdiker	AGM – Corporate &Commercial Credits	1 December 2015
Ahu Dolu	AGM – Financial Institutions	1 December 2015
Cengiz Sinanoğlu	Coordinator – Retail Credits	7 February 2013
Ömer Rıfat Gencal	Coordinator- Treasury	2 February 2015

*Bekir Dildar was appointed as the General Manager on 7 January 2011.

Erhan Polat has resigned from his duty of the member of Board of Directors on 24 August 2015.

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

FİBABANKA A.Ş. FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2015

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

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

Name Surname/ Commercial Title	Share Amount (Nominal)	Share Ratios	Paid in Capital (Nominal)	Unpaid Shares
Fiba Holding A.Ş.	669,364	%79.0	669,364	--
Hüsnü Mustafa Özyeğin	620,291	%73.2	620,291	--
IFC	84,328	% 9.9	84,328	--
EBRD	84,328	% 9.9	84,328	--

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

The Bank was incorporated as a privately owned bank authorized for customer deposit acceptance and the Head Office of the Bank is located in Istanbul, Turkey. As of 31 December 2015, the Bank serves with 67 domestic branches and 1,290 employees.

VI. Other Information

The Bank's Commercial Title:	Fibabanka Anonim Şirketi
The Bank's General Directorate Address:	Esentepe Mah. Büyükdere Caddesi No:129 Şişli 34394 İstanbul
The Bank's Phone and Fax Numbers:	Telephone : (0212) 381 82 82 Fax : (0212) 257 37 78
The Bank's Web Site Address:	www.fibabanka.com.tr
The Bank's E-Mail Address:	malikontrol@fibabanka.com.tr
Reporting Period:	1 January 2015 – 31 December 2015

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

VII. Explanations on the differences between the Communique Concerning Preparation of Consolidated Financial Statements of Banks and the consolidation process according to Turkish Accounting Standards and the institutions which are subject to full consolidation or proportionate consolidation, deducted from capital or not included into the three methods that are mentioned above.

As per the Regulation on Preparation of Consolidated Financial Statements of Banks, the investments in financial subsidiaries are subject to consolidation whereas per the Turkish Accounting Standards, the investments in both financial and non-financial subsidiaries are subject to consolidation. There are no partnerships which are subject to proportionate consolidation and deducted from capital.

VIII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira unless otherwise is indicated)

ASSETS	Note	CURRENT PERIOD (31/12/2015)			PRIOR PERIOD (31/12/2014)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	33,358	1,440,751	1,474,109	75,863	947,246	1,023,109
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(5.1.2)	107,090	7,441	114,531	26,752	5,888	32,640
2.1 Financial Assets Held for Trading		107,090	7,441	114,531	26,752	5,888	32,640
2.1.1 Government Debt Securities		15,832	4,044	19,876	16,072	3,499	19,571
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading		91,258	2,714	93,972	10,680	2,111	12,791
2.1.4 Other Marketable Securities		-	683	683	-	278	278
2.2 Financial Assets Classified at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1 Government Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	5,645	64,401	70,046	225,488	37,391	262,879
IV. MONEY MARKET PLACEMENTS		-	-	-	-	23,189	23,189
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	23,189	23,189
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(5.1.4)	84,302	529,469	613,771	18,070	363,839	381,909
5.1 Share Certificates		-	2,697	2,697	-	-	-
5.2 Government Securities		75,373	324	75,697	18,070	-	18,070
5.3 Other Marketable Securities		8,929	526,448	535,377	-	363,839	363,839
VI. LOANS	(5.1.5)	5,958,464	2,656,313	8,614,777	4,142,840	2,046,794	6,189,634
6.1 Loans		5,889,699	2,656,313	8,546,012	4,070,172	2,046,794	6,116,966
6.1.1 Loans to the Bank's Risk Group		29	34	63	188	-	188
6.1.2 Government Securities		-	-	-	-	-	-
6.1.3 Others		5,889,670	2,656,279	8,545,949	4,069,984	2,046,794	6,116,778
6.2 Non-Performing Loans		147,230	-	147,230	128,725	-	128,725
6.3 Specific Provisions (-)		78,465	-	78,465	56,057	-	56,057
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(5.1.6)	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	-	-	-	-	-	-
9.1 Associates Accounted for Using the Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		-	-	-	-	-	-
9.2.1 Financial Associates		-	-	-	-	-	-
9.2.2 Non-Financial Associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	(5.1.9)	-	-	-	-	-	-
11.1 Jointly Controlled Entities Accounted for Using the Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Jointly Controlled Entities		-	-	-	-	-	-
11.2.1 Jointly Controlled Financial Entities		-	-	-	-	-	-
11.2.2 Jointly Controlled Non-Financial Entities		-	-	-	-	-	-
XII. LEASE RECEIVABLES	(5.1.10)	-	-	-	-	-	-
12.1 Finance Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(5.1.11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Net Foreign Investment Hedge		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	191,693	-	191,693	31,494	-	31,494
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	5,364	-	5,364	5,336	-	5,336
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		5,364	-	5,364	5,336	-	5,336
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
XVII. TAX ASSETS		1,901	-	1,901	2,338	-	2,338
17.1 Current Tax Asset		188	-	188	102	-	102
17.2 Deferred Tax Asset	(5.1.15)	1,713	-	1,713	2,236	-	2,236
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.16)	3,299	-	3,299	919	-	919
18.1 Held for Sale		3,299	-	3,299	919	-	919
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	82,599	14,494	97,093	58,831	24,442	83,273
TOTAL ASSETS		6,473,715	4,712,869	11,186,584	4,587,931	3,448,789	8,036,720

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY							
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
AS OF 31 DECEMBER 2015							
(Amounts expressed in thousands of Turkish Lira unless otherwise is indicated)							
LIABILITIES	Note	CURRENT PERIOD (31/12/2015)			PRIOR PERIOD (31/12/2014)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.1)	3,938,356	3,517,368	7,455,724	2,755,788	2,485,577	5,241,365
1.1 Deposits from the Bank's Risk Group		250,952	334,754	585,706	164,225	28,171	192,396
1.2 Other		3,687,404	3,182,614	6,870,018	2,591,563	2,457,406	5,048,969
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.II.2)	80,892	2,716	83,608	9,599	2,113	11,712
III. FUNDS BORROWED	(5.II.3)	15,919	1,008,527	1,024,446	22,216	824,133	846,349
IV. MONEY MARKET FUNDS		67,572	437,250	504,822	19,320	306,657	325,977
4.1 Interbank Money Market Funds		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Funds		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		67,572	437,250	504,822	19,320	306,657	325,977
V. MARKETABLE SECURITIES ISSUED (Net)	(5.II.4)	503,741	-	503,741	472,935	-	472,935
5.1 Bills		503,741	-	503,741	315,810	-	315,810
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	157,125	-	157,125
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS	(5.II.5)	80,524	20,164	100,688	52,734	8,516	61,250
VIII. OTHER LIABILITIES	(5.II.5)	107,540	7,257	114,797	95,984	5,424	101,408
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.II.6)	-	171	171	-	211	211
10.1 Finance Lease Payables		-	183	183	-	233	233
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	12	12	-	22	22
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(5.II.7)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Net Foreign Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(5.II.8)	113,812	-	113,812	77,412	-	77,412
12.1 General Loan Loss Provision		91,103	-	91,103	60,513	-	60,513
12.2 Provision for Restructuring		-	-	-	-	-	-
12.3 Reserves for Employee Benefits		13,862	-	13,862	11,752	-	11,752
12.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5 Other Provisions		8,847	-	8,847	5,147	-	5,147
XIII. TAX LIABILITY	(5.II.9)	35,949	-	35,949	20,399	-	20,399
13.1 Current Tax Liability		35,949	-	35,949	20,399	-	20,399
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(5.II.10)	-	-	-	-	-	-
14.1 Held for Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(5.II.11)	-	211,913	211,913	-	291,574	291,574
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1,042,720	(5,807)	1,036,913	594,376	(8,248)	586,128
16.1 Paid-in Capital		847,515	-	847,515	550,000	-	550,000
16.2 Capital Reserves		67,023	(5,807)	61,216	(2,289)	(8,248)	(10,537)
16.2.1 Share premium		73,379	-	73,379	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Revaluation Reserve		(3,920)	(5,807)	(9,727)	(115)	(8,248)	(8,363)
16.2.4 Tangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.6 Investment Property Revaluation Reserve		-	-	-	-	-	-
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-	-	-
16.2.8 Hedge Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		(2,436)	-	(2,436)	(2,174)	-	(2,174)
16.3 Profit Reserves		46,786	-	46,786	-	-	-
16.3.1 Legal Reserves		3,711	-	3,711	-	-	-
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		43,075	-	43,075	-	-	-
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Profit or Loss		81,344	-	81,344	46,612	-	46,612
16.4.1 Prior Years' Profit/Loss		(174)	-	(174)	(27,527)	-	(27,527)
16.4.2 Current Year Profit/Loss		81,518	-	81,518	74,139	-	74,139
16.5 Minority Interest	(5.II.13)	52	-	52	53	-	53
TOTAL LIABILITIES AND EQUITY		5,987,025	5,199,559	11,186,584	4,120,763	3,915,957	8,036,720

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS
AS OF 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira unless otherwise is indicated)

	Note	CURRENT PERIOD (31/12/2015)			PRIOR PERIOD (31/12/2014)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		3,803,991	5,424,117	9,228,108	1,367,607	3,132,471	4,500,078
I. GUARANTEES AND SURETYSHIPS	(5.III.1)	380,113	665,519	1,045,632	330,142	717,539	1,047,681
1.1. Letters of Guarantee		379,738	175,756	555,494	329,927	236,904	566,831
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		379,738	175,756	555,494	329,927	236,904	566,831
1.2. Bank Loans		375	106,491	106,866	215	161,402	161,617
1.2.1. Import Letters of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		375	106,491	106,866	215	161,402	161,617
1.3. Letters of Credit		-	383,272	383,272	-	319,233	319,233
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	383,272	383,272	-	319,233	319,233
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Suretyships		-	-	-	-	-	-
II. COMMITMENTS		420,094	245,421	665,515	409,273	323,241	732,514
2.1. Irrevocable Commitments	(5.III.1)	420,094	245,421	665,515	409,273	323,241	732,514
2.1.1. Forward Asset Purchase and Sales Commitments		110,809	245,421	356,230	168,630	323,241	491,871
2.1.2. Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		110,140	-	110,140	93,359	-	93,359
2.1.5. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Payment Commitment for Checks		145,123	-	145,123	121,680	-	121,680
2.1.8. Tax and Fund Liabilities from Export Commitments		3,553	-	3,553	2,357	-	2,357
2.1.9. Commitments for Credit Card Expenditure Limits		47,363	-	47,363	20,444	-	20,444
2.1.10. Commitments for Promotions Related with Credit Cards and Banking Activities		1	-	1	-	-	-
2.1.11. Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		3,105	-	3,105	2,803	-	2,803
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.5)	3,003,784	4,513,177	7,516,961	628,192	2,091,691	2,719,883
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		3,003,784	4,513,177	7,516,961	628,192	2,091,691	2,719,883
3.2.1. Forward Foreign Currency Buy/Sell Transactions		245,552	580,104	825,656	26,593	167,277	193,870
3.2.1.1. Forward Foreign Currency Transactions-Buy		112,825	294,595	407,420	13,269	82,463	95,732
3.2.1.2. Forward Foreign Currency Transactions-Sell		132,727	285,509	418,236	13,324	84,814	98,138
3.2.2. Swap Transactions Related to F.C. and Interest Rates		1,217,730	2,358,058	3,575,788	182,598	1,198,868	1,381,466
3.2.2.1. Foreign Currency Swap-Buy		536,802	1,260,905	1,797,707	44,771	647,938	692,709
3.2.2.2. Foreign Currency Swap-Sell		680,928	1,097,153	1,778,081	137,827	550,930	688,757
3.2.2.3. Interest Rate Swaps-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swaps-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest Rate and Securities Options		1,540,502	1,575,015	3,115,517	419,001	725,546	1,144,547
3.2.3.1. Foreign Currency Options-Buy		366,843	1,123,185	1,490,028	115,694	448,009	563,703
3.2.3.2. Foreign Currency Options-Sell		1,173,659	451,830	1,625,489	303,307	277,537	580,844
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		58,185,614	28,020,035	86,205,649	44,324,399	23,058,109	67,382,508
IV. ITEMS HELD IN CUSTODY		461,674	138,992	600,666	290,576	193,439	484,015
4.1. Assets under Management		96,096	-	96,096	109,121	-	109,121
4.2. Investment Securities Held in Custody		10,660	63,373	74,033	34,355	43,824	78,179
4.3. Checks Received for Collection		270,365	73,383	343,748	74,771	148,225	222,996
4.4. Commercial Notes Received for Collection		84,553	2,236	86,789	72,329	1,390	73,719
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		57,723,940	27,881,043	85,604,983	44,033,823	22,864,670	66,898,493
5.1. Marketable Securities		50,577	76,160	126,737	44,140	4,422	48,562
5.2. Guarantee Notes		148,183	55,751	203,934	301,859	47,744	349,603
5.3. Commodity		2,500	-	2,500	19,633	-	19,633
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		6,482,019	3,658,003	10,140,022	4,164,382	3,845,047	8,009,429
5.6. Other Pledged Items		51,040,661	24,091,129	75,131,790	39,503,809	18,967,457	58,471,266
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		61,989,605	33,444,152	95,433,757	45,692,006	26,190,580	71,882,586

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira unless otherwise is indicated)

INCOME STATEMENT		Note	CURRENT PERIOD (01/01/2015- 31/12/2015)	PRIOR PERIOD (01/01/2014- 31/12/2014)
I.	INTEREST INCOME	(5.IV.1)	891,640	708,376
1.1	Interest Income on Loans		848,616	682,000
1.2	Interest Received from Statutory Reserves		3,095	189
1.3	Interest Received from Banks		11,560	11,100
1.4	Interest Received from Money Market Placements		185	354
1.5	Interest Received from Marketable Securities Portfolio		27,964	14,645
1.5.1	Financial Assets Held for Trading		1,150	983
1.5.2	Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3	Financial Assets Available for Sale		26,814	13,662
1.5.4	Investments Held to Maturity		-	-
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		220	88
II.	INTEREST EXPENSE		493,796	395,369
2.1	Interest on Deposits	(5.IV.2)	393,631	311,893
2.2	Interest on Funds Borrowed	(5.IV.2)	37,999	34,785
2.3	Interest on Money Market Funds		357	12
2.4	Interest on Securities Issued	(5.IV.2)	54,879	45,229
2.5	Other Interest Expense		6,930	3,450
III.	NET INTEREST INCOME/EXPENSE (I - II)		397,844	313,007
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		23,796	18,268
4.1	Fees and Commissions Received		41,910	29,037
4.1.1	Non-cash Loans		10,670	8,402
4.1.2	Other	(5.IV.12)	31,240	20,635
4.2	Fees and Commissions Paid		18,114	10,769
4.2.1	Non-cash Loans		153	52
4.2.2	Other	(5.IV.12)	17,961	10,717
V.	DIVIDEND INCOME	(5.IV.3)	-	-
VI.	TRADING INCOME / LOSS (Net)	(5.IV.4)	(1,908)	17,643
6.1	Gains/Losses on Securities Trading		(105)	2,980
6.2	Derivative Financial Transactions Gains/Losses		(7,504)	19,797
6.3	Foreign Exchange Gains/Losses		5,701	(5,134)
VII.	OTHER OPERATING INCOME	(5.IV.5)	35,271	10,531
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		455,003	359,449
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.IV.6)	102,823	62,370
X.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	242,715	201,979
XI.	NET OPERATING INCOME / LOSS (VIII-IX-X)		109,465	95,100
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		-	-
XIV.	NET MONETARY POSITION GAIN/LOSS		-	-
XV.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)	(5.IV.8)	109,465	95,100
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(27,948)	(20,962)
16.1	Current Tax Charge		(27,018)	(13,646)
16.2	Deferred Tax Charge /(Benefit)		(930)	(7,316)
XVII.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.IV.10)	81,517	74,138
XVIII.	INCOME ON DISCONTINUED OPERATIONS		-	-
18.1	Income on Assets Held for Sale		-	-
18.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
18.3	Other Income on Discontinued Operations		-	-
XIX.	EXPENSE ON DISCONTINUED OPERATIONS (-)		-	-
19.1	Expense on Assets Held for Sale		-	-
19.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
19.3	Other Expense on Discontinued Operations		-	-
XX.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1	Current Tax Charge		-	-
21.2	Deferred Tax Charge /(Benefit)		-	-
XXII.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PERIOD PROFIT/LOSS (XVII+XXII)	(5.IV.11)	81,517	74,138
23.1	Group's Profit/Loss		81,518	74,139
23.2	Minority Interest Profit/ Loss		(1)	(1)
	Earnings per Share (Full TL basis)		0.00126	0.00135

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

FİBANKA A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015**

(Amounts expressed in thousands of Turkish Lira unless otherwise is indicated)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY		CURRENT PERIOD (01/01/2015 -31/12/2015)	PRIOR PERIOD (01/01/2014 -31/12/2014)
I.	ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	3,110	26,634
II.	TANGIBLE ASSETS REVALUATION RESERVES	-	-
III.	INTANGIBLE ASSETS REVALUATION RESERVES	-	-
IV.	TRANSLATION ADJUSTMENT FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V.	PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value)	-	-
VI.	PROFIT/LOSS ON NET FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value)	-	-
VII.	THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN THE ACCOUNTING POLICY	-	-
VIII.	OTHER INCOME AND EXPENSES RECOGNISED IN EQUITY IN ACCORDANCE WITH TAS	(328)	(1,035)
IX.	DEFERRED TAX EFFECT OF REVALUATION	406	(3,715)
X.	NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY (I+II+...+IX)	3,188	21,884
XI.	PROFIT/LOSS FOR THE PERIOD	(4,814)	(7,018)
11.1	Net Changes in the Fair Values of Marketable Securities (Transfer to Profit/Loss)	(4,814)	(7,018)
11.2	The Portion of Cash-flow Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement	-	-
11.3	The Portion of Net Foreign Investment Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement	-	-
11.4	Other	-	-
XII.	TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD (X±XI)	(1,626)	14,866

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

FIBABANK A.Ş. AND ITS SUBSIDIARY CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015 (Amounts expressed in thousands of Turkish Lira unless otherwise is indicated)																			
CHANGES IN SHAREHOLDERS' EQUITY	Note	Paid-in Capital	Paid-in Capital Inflation Adjustment	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Marketable Securities Revaluation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Equity Participations	Hedge Funds	Accumulated Rev. Reserve on Assets Held for Sale and Discontinued Oper.	Total Equity Excluding Minority Interest	Minority Interests	Total Equity
PRIOR PERIOD																			
(01/01/2014 - 31/12/2014)																			
I. Beginning Balance		550,000	-	-	-	-	-	-	-	43,703	(72,576)	(24,057)	-	-	-	-	497,070	54	497,124
II. Corrections made according TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effect of Changes in Account Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balance (I+II)		550,000	-	-	-	-	-	-	-	43,703	(72,576)	(24,057)	-	-	-	-	497,070	54	497,124
Changes during the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/Decrease Due to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	15,694	-	-	-	-	15,694	-	15,694
VI. Hedge Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Net Foreign Investment Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Tangible Assets Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible Assets Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The Effect of Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share Issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid-in-Capital Inflation Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	(2,174)	-	1,346	-	-	-	-	-	(828)	-	(828)
XIX. Net Profit/Loss for the Period		-	-	-	-	-	-	-	-	74,139	-	-	-	-	-	-	74,139	(1)	74,138
XX. Profit Distribution		-	-	-	-	-	-	-	-	(43,703)	43,703	-	-	-	-	-	-	-	-
20.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	(43,703)	43,703	-	-	-	-	-	-	-	-
Ending Balance (III+IV+V+.....+XVIII+XIX+XX)		550,000	-	-	-	-	-	-	(2,174)	74,139	(27,527)	(8,363)	-	-	-	-	586,075	53	586,128
CURRENT PERIOD																			
(01/01/2015 - 31/12/2015)																			
I. Prior Period End Balance		550,000	-	-	-	-	-	-	(2,174)	74,139	(27,527)	(8,363)	-	-	-	-	586,075	53	586,128
Changes during the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease Due to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	(1,364)	-	-	-	-	(1,364)	-	(1,364)
IV. Hedge Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net Foreign Investment Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The Effect of Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The Effect of Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		297,515	-	73,379	-	-	-	-	-	-	-	-	-	-	-	-	370,894	-	370,894
12.1 Cash	(5.II.12)	297,515	-	73,379	-	-	-	-	-	-	-	-	-	-	-	-	370,894	-	370,894
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid-in-Capital Inflation Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Net Profit/Loss for the Period		-	-	-	-	-	-	-	(262)	81,518	-	-	-	-	-	-	(262)	-	(262)
XVIII. Profit Distribution	(5.V.2)	-	-	-	-	3,711	-	43,075	-	(74,139)	27,353	-	-	-	-	-	81,518	(1)	81,517
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfer to Reserves		-	-	-	-	3,711	-	43,075	-	-	(46,786)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(74,139)	74,139	-	-	-	-	-	-	-	-
Ending Balance (I+II+III+...+XVI+XVII+XVIII)		847,515	-	73,379	-	3,711	-	43,075	(2,436)	81,518	(174)	(9,727)	-	-	-	-	1,036,861	52	1,036,913

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira unless otherwise is indicated)

	Note	CURRENT PERIOD (01/01/2015- 31/12/2015)	PRIOR PERIOD (01/01/2014- 31/12/2014)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit/Loss before Changes in Operating Assets and Liabilities		252,943	266,079
1.1.1 Interest Received (+)		847,746	697,726
1.1.2 Interest Paid (-)		482,576	354,758
1.1.3 Dividend Received (+)		-	-
1.1.4 Fees and Commissions Received (+)		41,733	27,870
1.1.5 Other Income (+)		35,057	32,942
1.1.6 Collections from Previously Written Off Loans (+)		2,944	2,811
1.1.7 Cash Payments to Personnel and Service Suppliers (-)		212,861	179,562
1.1.8 Taxes Paid (-)		14,063	8,209
1.1.9 Other (+/-)	(5.VI.3)	34,963	47,259
1.2 Changes in Banking Operations Assets and Liabilities		(443,248)	(231,322)
1.2.1 Net (Increase) Decrease in Financial Assets Held for Trading (+/-)		(44,352)	(226)
1.2.2 Net(Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		-	-
1.2.3 Net (Increase) Decrease in Due From Banks (+/-)		(515,016)	(183,555)
1.2.4 Net (Increase) Decrease in Loans (+/-)		(2,545,177)	(1,142,756)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)	(5.VI.3)	(11,941)	(46,096)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)		289,534	(60,222)
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)		1,912,689	758,177
1.2.8 Net Increase (Decrease) in Borrower Funds (+/-)		176,224	285,483
1.2.9 Net Increase (Decrease) in Matured Payables (+/-)		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(5.VI.3)	294,791	157,873
I Net Cash Flow Provided from Banking Operations (+/-)		(190,305)	34,757
B. CASH FLOW FROM INVESTING ACTIVITIES		-	
II Net Cash Flow Provided from Investment Activities (+/-)		(396,800)	(119,543)
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) (-)		-	-
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) (+)		-	-
2.3 Tangible Asset Purchases (-)		173,110	7,952
2.4 Tangible Asset Sales (+)		9,931	872
2.5 Cash Paid for Purchase of Financial Assets Available for Sale (-)		333,167	236,473
2.6 Cash Obtained from Sales of Financial Assets Available for Sale (+)		103,346	141,509
2.7 Cash Paid for Purchase of Investment Securities (-)		-	-
2.8 Cash Obtained from Sales of Investment Securities (+)		-	-
2.9 Other (+/-)	(5.VI.3)	(3,800)	(17,499)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES		-	-
III Net Cash Provided from Financing Activities (+/-)		277,445	137,310
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)		1,182,626	701,230
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)		1,149,030	563,920
3.3 Share Certificates Issued (+)		243,849	-
3.4 Dividends Paid (-)		-	-
3.5 Payments for Finance Leases (-)		-	-
3.6 Other (+/-)		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)		29,622	7,412
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		(280,038)	59,936
VI. Cash and Cash Equivalents at the Beginning of the Period (+)	(5.VI.1)	481,750	421,814
VII. Cash and Cash Equivalents at the End of the Period (V+VI)	(5.VI.1)	201,712	481,750

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED PROFIT DISTRIBUTION TABLE
FOR THE PERIOD ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira unless otherwise is indicated)

	CURRENT PERIOD (01/01/2015- 31/12/2015)	PRIOR PERIOD (01/01/2014- 31/12/2014)
LDISTRIBUTION OF CURRENT YEAR PROFIT		
1.1. CURRENT PERIOD PROFIT	-	-
1.2.TAXES AND DUES PAYABLE (-)	-	-
1.2.1.Corporate Tax (Income Tax)	-	-
1.2.2.Income Tax Withholding	-	-
1.2.3.Other Taxes and Dues Payable	-	-
A. NET PROFIT FOR THE PERIOD (1.1-1.2)	-	-
1.3.PRIOR YEARS' LOSSES (-)	-	-
1.4.FIRST LEGAL RESERVES (-)	-	-
1.5. OTHER STATUTORY RESERVES (-)	-	-
B. NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5)]	-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Preferred Shares	-	-
1.6.3 To Preferred Shares (Preemptive Rights)	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit / Loss Share Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO THE BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Preferred Shares	-	-
1.9.3 To Preferred Shares (Preemptive Rights)	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit / Loss Share Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Preferred Shares	-	-
2.3.3 To Preferred Shares (Preemptive Rights)	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit / Loss Share Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO THE BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

As per the Turkish Commercial Code profit distributions are made based on unconsolidated financial statements.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY-31 DECEMBER 2015**

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

SECTION THREE

ACCOUNTING PRINCIPLES

I. Explanations on the basis of presentation

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

As per the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” (the “Regulation”) published in the Official Gazette dated 1 November 2006 with No. 26333 related to the Turkish Banking Law No. 5411; the consolidated financial statements are prepared, in accordance with the regulations on accounting and financial reporting published by the Banking Regulation and Supervision Board (“BRSA”) and circulars and pronouncements published by the BRSA and Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and the related statements and guidance announced by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) for the matters not legislated by the aforementioned regulations.

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

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

The accounting policies and valuation principles used in the preparation of the consolidated financial statements are selected and applied in accordance with the requirements set out in regulations, communiqués, statements and guidance published by the BRSA and if there is no special regulation by the BRSA, in accordance with the principles within TAS / TFRS. The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained in Notes II and XXIV below.

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

1. Usage strategy of the financial instruments

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

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

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

The foreign currency position is controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY-31 DECEMBER 2015**

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

II. Explanations on the usage strategy of financial instruments and on foreign currency transactions (Continued)**2. Foreign currency transactions****2.1 Foreign currency exchange rates used in converting transactions denominated in foreign currencies and their presentation in the financial statements**

The Group recognizes the foreign currency transactions in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses arising from the foreign currency transactions as of 31 December 2015 are translated into Turkish Lira by using the exchange rates at the date of the transaction and recognized in accounting records. At the end of the periods, foreign currency assets and liabilities are converted into Turkish Lira by using the spot foreign currency exchange rates of the Bank at the end of the period and the related currency translation differences are recognized as foreign exchange gains and losses.

As at the end of the related periods, the Bank’s foreign currency exchange rates are as follows:

	31 December 2015	31 December 2014
US Dollar	2.9076	2.3189
Euro	3.1776	2.8207

2.2 Foreign exchange gains and losses included in the income statement

As of 31 December 2015, net foreign exchange gain included in the income statement is TL 5,701 (1 January - 31 December 2014: TL 5,134 loss).

III. Explanations on Subsidiary

Fiba Portföy Yönetimi A.Ş. (“Fiba Portföy”); the subsidiary of the Bank was consolidated by using full consolidation method in the consolidated financial statements dated 31 December 2015. Fibabanka A.Ş. and Fiba Portföy Yönetimi A.Ş. together are referred to as “the Group” in the report.

Capital Markets Board (“CMB”) approved Fiba Portföy’s licence application for portfolio management activity and the licence numbered PYŞ. PY 56/1267 and dated 12 December 2013 was assigned to Fiba Portföy.

The objective of Fiba Portföy is to manage portfolios consisting of financial assets as a representative by entering into portfolio management contracts in accordance with CMB laws and relevant regulation and also to perform capital markets operations. Besides, Fiba Portföy can manage the portfolios of local and foreign investment funds, investment trusts, local/foreign real persons, brokerage companies and other similar legal entities within the context of the related regulation as portfolio management activities. On the condition that, the requirements of the Capital Markets regulations are fulfilled and necessary approvals and licences from the Capital Markets Board are obtained; Fiba Portföy can also perform investment advisory services, market consultancy in Borsa İstanbul A.Ş. Emerging Companies Market, and intermediary services for the trading of investment fund certificates. The Bank owns 99% of the equity of Fiba Portföy whose headquarters is located in Istanbul.

According to full consolidation method, the subsidiary’s 100% of assets, liabilities, revenues, expenditures and off-balance sheet liabilities were combined with the Parent Bank’s assets, liabilities, revenues, expenditures and off-balance sheet liabilities. Book value of the investment in the Group’s subsidiary and the portion of the cost of subsidiary’s capital belonging to the Group are eliminated. All intragroup balances and income and expenses relating to transactions between the Bank and its subsidiary are eliminated in full on consolidation. Minority shares in the net income of consolidated subsidiary determined the net income of the Group and were demonstrated as a separate item in the income statement. Minority shares were presented under equity in the consolidated financial statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY-31 DECEMBER 2015**

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

IV. Explanations on forward transactions, options and derivative instruments

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

In accordance with TAS 39 "Financial Instruments: Recognition and Measurement", forward foreign currency purchase/sale contracts, swaps and options are classified as "hedging purpose" and "trading purpose" transactions. Derivatives are initially recognized at cost including the transaction costs. Also, the assets and liabilities arising from the derivative transactions are recorded as off-balance sheet items at their contractual notional amounts. The derivative transactions held for trading are valued at fair-value using market prices or pricing models subsequent to initial recognition and are presented in "derivative financial assets held for trading" or "derivative financial liabilities held for trading" items of the balance sheet depending on the difference's being positive or negative. The derivative transactions held for hedging are valued at fair value using market prices or pricing models subsequent to initial recognition and are presented in "derivative financial assets held for hedging purpose" or "derivative financial liabilities held for hedging" items of the balance sheet depending on the difference's being positive or negative. Gains and losses arising from a change in the fair value are recognized in the income statement.

V. Explanations on interest income and expenses

Interest income and expenses calculated using internal rate of return are recognized on accrual basis. In accordance with Banking Act No: 5411 Articles 53 and 93, based on the prevailing communique, interest accruals on loans becoming non-performing are reversed and also ceased to accrue interest on such loans until these loans are classified as performing or collected.

VI. Explanations on fee and commission income and expenses

Fee and commission income / expenses are recognized based on cash basis or accrual basis upon the nature of the transaction.

VII. Explanations on financial assets

Financial assets include cash on hand, contractual rights to receive cash or another financial asset from the counterparty or the right to exchange of financial instruments or equity instrument transactions of the counterparty. Financial assets are classified into four groups as financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and available-for-sale financial assets.

1. Financial assets at fair value through profit or loss

1.1 *Financial assets held for trading*

Financial assets held for trading are recognized at their fair values and any gain or losses resulting from such valuation are recorded in the profit and loss accounts. Interests received during the holding period of such financial assets and the difference between the amortized cost (calculated using internal rate of return) and the acquisition cost are recognized as interest income in the income statement. Gains and losses on sale of held for trading financial assets before their maturity and the difference between market value and amortized cost (calculated using internal rate of return) of such financial assets are recognized in gains and losses on securities trading under income statement.

1.2 *Financial assets at fair value through profit or loss*

The Group does not have any financial assets designated as "financial assets at fair value through profit or loss".

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY-31 DECEMBER 2015**

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

2. Available for sale financial assets

Financial assets available-for-sale, are financial assets other than assets held for trading purposes, investments held-to-maturity and originated loans and receivables. Financial assets available-for-sale are measured at their fair values subsequently.

Interest income of the investments securities available-for-sale; based on the internal rate of return; are included in the income statement. Unrecognized gain/losses derived from the difference between their fair value and the discounted values are recorded in “Marketable Securities Revaluation Reserve” under the shareholders’ equity. In case of disposal, gains/losses recognized under equity are realized and recognized directly in the income statement.

Purchase and sale transactions of securities are accounted for on a settlement date basis.

3. Held to maturity investments

The Group does not have any held to maturity investments as of 31 December 2015.

4. Loans and receivables

Loans and receivables are financial assets, which are generated by providing funds, goods or services to the debtor.

Loans and receivables are financial assets with fixed or determinable repayment schedules and they are not traded in an active market.

Loans are initially measured at their acquisition cost and subsequently measured at amortized cost calculated using effective interest rate method in accordance with TAS 39 “Financial Instruments: Recognition and Measurement”. Duty charges, transaction fees and other expenses paid for the collaterals of the loans are considered as part of the transaction costs and charged to the customers.

VIII. Explanations on impairment of financial assets

Financial asset or groups of financial assets are reviewed by the Group at each balance sheet date to determine whether there is objective evidence of impairment. If any such indicator exists, the Group determines the amount of impairment.

Impairment loss incurs if, and only if, there is objective evidence that the reliably estimated future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to initial recognition.

The Group provides specific and general allowances for loan and other receivables classified in accordance with the Communiqué published on the Official Gazette No.2633 dated November 1, 2006. The allowances are recorded in the income statement of the related period.

IX. Explanations on offsetting financial instruments

If the fair values of equity shares held for trading and quoted at the stock exchanges are lower than their carrying values, allowance for impairment is recognized and the recognized impairment is offset with the related assets on the face of the balance sheet.

Specific allowances for non-performing loan and other receivables are provided in accordance with “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”. Such allowances are offset with loans under follow-up on the asset side. Other financial assets and liabilities are offset when the Bank has a legally enforceable right to offset.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY-31 DECEMBER 2015**

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

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

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

Reverse repo transactions are recorded under the “Receivables from reverse repurchase agreements” account.

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

A tangible asset (or a disposal group) classified as “asset held for sale” is measured at the lower of the carrying value or fair value less costs to sell. Assets held for sale are not depreciated and presented in the financial statements separately. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively marketed at a price consistent with its fair value. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

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

XII. Explanations on goodwill and other intangible assets

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

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

Estimated useful lives of the intangible assets are 3 to 10 years, and amortization rates are 10% to 33.3%.

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

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XIII. Explanations on tangible assets

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

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

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

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

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

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

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

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

Tangible Asset	Estimated useful lives (Years)	Depreciation Rate (%)
Safe boxes	2-50	2-50
Vehicles	5	20
Buildings	50	2
Other Tangible Assets	4-50	2-25

XIV. Explanations on leasing transactions

Duration of financial leasing contracts is maximum 4 years. Tangible assets obtained via financial leasing are classified as the Group's assets or liabilities resulting from financial leasing according to its nature. Assets obtained via financial leasing are depreciated in accordance with the principals for tangible assets. Rent payments for operating leases are recorded at equal amounts as expense during the payment period.

XV. Explanations on provisions and contingent liabilities

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

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

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XVI. Explanations on contingent assets

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

XVII. Explanations on liabilities for employee benefits

As per the existing labour laws and agreements in Turkey, entities are required to pay severance for the employees retired or fired. These payments are qualified as recognized retirement benefit plan according to revised TAS 19 Employee Benefits. Severance payment liability recognized in the balance sheet is calculated according to the net present value of expected amount in the future arising from all employees' retirements and represented in financial statements. The amendments to TAS 19 have changed the accounting of defined benefit plans and severance indemnity. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the balance sheet to reflect the full value of the plan deficit or surplus. The amendments to IAS 19 require retrospective application.

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

- Calculation is based on discount rate as 10,75% inflation rate as 7.75% and real rate of rise in salary as 0.00%.
- A ceiling of TL 3,828.37 (full TL basis) is applied for the salaries as of 31 December 2015.
- Individuals' earliest retirement age is considered as retirement age.
- CSO 1980 mortality table is used for the death probabilities of male and female employees.

There is no employee foundation, fund or similar institutions.

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XVIII. Explanations on taxation

1. Current Tax

Effective from 1 January 2006, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

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

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

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

2. Deferred tax

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

Deferred tax assets of each consolidated entity are net off against their own deferred tax liabilities, but net deferred tax assets and liabilities belonging to each consolidated entity is not net off against deferred tax assets or liabilities of other entities in the consolidated financials.

As of 31 December 2015, the deferred tax asset is TL 1,713. (31 December 2014: TL 2,236). The deferred tax asset is calculated as the net of taxable and deductible temporary differences.

Deferred tax benefit/ (charge) is recognized within "Deferred tax benefit/ (charge)" in the income statement; deferred tax charge for the current period is TL 930 (1 January - 31 December 2014: TL 7,316 charge). Deferred tax effects of the transactions and events recognized directly in the shareholders' equity are also recognized directly in the shareholders' equity which is TL 3,041 (benefit) (31 December 2014: TL 2,634 benefit).

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3. Transfer pricing

The article 13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing” published at 18 November 2007, explains the application related issues on this topic.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As stated in the “7.1 Annual Documentation” section of this communiqué, the taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices. Related forms are submitted to tax offices on time.

XIX. Additional explanations on borrowings

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

Borrowing instruments are initially measured at acquisition cost and subsequently measured at amortized cost. In the accompanying financial statements, foreign currency denominated borrowing funds are translated to Turkish Lira with the Group’s spot foreign exchange buying rates and interest expenses incurred during the period relating to the borrowing funds are recognized in income statement.

The Group applies general hedging techniques for mitigating the liquidity risk, interest rate risk and currency risk of the borrowing instruments. Those techniques do not meet the definition of hedge accounting according to TAS 39. There are no convertible bonds or any other bonds issued by the Bank as at the balance sheet date.

XX. Explanations on share certificates issued

In May 2015, the Parent Bank’s capital was increased by TL 128,860 TL; TL 127,045 of the increase was provided by the subordinated loan granted by Fiba Holding A.Ş. which had been approved to be converted to capital and TL 1,815 of total capital was paid in cash by the other shareholders.

In December 2015, the Parent Bank’s paid-in capital was increased to TL 847,515 by an increase of TL 168,655 in total, with equal contributions from International Finance Corporation and European Bank for Reconstruction and Development. In addition, share issuance premium of TL 73,379 was recognised in the shareholders’ equity.

XXI. Explanations on bank acceptances and bills of guarantee

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

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

XXII. Explanation on government incentives

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2015

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XXIII. Explanations on segment reporting

The Bank operates in customer banking services, individual customer current accounts, deposit accounts, long term investment products, clearing and custody services, credit and atm services, retail loans, long term mortgage loans, and all other kinds of customer banking services and commercial services. Fiba Portföy, the Bank's consolidated subsidiary, performs portfolio management activities and results of its operations and its assets and liabilities are presented under "Treasury and Headquarters" segment.

Current Period 1 January – 31 December 2015	Retail Banking	Commerical & Corporate Banking	Treasury & Headquarters	Total Operations of the Bank
Operating Income	183,862	237,534	33,607	455,003
Operating Profit	(12,332)	152,368	(30,571)	109,465
Taxation				(27,948)
Net Profit/(Loss) for the Period				81,517
Current Period- 31 December 2015				
Segment Assets	2,875,840	5,670,173	2,640,571	11,186,584
Unallocated Assets				--
Total Assets				11,186,584
Segment Liabilities	4,865,298	2,083,502	3,200,871	10,149,671
Unallocated Liabilities				--
Shareholders' Equity				1,036,913
Total Liabilities				11,186,584
Prior Period 1 January – 31 December 2014	Retail Banking	Corporate & Commercial Banking	Treasury & Headquarters	Total Operations of the Bank
Operating Income	161,233	185,773	12,443	359,449
Operating Profit	6,408	104,241	(15,549)	95,100
Taxation				(20,962)
Net Profit/(Loss) for the Period				74,138
Current Period- 31 December 2014				
Segment Assets	2,018,668	4,098,298	1,919,754	8,036,720
Unallocated Assets				--
Total Assets				8,036,720
Segment Liabilities	3,763,662	1,323,725	2,363,203	7,450,592
Unallocated Liabilities				--
Shareholders' Equity				586,128
Total Liabilities				8,036,720

XXIV. Other matters

None.

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SECTION FOUR

FINANCIAL POSITION AND RISK MANAGEMENT

I. Explanations on consolidated capital adequacy standard ratio

As of 31 December 2015, the consolidated capital adequacy standard ratio is 13.56% (31 December 2014: 13.23%).

1. The risk measurement methods used in the determination of consolidated capital adequacy ratio

The calculation of the capital adequacy standard ratio is performed in accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks" which was published in the Official Gazette No. 29111, dated 6 September 2014. In the calculation of capital adequacy standard ratio, the data prepared from accounting records in compliance with the current legislation are used.

The items deducted from the equity in the calculation of the shareholders' equity are not included in the calculation of risk-weighted assets, non-cash loans and contingent liabilities. In the calculation of risk weighted assets, the assets subject to amortisation or impairment, are taken into account on a net basis after being reduced by the related amortisations and provisions.

Credit risk is calculated by using Standardized Approach the CSA simple method. Cash risk amount is classified in accordance with Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks". Risk weights are applied as per "Regulation on Measurement and Assessment of Capital Adequacy of Banks-Annex 1" after applying the risk mitigation techniques in accordance with the "The Regulation on Credit Risk Mitigation Techniques".

In the calculation of the value at credit risk for the non-cash loans and commitments such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables" published in the Official Gazette No. 26333, dated 1 November 2006, The net amounts are then multiplied by rate of; if the risk is high one hundred percent, if the risk is medium fifty percent if the risk is medium/low twenty percent and if the risk is low zero percent; reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and weighted as per "Appendix-1 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks".

In the calculation of the value at credit risk for the derivative financial instruments, the receivables from counterparties are multiplied by the rates stated in the Article 21 and Appendix-2 of "the Regulation on Measurement and Assessment of Capital Adequacy of Banks", reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category and weighted for a second time. The risk amount related to the Bank's derivative financial instruments are calculated using the "Fair Value Method".

The Group determines its risk profile, in accordance with the Regulation on Internal Systems of Banks, by setting the measurement criteria for credit risk, market risk, operational risk, and interest risk arising from the banking book, concentration risk, liquidity risk, reputation risk, strategic risk and the other type of risks identified at the minimum.

As part of its internal capital adequacy assessment, the Bank has taken into account the "Base" and "Negative" scenarios appointed by BRSA in its "Appendix of Scenarios to be applied in ISEDES Reports" dated 28 December 2015, numbered 42233676-010-07.02-E.18382; besides the "Base", "Negative" and "Excessively Negative" scenarios approved by the Risk Committee. According to stress test application results approved in meeting of the board of directors on 21 January 2016, no capital planning buffer is required.

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2.1 Information on the consolidated capital adequacy ratio of the Parent Bank

Current Period	0%	10%	20%	50%	75%	100%	150%	200%
Credit Risk Related Amount	--	--	27,693	1,196,891	1,065,056	6,108,766	93,476	110,705
Exposure Categories	2,176,095	--	138,466	2,393,781	1,420,075	6,108,766	62,317	55,353
Conditional and Unconditional Receivables from Central Governments or Central Banks	1,567,150	--	--	324	--	--	--	--
Conditional and Unconditional Receivables from Regional or Local Governments	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Multilateral Development Banks	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from International Organisations	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Banks and Brokerage Houses	437,250	--	138,466	529,374	--	7,876	201	--
Conditional and Unconditional Corporate Receivables	46,392	--	--	--	--	5,297,566	--	--
Conditional and Unconditional Retail Receivables	260	--	--	--	1,420,075	--	--	--
Conditional and Unconditional Receivables Secured by Mortgages	12,800	--	--	1,856,689	--	466,653	--	--
Past Due Receivables	--	--	--	6,202	--	56,815	543	-
Receivables Defined in High Risk Category by BRSA	--	--	--	1,192	--	2,076	61,573	55,353
Securities Collateralised by Mortgages	--	--	--	--	--	--	--	--
Securitisation Positions	--	--	--	--	--	--	--	--
Short-term Receivables from banks, Brokerage Houses and Corporates	--	--	--	--	--	--	--	--
Investments Similar to Collective Investment Funds	--	--	--	--	--	--	--	--
Other Receivables	112,243	--	--	--	--	277,780	--	--
Total Risk Weighted Assets	2,176,095	--	138,466	2,393,781	1,420,075	6,108,766	62,317	55,353

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2.1 Information on the consolidated capital adequacy ratio of the Parent Bank (Continued)

Prior Period	0%	10%	20%	50%	75%	100%	150%	200%
Credit Risk Related Amount	--	--	56,086	777,460	949,838	4,412,592	143,858	160,328
Exposure Categories	1,393,463	--	280,430	1,554,920	1,266,451	4,412,592	95,905	80,164
Conditional and Unconditional Receivables from Central Governments or Central Banks	989,897	--	--	18,070	--	--	--	--
Conditional and Unconditional Receivables from Regional or Local Governments	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Multilateral Development Banks	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from International Organisations	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Banks and Brokerage Houses	306,657	--	280,430	417,222	--	--	539	--
Conditional and Unconditional Corporate Receivables	--	--	--	--	--	4,008,965	--	--
Conditional and Unconditional Retail Receivables	--	--	--	--	1,266,451	--	--	--
Conditional and Unconditional Receivables Secured by Mortgages	1,850	--	--	1,115,701	--	228,043	--	--
Past Due Receivables	--	--	--	3,374	--	41,536	4,084	-
Receivables Defined in High Risk Category by BRSA	--	--	--	553	--	3,851	91,282	80,164
Securities Collateralised by Mortgages	--	--	--	--	--	--	--	--
Securitisation Positions	--	--	--	--	--	--	--	--
Short-term Receivables from banks, Brokerage Houses and Corporates	--	--	--	--	--	--	--	--
Investments Similar to Collective Investment Funds	--	--	--	--	--	--	--	--
Other Receivables	95,059	--	--	--	--	130,197	--	--
Total Risk Weighted Assets	1,393,463	--	280,430	1,554,920	1,266,451	4,412,592	95,905	80,164

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2.2 Information on the consolidated capital adequacy ratio

Current Period	0%	10%	20%	50%	75%	100%	150%	200%
Credit Risk Related Amount	--	--	27,753	1,196,891	1,065,056	6,109,074	93,476	110,705
Exposure Categories	2,170,651	--	138,769	2,393,781	1,420,075	6,109,074	62,317	55,353
Conditional and Unconditional Receivables from Central Governments or Central Banks	1,567,150	--	--	324	--	--	--	--
Conditional and Unconditional Receivables from Regional or Local Governments	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Multilateral Development Banks	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from International Organisations	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Banks and Brokerage Houses	437,250	--	138,769	529,374	--	7,876	201	--
Conditional and Unconditional Corporate Receivables	46,392	--	--	--	--	5,297,566	--	--
Conditional and Unconditional Retail Receivables	260	--	--	--	1,420,075	--	--	--
Conditional and Unconditional Receivables Secured by Mortgages	12,800	--	--	1,856,689	--	466,653	--	--
Past Due Receivables	--	--	--	6,202	--	56,815	543	-
Receivables Defined in High Risk Category by BRSA	--	--	--	1,192	--	2,076	61,573	55,353
Securities Collateralised by Mortgages	--	--	--	--	--	--	--	--
Securitisation Positions	--	--	--	--	--	--	--	--
Short-term Receivables from banks, Brokerage Houses and Corporates	--	--	--	--	--	--	--	--
Investments Similar to Collective Investment Funds	--	--	--	--	--	--	--	--
Other Receivables	106,799	--	--	--	--	278,088	--	--
Total Risk Weighted Assets	2,170,651	--	138,769	2,393,781	1,420,075	6,109,074	62,317	55,353

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2.2 Information on the consolidated capital adequacy ratio (Continued)

Prior Period	0%	10%	20%	50%	75%	100%	150%	200%
Credit Risk Related Amount	--	--	56,151	777,460	949,838	4,412,792	143,858	160,328
Exposure Categories	1,388,018	--	280,753	1,554,920	1,266,451	4,412,792	95,905	80,164
Conditional and Unconditional Receivables from Central Governments or Central Banks	989,897	--	--	18,070	--	--	--	--
Conditional and Unconditional Receivables from Regional or Local Governments	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Multilateral Development Banks	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from International Organisations	--	--	--	--	--	--	--	--
Conditional and Unconditional Receivables from Banks and Brokerage Houses	306,657	--	280,753	417,222	--	--	539	--
Conditional and Unconditional Corporate Receivables	--	--	--	--	--	4,008,965	--	--
Conditional and Unconditional Retail Receivables	--	--	--	--	1,266,451	--	--	--
Conditional and Unconditional Receivables Secured by Mortgages	1,850	--	--	1,115,701	--	228,043	--	--
Past Due Receivables	--	--	--	3,374	--	41,536	4,084	-
Receivables Defined in High Risk Category by BRSA	--	--	--	553	--	3,851	91,282	80,164
Securities Collateralised by Mortgages	--	--	--	--	--	--	--	--
Securitisation Positions	--	--	--	--	--	--	--	--
Short-term Receivables from banks, Brokerage Houses and Corporates	--	--	--	--	--	--	--	--
Investments Similar to Collective Investment Funds	--	--	--	--	--	--	--	--
Other Receivables	89,614	--	--	--	--	130,397	--	--
Total Risk Weighted Assets	1,388,018	--	280,753	1,554,920	1,266,451	4,412,792	95,905	80,164

3. Summary information related to the consolidated capital adequacy ratio

	BANK		CONSOLIDATED	
	Current Period	Prior Period	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	688,207	520,013	688,236	520,034
Capital Requirement for Market Risk (CRMR)	17,783	2,144	17,783	2,144
Capital Requirement for Operational Risk (CROR)	39,019	25,668	39,079	25,673
Equity	1,263,310	906,455	1,263,042	906,281
Equity/((CRCR+MRMR+ORCR) * 12.5 * 100)	13.57%	13.24%	13.56%	13.23%
Core Capital/((CRCR+MRMR+ORCR)*12.5*100)	10.92%	8.17%	10.91%	8.16%
Tier 1 Capital/((CRCR+MRMR+ORCR)*12.5*100)	10.94%	8.20%	10.93%	8.20%

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4. Information related to the consolidated components of shareholders' equity

TIER I CAPITAL	Current Period	Prior Period
Paid-in Capital to be Entitled for Compensation after All Creditors	847,515	550,000
Share Premium	73,379	--
Share Cancellation Profits	--	--
Reserves	46,786	--
Other Comprehensive Income according to TAS	--	--
Profit	81,517	168,918
Current Period Profit	81,517	74,210
Prior Period Profit	--	94,708
General Reserves for Possible Losses	--	--
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	--	--
Minority Shares	32	43
Tier I Capital Before Deductions	1,049,229	718,961

Deductions From Tier I Capital

Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	12,337	132,843
Leasehold Improvements on Operational Leases (-)	13,239	19,573
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	5,364	5,336
Net Deferred Tax Asset/Liability (-)	--	--
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	--	--
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	--	--
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	--	--
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	--	--
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	--	--
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	--	--
Mortgage Servicing Rights not deducted (-)	--	--
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	--	--
Other items to be Defined by the BRSA (-)	--	--
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	--	--
Total Deductions from Tier I Capital	30,940	157,252
Total Tier I Capital	1,018,289	561,209

ADDITIONAL CORE CAPITAL

Preferred Stock not Included in Tier I Capital and the Related Share Premiums		--
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)		--
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)		--
Additional Core Capital before Deductions		--

Deductions from Additional Core Capital

Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)		--
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)		--
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)		--
Other items to be Defined by the BRSA (-)		--

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4. Information related to the consolidated components of shareholders' equity (Continued)

Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)		--
Total Deductions from Additional Core Capital		--
Total Additional Core Capital		--
Deductions from Core Capital	1,713	2,236
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	1,713	2,236
Total Core Capital	1,016,576	558,973
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	--	--
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	155,600	287,101
Pledged Assets of the Shareholders to be used for the Bank's Capital	--	--
General Provisions	91,103	60,513
Tier II Capital before Deductions	--	--
Deductions from Tier II Capital	246,703	347,614
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	--	--
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	--	--
Other items to be Defined by the BRSA (-)	--	--
Total Deductions from Tier II Capital	--	--
Total Tier II Capital	--	--
CAPITAL	246,703	347,614
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	1,263,339	906,587
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)		--
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)		--
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)		--
Other items to be Defined by the BRSA (-)		--
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	237	306
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)		--
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)		--
EQUITY	1,263,042	906,281
Amounts lower than Excesses as per Deduction Rules		--
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital		--
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital		--
Remaining Mortgage Servicing Rights		--
Net Deferred Tax Assets arising from Temporary Differences		--

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4. Information related to the consolidated components of shareholders' equity (Continued)**Components of items of shareholders' equity subject to temporary applications**

Current Period	The Bank	
	Amount Included in Equity Calculation	Total Amount
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	155,600	211,913

II. Explanations on consolidated credit risk

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

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

Credit risk limits and breakdowns for daily transactions are watched daily. Risk concentrations of non-balance sheet risks are followed by remote and on-site inspections.

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

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

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

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

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

As being an active participant in the international banking market and considered together with the other financial institutions' financial operations, the Bank's is not exposed to significant credit risk.

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

As per Customer Group Concentration, Top 20 corporate debtor's / risk group's credit risk sum shall not exceed 35% of the Bank's total credit risk.

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

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

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II. Explanations on Consolidated Credit Risk (Continued)

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

The Parent Bank's largest 100 and 200 cash loan customers compose 47% and 56% of the total cash loan portfolio, respectively (31 December 2014: 47% and 57%, respectively).

The Parent Bank's largest 100 and 200 non-cash loan customers compose 72% and 85% of the total non-cash loan portfolio, respectively (31 December 2014: 73% and 86%, respectively).

The Parent Bank's largest 100 and 200 cash and non-cash loan customers represent 44% and 55% of the total "on and off balance sheet" assets, respectively (31 December 2014: 44% and 55%, respectively).

The general provision for consolidated credit risk amounts to TL 91,103 (31 December 2014: TL 60,513).

	Current Period Risk Amount *	Average Risk Amount
Exposure Categories		
Conditional and Unconditional Exposures to Central Governments or Central Banks	1,567,474	1,315,814
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	-	-
Conditional and Unconditional Exposures to Banks and Brokerage Houses	1,113,470	1,144,700
Conditional and Unconditional Exposures to Corporates	5,343,958	4,381,296
Conditional and Unconditional Retail Exposures	1,420,335	1,315,525
Conditional and Unconditional Exposures Secured by Real Estate Property	2,336,142	1,851,707
Past Due Receivables	63,560	58,045
Receivables Defined in High Risk Category by BRSA	120,194	142,281
Other Receivables	384,887	331,690
Total	12,350,020	10,541,058

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

	Prior Period Risk Amount *	Average Risk Amount
Exposure Categories		
Conditional and Unconditional Exposures to Central Governments or Central Banks	1,007,967	899,844
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	1,535
Conditional and Unconditional Exposures to Banks and Brokerage Houses	1,003,761	810,120
Conditional and Unconditional Exposures to Corporates	4,010,375	3,614,572
Conditional and Unconditional Retail Exposures	1,266,451	1,109,739
Conditional and Unconditional Exposures Secured by Real Estate Property	1,345,594	1,405,766
Past Due Receivables	48,994	35,424
Receivables Defined in High Risk Category by BRSA	175,850	204,336
Other Receivables	220,011	149,002
Total	9,079,003	8,230,338

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

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II. Explanations on Consolidated Credit Risk (Continued)

1. Profile of significant exposures in major regions:

	Condition al and Uncondi onal exposures to central governme nts or central banks	Conditional and Unconditional Exposures to Administrative Units and Non- Commercial Enterprises	Conditional and Uncondi onal exposures to banks and brokerage houses	Conditional and Uncondi onal exposures to corporates	Condition al and Uncondi onal retail exposures	Conditional and Uncondi onal exposures secured by real estate property	Past due receiva bles	Receivables defined in high risk category by BRSA	Other receivables	Total
Current Period *										
Domestic	1,567,474	--	523,698	5,064,741	1,420,261	2,096,090	63,560	120,194	384,887	11,240,905
European Union (EU) Countries	--	--	563,765	93,586	27	--	--	--	--	657,378
OECD Countries **	--	--	382	--	--	--	--	--	--	382
Off-Shore Banking Regions	--	--	--	49,739	--	--	--	--	--	49,739
USA, Canada	--	--	21,028	--	--	--	--	--	--	21,028
Other Countries	--	--	4,597	135,892	47	240,052	--	--	--	380,588
Associates, Subsidiaries and Joint –ventures	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/ Liabilities ***	--	--	--	--	--	--	--	--	--	--
Total	1,567,474	--	1,113,470	5,343,958	1,420,335	2,336,142	63,560	120,194	384,887	12,350,020

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

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

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

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1 JANUARY-31 DECEMBER 2015**

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

II. Explanations on Consolidated Credit Risk (Continued)

1. Profile of significant exposures in major regions: (Continued)

	Conditional and Unconditional exposures to central government s or central banks	Conditional and Unconditional exposures to banks and brokerage houses	Conditional and Unconditional exposures to corporates	Conditional and Unconditional retail exposures	Conditional and Unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Other receiva bles	Total
Prior Period *									
Domestic	1,007,967	639,839	4,008,965	1,266,451	1,345,594	48,994	175,850	--	8,493,660
European Union (EU) Countries	--	348,136	--	--	--	--	--	--	348,136
OECD Countries **	--	15,619	--	--	--	--	--	--	15,619
Off-Shore Banking Regions	--	--	--	--	--	--	--	--	--
USA, Canada	--	207	--	--	--	--	--	--	207
Other Countries	--	1,370	--	--	--	--	--	--	1,370
Associates, Subsidiaries and Joint –ventures	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities ***	--	--	--	--	--	--	--	220,011	220,011
Total	1,007,967	1,005,171	4,008,965	1,266,451	1,345,594	48,994	175,850	220,011	9,079,003

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

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

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

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II. Explanations on Consolidated Credit Risk (Continued)

2. Risk profile by sectors or counterparties

Sectors / Counterparties Current Period	1	2	3	4	5	6	7	8	9	TL	FC	Total
Agricultural	--	--	--	142,015	84,078	54,417	1,659	347	--	223,809	58,707	282,516
Farming and Stockbreeding	--	--	--	76,127	74,675	51,411	544	1	--	195,311	7,447	202,758
Forestry	--	--	--	35,846	7,902	2,485	34	116	--	24,900	21,483	46,383
Fishing	--	--	--	30,042	1,501	521	1,081	230	--	3,598	29,777	33,375
Manufacturing	--	--	--	1,884,053	404,425	464,814	30,989	456	--	1,604,662	1,180,075	2,784,737
Mining and Quarrying	--	--	--	42,016	19,505	23,546	7,270	12	--	62,416	29,933	92,349
Production	--	--	--	1,554,325	379,857	418,203	23,719	444	--	1,255,689	1,120,859	2,376,548
Electricity, Gas and Water	--	--	--	287,712	5,063	23,065	--	--	--	286,557	29,283	315,840
Construction	--	--	--	823,772	279,986	738,799	14,920	115,172	--	1,488,527	484,122	1,972,649
Services	177,972	--	702,504	1,902,335	457,166	807,519	13,420	2,904	371,453	2,210,844	2,224,429	4,435,273
Wholesale and Retail Trade	--	--	--	508,179	329,818	149,313	12,177	2,890	--	841,619	160,758	1,002,377
Accommodation and Dining	--	--	--	339,096	29,946	410,497	59	1	--	121,349	658,250	779,599
Transportation and Telecommunication	--	--	--	281,517	38,765	68,781	590	12	--	191,580	198,085	389,665
Financial Institutions	177,972	--	702,504	533,084	8,902	100,000	--	--	371,424	832,684	1,061,202	1,893,886
Real Estate and Rental Services	--	--	--	140,727	6,636	35,727	15	--	--	43,815	139,289	183,104
Professional Services	--	--	--	2,277	7,655	7,917	20	--	--	17,870	--	17,870
Educational Services	--	--	--	11,283	4,876	10,154	--	--	--	26,313	--	26,313
Health and Social Services	--	--	--	86,172	30,568	25,130	559	1	29	135,614	6,845	142,459
Other (*)	1,389,502	--	410,966	591,783	194,680	270,593	2,572	1,315	13,434	794,740	2,080,105	2,874,845
Total (**)	1,567,474	--	1,113,470	5,343,958	1,420,335	2,336,142	63,560	120,194	384,887	6,322,582	6,027,438	12,350,020

(*)TL 1,389,502 receivables classified in "Other" in the current period was classified in Financial Institutions in the prior period .

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

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

2: Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises

3: Conditional and Unconditional exposures to banks and brokerage houses

4: Conditional and Unconditional exposures to corporates

5: Conditional and Unconditional retail exposures

6: Conditional and Unconditional exposures secured by real estate property

7: Past due receivables

8: Receivables defined in high risk category by BRSA

9: Other receivables

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II. Explanations on Consolidated Credit Risk (Continued)

2. Risk profile by sectors or counterparties (Continued)

Sectors / Counterparties Prior Period	1	2	3	4	5	6	7	8	9	TL	FC	Total
Agricultural	--	--	--	107,441	62,898	31,255	1,368	345	--	134,134	69,173	203,307
Farming and Stockbreeding	--	--	--	45,407	51,854	27,361	1,363	345	--	112,688	13,642	126,330
Forestry	--	--	--	38,290	8,359	3,836	--	--	--	17,156	33,329	50,485
Fishing	--	--	--	23,744	2,685	58	5	--	--	4,290	22,202	26,492
Manufacturing	--	--	--	1,444,051	405,147	293,469	16,680	21,220	--	1,165,950	1,014,617	2,180,567
Mining and Quarrying	--	--	--	21,807	21,244	8,533	9,244	13	--	48,224	12,617	60,841
Production	--	--	--	1,226,318	373,251	281,578	7,436	21,207	--	923,105	986,685	1,909,790
Electricity, Gas and Water	--	--	--	195,926	10,652	3,358	--	--	--	194,621	15,315	209,936
Construction	--	--	--	582,232	138,299	290,217	10,457	1,546	--	853,016	169,735	1,022,751
Services	1,007,967	--	1,005,171	1,413,689	459,002	540,792	9,465	2,466	1,501	1,974,254	2,465,799	4,440,053
Wholesale and Retail Trade	--	--	--	362,439	322,503	93,665	8,518	1,505	--	609,995	178,635	788,630
Accommodation and Dining	--	--	--	419,598	32,844	359,531	184	63	--	104,805	707,415	812,220
Transportation and Telecommunication	--	--	--	151,118	40,617	36,602	708	95	--	125,200	103,940	229,140
Financial Institutions	1,007,967	--	1,005,171	248,402	8,388	7,261	6	605	--	957,739	1,320,061	2,277,800
Real Estate and Rental Services	--	--	--	154,769	11,175	19,882	--	--	--	36,002	149,824	185,826
Professional Services	--	--	--	16,947	20,819	4,778	33	5	--	41,185	1,397	42,582
Educational Services	--	--	--	9,519	4,460	4,800	--	7	1,501	20,092	195	20,287
Health and Social Services	--	--	--	50,897	18,196	14,273	16	186	--	79,236	4,332	83,568
Other	--	--	--	461,552	201,105	189,861	11,024	150,273	218,510	785,870	446,455	1,232,325
Total*	1,007,967	--	1,005,171	4,008,965	1,266,451	1,345,594	48,994	175,850	220,011	4,913,224	4,165,779	9,079,003

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

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

2: Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises

3: Conditional and Unconditional exposures to banks and brokerage houses

4: Conditional and Unconditional exposures to corporates

5: Conditional and Unconditional retail exposures

6: Conditional and Unconditional exposures secured by real estate property

7: Past due receivables

8: Receivables defined in high risk category by BRSA

9: Other receivables

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II. Explanations on Consolidated Credit Risk (Continued)
3. Analysis of maturity-bearing exposures according to remaining maturities

Exposure Categories / Current Period	Term To Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and Unconditional Exposures to Central Governments or Central Banks	61,217	--	--	--	75,697
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--	--	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	520,291	15	503	65,443	526,915
Conditional and Unconditional Exposures to Other Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to SME Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to Corporates	376,878	457,645	569,468	1,155,446	2,783,386
Conditional and Unconditional Retail Exposures	45,963	30,655	141,757	577,737	615,887
Conditional and Unconditional Exposures Secured by Real Estate Property	3,082	5,550	27,426	257,710	2,042,374
Past Due Receivables	--	--	--	--	--
Receivables Defined in High Risk Category by BRSA	--	--	316	811	117,853
Exposures in the Form of Bonds Secured by Mortgages	--	--	--	--	--
Short term Exposures to Banks, Brokerage Houses and Corporates	--	--	--	--	--
Exposures in the Form of Collective Investment Undertakings	--	--	--	--	--
Other Receivables	--	--	--	4,729	8,734
Total*	1,007,431	493,865	739,470	2,061,876	6,170,846

(*)Following items which do not have a maturity are not included in the table; Receivables from the Central Bank amounting to TL 1,430,560, cash and equivalents amounting to TL 43,852, credit card limits amounting to TL 9,471, non-cash credit lines and payment commitments amounting to TL 45,062, other receivables amounting to TL 282,813 and non-performing loans amounting to TL 64,774.

Exposure Categories / Prior Period	Term To Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and Unconditional Exposures to Central Governments or Central Banks	20,275	--	12,917	--	--
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--	--	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	636,439	--	--	--	359,651
Conditional and Unconditional Exposures to Other Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to SME Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to Corporates	840,244	330,832	589,374	858,172	1,389,845
Conditional and Unconditional Retail Exposures	127,486	127,593	208,446	546,009	237,409
Conditional and Unconditional Exposures Secured by Real Estate Property	38,305	30,506	72,600	221,923	982,260
Past Due Receivables	--	--	--	--	--
Receivables Defined in High Risk Category by BRSA	25,146	--	--	--	150,704
Exposures in the Form of Bonds Secured by Mortgages	--	--	--	--	--
Short term Exposures to Banks, Brokerage Houses and Corporates	--	--	--	--	--
Exposures in the Form of Collective Investment Undertakings	--	--	--	--	--
Other Receivables	255	3,001	7,313	9,968	9,198
Total*	1,688,150	491,932	890,650	1,636,072	3,129,067

(*)Following items which do not have a maturity are not included in the table; Receivables from the Central Bank amounting to TL 974,775, cash and equivalents amounting to TL 55,891, non-cash credit lines and payment commitments amounting to TL 64,009, other receivables amounting to TL 99,462 and non-performing loans amounting to TL 48,994.

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II. Explanations on Consolidated Credit Risk (Continued)**3. Analysis of maturity-bearing exposures according to remaining maturities (Continued)**

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

Credit ratings are used only for the classification of receivables from banks and brokerage houses. There is a credit rating for the securities in the trading book. Therefore, no credit rating is used for issuer or issue.

Based on “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” Appendix 1, Fitch’s credit ratings corresponds to credit grades below:

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

4. Exposures by risk weights

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	Deductions from Equity	Total
Current Period										
Exposures Before Credit Risk Mitigation	1,673,949	--	551,933	561,178	2,245,403	7,199,887	62,317	55,353	--	12,350,020
Exposures After Credit Risk Mitigation	2,170,651	--	138,769	2,393,781	1,420,075	6,109,074	62,317	55,353	--	12,350,020
Prior Period										
Exposures Before Credit Risk Mitigation	1,079,512	--	570,408	454,811	1,687,302	5,110,901	95,905	80,164	--	9,079,003
Exposures After Credit Risk Mitigation	1,388,018	--	280,753	1,554,920	1,266,451	4,412,792	95,905	80,164	--	9,079,003

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II. Explanations on Consolidated Credit Risk (Continued)**5. Information by major sectors and type of counterparties**

As per the TAS and TFRS;

Impaired Credits; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, “specific provisions” are allocated as per the Provisioning Regulation.

Past Due Credits; are the credits that overdue up to 90 days but not impaired. For such credits, “general provisions” are allocated as per the Provisioning Regulation.

Major Sectors / Counterparties (Current Period)	Loans			
	Impaired Loans	Past Due Loans	Value Adjustments(*)	Provisions(**)
Agriculture	6,340	15,256	421	3,480
Farming and Stockbreeding	2,119	7,684	158	1,581
Forestry	1,906	7,572	263	895
Fishery	2,315	--	-	1,004
Manufacturing	47,245	71,430	2,937	18,415
Mining and Quarrying	13,792	47,846	1,941	9,265
Production	33,400	21,653	939	9,097
Electricity, Gas and Water	53	1,931	57	53
Construction	19,276	30,015	888	11,311
Services	41,510	80,487	2,269	24,070
Wholesale and Retail Trade	37,058	48,682	1,313	21,353
Accommodation and Dining	2,249	13,124	325	1,412
Transportation and Telecommunication	91	1,156	56	56
Financial Institutions	318	11,115	301	232
Real Estate and Rental Services	731	4,958	245	551
Professional Services	12	42	1	12
Educational Services	30	471	9	6
Health and Social Services	1,021	939	19	448
Others	32,859	59,509	1,491	21,189
Total	147,230	256,697	8,006	78,465

(*) Shows the general provision amount for past due loans.

(**) Shows the specific provision amount for impaired loans.

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II. Explanations on Consolidated Credit Risk (Continued)

5. Information by major sectors and type of counterparties (Continued)

Major Sectors / Counterparties (Prior Period)	Loans			
	Impaired Loans	Past Due Loans	Value Adjustments(*)	Provisions(**)
Agriculture	9,287	5,862	151	8,432
Farming and Stockbreeding	8,368	1,317	60	7,946
Forestry	908	4,539	91	480
Fishery	11	6	-	6
Manufacturing	46,883	15,326	477	11,505
Mining and Quarrying	11,164	10,458	294	6,376
Production	35,719	4,817	182	5,129
Electricity, Gas and Water	--	51	1	--
Construction	26,731	36,707	937	16,184
Services	23,645	52,979	1,242	10,045
Wholesale and Retail Trade	20,378	36,213	861	8,685
Accommodation and Dining	1,186	2,586	52	400
Transportation and Telecommunication	899	291	6	354
Financial Institutions	399	11,143	268	163
Real Estate and Rental Services	555	671	13	399
Professional Services	11	11	-	6
Educational Services	--	89	2	--
Health and Social Services	217	1,975	40	38
Others	22,179	50,534	1,113	9,891
Total	128,725	161,408	3,920	56,057

(*) Shows the general provision amount for past due loans.

(**) Shows the specific provision amount for impaired loans.

6. Information on movements in value adjustments and provisions

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Closing Balance
Current Period					
Specific Provisions	56,057	67,448	(45,040)	--	78,465
General Provisions	60,513	30,590	--	--	91,103

(*) Determined based on exchange rate differences, mergers, acquisition and disposal of subsidiaries.

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Closing Balance
Prior Period					
Specific Provisions	35,054	54,090	(33,087)	--	56,057
General Provisions	52,237	8,280	(4)	--	60,513

(*) Determined based on exchange rate differences, mergers, acquisition and disposal of subsidiaries.

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II. Explanations on Consolidated Credit Risk (Continued)**7. Information on collaterals, impairment, rating and maturity related to loans granted to individuals and corporates**

Detail of collaterals of standard and close monitoring loans granted to individuals and corporates is as follows:

	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Cash loans granted to individuals and corporates				
Secured Loans:	8,051,543	5,775,525	438,074	241,048
Secured by Cash Collateral	62,438	1,850	--	--
Secured by Mortgages	2,769,708	1,757,855	77,789	123,495
Secured by Treasury Guarantees or Securities Issued by Public Sector	--	--	--	--
Guarantees Issued by Financial Institutions	--	--	--	--
Other Collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	5,219,396	4,015,821	360,885	117,553
Non-Secured Loans	52,362	84,469	4,035	15,924
Total	8,103,904	5,859,994	442,108	256,972

Detail of collaterals of non-cash loans granted to individuals and corporates is as follows:

	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Non-cash loans granted to individuals and corporates				
Secured Loans:	1,024,231	1,017,641	5,077	10,513
Secured by Cash Collateral	--	23,776	--	88
Secured by Mortgages	69,460	41,536	1,053	1,339
Secured by Treasury Guarantees or Securities Issued by Public Sector	--	--	--	--
Guarantees Issued by Financial Institutions	--	--	--	--
Other Collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	954,771	952,329	4,024	9,086
Non-Secured Loans	16,323	19,527	--	--
Total	1,040,555	1,037,168	5,077	10,513

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III. Explanations on consolidated market risk

Whether the bank within the financial risk management objectives hedges itself against market risk, the precautions taken by the Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk

In order to provide hedge against the market risk within the context of the risk management objectives, the Bank set its activities related with market risk management in accordance with “Regulations on Banks’ Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 28337 dated 28 June 2012.

Being exposed to market risk, Bank’s Board of Directors have defined risk management strategies and policies about risk managements in line with application and recommendation of group and have led to follow-up strategies periodically. The limits of risks are identified and these limits are revised periodically. Board of Directors ensure that risk management group and executive managers should identify, measure, control and manage the Bank’s risk.

Market risk arising from trading transactions is limited through the risk appetite policy approved by Board of Directors as “low”and measured by taking into consideration BRSA’s standart methodology. Additionally Financial Control Department reports the market value of daily purchases and sales and realized profit.The risk management and asset liability committee continously monitor compliance of trading transactions with the risk appetite policy. Market risk occurred between mismatches of asset-liability maturity is also monitored through GAP report.

Stress tests and scenario analysis are also applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations. Risk measurement methods such as cash flow projection, GAP analysis are also applied.

Capital to be kept for general market risk and specific risk are calculated by using a standard method in accordance with “Measurement and Assessment of Bank Capital Adequacy Regulation” and reported monthly.

In the calculation of the value at credit risk for the derivative financial instruments, the receivables from counterparties are multiplied by the rates stated in the Article 21 and Appendix-2 of “the Regulation on Measurement and Assessment of Capital Adequacy of Banks”, reduced as per the “Regulation on Credit Risk Mitigation Techniques” and then included in the relevant exposure category and weighted for a second time. The risk amount related to the Bank's derivative financial instruments are calculated using the “Fair Value Method”.

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1. Information related to market risk

Current Period	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	6,564
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	56
Capital Requirement against Specific Risks of Securitisation Positions – Standard Method	--
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	865
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	--
(V) Capital Requirement to be Employed For Clearing Risk - Standard Method	--
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	280
(VII) Capital Requirement against Counterparty Credit Risks – Standard Method	10,018
(VIII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement	--
(IX) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI+VII+VIII)	17,783
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	222,288
Prior Period	
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	367
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	58
Capital Requirement against Specific Risks of Securitisation Positions – Standard Method	--
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	527
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	--
(V) Capital Requirement to be Employed For Clearing Risk - Standard Method	--
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	35
(VII) Capital Requirement against Counterparty Credit Risks – Standard Method	1,157
(VIII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement	--
(IX) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI+VII+VIII)	2,144
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	26,800

2. Average market risk table calculated at the end of each month during the relevant periods

Current Period			
	Average	Highest	Lowest
Interest Rate Risk	3,928	6,703	910
Equity-Shares Position Risk	72	867	--
Currency Position Risk	1,352	1,325	332
Commodity Risk	--	--	--
Clearing Risk	--	--	--
Option Market Risk	157	261	68
Counterparty Credit Risk	6,333	11,252	1,779
Total Value at Risk	148,025	255,100	38,613
Prior Period			
	Average	Highest	Lowest
Interest Rate Risk	945	2,541	404
Equity-Shares Position Risk	--	--	--
Currency Position Risk	612	1,087	386
Commodity Risk	--	--	--
Clearing Risk	--	--	--
Option Market Risk	26	35	19
Counterparty Credit Risk	2,808	7,030	1,157
Total Value at Risk	54,488	133,663	24,575

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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3. Quantitative information on counterparty risk

The counterparty risk amount is calculated in accordance with fair value measurement methodology stated in Appendix 2 and section 3 of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

It is determined replacement cost of the contracts having positive value through using fair value of such contracts. The potential credit risk amount is calculated by multiplying contract or transaction amounts with certain ratios determined in accordance with days to maturity and contract type. Total of replacement cost and potential credit risk make up counterparty risk amount. Counterparty credit risk mitigation considers only cash collaterals.

Current Period	Value	Risk Weights					Total Value at Risk
		0%	20%	50%	75%	100%	
Interest-Rate Contracts (*)	287	287	--	--	--	--	--
Foreign-Exchange-Rate Contracts (**)	80,959	263	9,016	30,475	847	40,358	58,034
Commodity Contracts	--	--	--	--	--	--	--
Equity-Shares Related Contracts	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Gross Positive Fair Values	93,767	67	19,933	19,351	3,536	50,880	67,194
Netting Benefits	--	--	--	--	--	--	--
Net Current Exposure Amount	--	--	--	--	--	--	--
Collaterals Received	330	--	--	--	--	--	--
Net Derivative Position (***)	175,013	617	28,949	49,826	4,383	91,238	125,228

(*) Includes repo transactions

(**) Includes option, swap and forward contracts.

(***) Consists of foreign exchange rate and interest rate contracts and gross values of positive fair value amounts.

Prior Period	Value	Risk Weights					Total Value at Risk
		0%	20%	50%	75%	100%	
Interest-Rate Contracts (*)	142	142	--	--	--	--	--
Foreign-Exchange-Rate Contracts (**)	17,687	--	7,624	4,024	1,233	3,678	8,140
Commodity Contracts	--	--	--	--	--	--	--
Equity-Shares Related Contracts	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Gross Positive Fair Values	12,426	--	4,830	2,677	2,850	1,878	6,320
Netting Benefits	--	--	--	--	--	--	--
Net Current Exposure Amount	--	--	--	--	--	--	--
Collaterals Received	1,319	--	--	--	--	--	--
Net Derivative Position (***)	30,255	142	12,454	6,701	4,083	5,556	14,460

(*) Includes repo transactions

(**) Includes option, swap and forward contracts.

(***) Consists of foreign exchange rate and interest rate contracts and gross values of positive fair value amounts.

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IV. Explanations on consolidated operational risk

The value at operational risk is calculated according to the “basic indicator approach”. Value at operational risk amount is calculated by using the last 3 years’ (2014, 2013, 2012) gross income, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” issued on Official Gazette dated 6 September 2014 and numbered 29111 and 3rd section of the regulation, “Calculation of Operational Risk”. 15% of gross income which is TL 39,079 (31 December 2014: TL 25,673) represents also the minimum capital requirement to recover the risk amount.

	31 December 2012	31 December 2013	31 December 2014	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Current Period						
Gross Income	176,882	248,954	355,738	260,525	15	39,079
Value at Operational Risk (Total*12.5)						488,484

	31 December 2011	31 December 2012	31 December 2013	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Prior Period						
Gross Income	87,630	176,882	248,954	171,155	15	25,673
Value at Operational Risk (Total*12.5)						320,916

V. Explanations on consolidated currency risk

Position limit on currency risk is determined in line with net general position standard ratio on foreign currency. The Bank does not take foreign exchange and parity risk; transactions are usually hedged. Measurable and manageable risks are taken within legal limits.

As of 31 December 2015, the Group's net short position is TL 112,574 (31 December 2014: TL 549 net short position) resulting from short position on the balance sheet amounting to TL 159,744 (31 December 2014: TL 92,047 short position) and long position on the off-balance amounting to TL 47,170 (31 December 2014: TL 91,498 long position). “Standard Method” is used in legal reporting to measure the foreign exchange risk.

The announced current foreign exchange buying rates of the Bank at 31 December 2015 and the previous five working days in full TL are as follows:

US Dollar purchase rate as at the balance sheet date	(Full Basis)	TL 2.9076
Euro purchase rate as at the balance sheet date	(Full Basis)	TL 3.1776

Date	USD	EUR
25 December 2015	2.9187	3.1968
28 December 2015	2.9123	3.1904
29 December 2015	2.9157	3.2006
30 December 2015	2.9084	3.1921
31 December 2015	2.9076	3.1776

Simple arithmetic means of foreign exchange rates in December 2015 are TL 2.9172 for US Dollar, and TL 3.1697 for Euro. (Full TL Basis)

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V. Explanations on consolidated currency risk (continued)

Current Period	EUR	USD	Other	Total
Assets				
Cash and Balances with the Central Bank of Turkey	213,394	1,019,749	207,608	1,440,751
Banks	11,744	48,088	4,569	64,401
Financial Assets at Fair Value through Profit/Loss (*)	1,526	3,201	--	4,727
Interbank Money Market Placements	--	--	--	--
Financial Assets Available for Sale	60,985	468,484	--	529,469
Loans (**)	1,369,830	1,567,935	64,956	3,002,721
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	--	--	--	--
Investments Held to Maturity	--	--	--	--
Derivative Financial Assets Held for Hedging Purposes	--	--	--	--
Tangible Assets	--	--	--	--
Intangible Assets	--	--	--	--
Other Assets (***)	473	364	--	837
Total Assets	1,657,952	3,107,821	277,133	5,042,906
Liabilities				
Banks Deposits	212,509	169,670	16,879	399,058
Foreign Currency Deposits	589,092	2,496,025	33,193	3,118,310
Interbank Money Market Received	48,890	388,360	--	437,250
Funds Borrowed from Other Financial Institutions	722,639	497,801	--	1,220,440
Sundry Creditors	5,654	11,125	3,385	20,164
Marketable Securities Issued	--	--	--	--
Derivative Financial Liabilities Held for Hedging Purposes	--	--	--	--
Other Liabilities(****)	1,840	5,588	--	7,428
Total Liabilities	1,580,624	3,568,569	53,457	5,202,650
Net Balance Sheet Position	77,328	(460,748)	223,676	(159,744)
Net Off-Balance Sheet Position	(179,033)	450,735	(224,532)	47,170
Financial Derivative Assets(*****)	1,145,641	1,141,211	116,033	2,402,885
Financial Derivative Liabilities(*****)	1,324,674	690,476	340,565	2,355,715
Non-Cash Loans (*****)	151,799	512,795	926	665,519
Prior Period				
Total Assets	1,053,988	2,623,701	152,356	3,830,045
Total Liabilities	1,201,158	2,657,805	63,129	3,922,092
Net Balance Sheet Position	(147,170)	(34,104)	89,227	(92,047)
Net Off-Balance Sheet Position	143,138	37,105	(88,745)	91,498
Financial Derivative Assets(*****)	369,306	739,318	144,591	1,253,215
Financial Derivative Liabilities(*****)	226,168	702,213	233,336	1,161,717
Non-Cash Loans (*****)	163,667	553,872	--	717,539

(*) The balance does not include trading derivative financial assets amounting to TL 2,714.

(**) The balance includes foreign currency indexed loans and accruals amounting to TL346,408.

(***) The balance does not include TL 13,657 of prepaid expenses.

(****) The balance does not include trading derivative financial liabilities amounting to TL 2,716.

(*****) In the current period, exchange purchase commitments within the financial derivative assets amounted to TL 121,023 (31 December 2014: TL 160,029), exchange sale commitments within the derivative financial liabilities amounted to TL 124,398 (31 December 2014: TL 163,212).

(*****) There is no effect on the net off-balance sheet position.

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V. Explanations on consolidated currency risk (continued)

The following table demonstrates prospective increase and decrease in equities and profit/loss as of 31 December 2015 and 2014 (excluding tax effect) on condition that 10 % decrease of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, are constant.

	Current Period		Prior Period	
	Profit/Loss	Equity	Profit/Loss	Equity
USD	(421)	(776)	1,125	(825)
EURO	(10,171)	195	(403)	--
Other FC	(86)	--	48	--
Total (Net)	(10,677)	(581)	770	(825)

VI. Explanations on consolidated interest rate risk

Interest sensitivity of assets, liabilities and off-balance sheet items are evaluated weekly by considering market developments in the Asset-Liability Committee.

Standard method and Asset-Liability risk measurement methods are used to measure the Bank's interest rate risk.

Measurements by employing the standard method are carried out monthly by using maturity ladder. Bank applies interest rate shock analysis to interest rate sensitive assets and liabilities considering historic economic crises. Change in the net present value of the net assets of the Bank are monitored within the limits set by the Board of Directors.

“Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates)”:

Current Period End	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non- interest Bearing	Total
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,430,560	--	--	--	--	43,549	1,474,109
Banks	4,301	--	--	--	--	65,745	70,046
Financial Assets at Fair Value Through Profit or Loss	9,986	4,147	22,506	51,044	26,848	--	114,531
Interbank Money Market Placements	--	--	--	--	--	--	--
Financial Assets Available-for-Sale	8,929	--	40,565	492,590	68,990	2,697	613,771
Loans	1,250,287	3,044,920	1,469,279	2,227,114	554,412	68,765	8,614,777
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	--	--	299,350	299,350
Total Assets	2,704,063	3,049,067	1,532,350	2,770,748	650,250	480,106	11,186,584
Liabilities							
Bank Deposits	495,035	--	--	--	--	16,649	511,684
Other Deposits	3,380,740	2,621,152	527,341	179	--	414,628	6,944,040
Interbank Money Market Received	504,822	--	--	--	--	--	504,822
Sundry Creditors	--	--	--	--	--	100,688	100,688
Marketable Securities Issued	--	201,035	302,706	--	--	--	503,741
Funds Borrowed from Other Financial Institutions	27,599	282,800	921,098	4,862	--	--	1,236,359
Other Liabilities (**)	5,022	3,591	22,403	35,378	17,214	1,301,642	1,385,250
Total Liabilities	4,413,218	3,108,578	1,773,548	40,419	17,214	1,833,607	11,186,584

FİBABANKA A.Ş. AND ITS SUBSIDIARY

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VI.Explanations on interest rate risk (continued)

Balance Sheet Long Position	--	--	--	2,730,329	633,036	--	3,363,365
Balance Sheet Short Position	(1,709,155)	(59,511)	(241,198)	--	--	(1,353,501)	(3,363,365)
Off-Balance Sheet Long Position	591	1,112	4,453	7,368	--	3,873,254	3,886,778
Off-Balance Sheet Short Position	(591)	(1,112)	(4,454)	(7,367)	--	(3,972,889)	(3,986,413)
Total Position	(1,709,155)	(59,511)	(241,199)	2,730,330	633,036	(1,453,136)	(99,635)

(*) Non-interest bearing column includes TL 191,693 tangible assets, TL 5,364 intangible assets, TL 1,901 tax assets, TL 3,299 non-current assets held for sale and TL 97,093 other assets.

(**) Non-interest bearing column includes TL 1,036,913 shareholders' equity, TL 114,797 other liabilities, TL 171 finance lease liabilities, TL 113,812 provisions and TL 35,949 tax liabilities.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates):

Prior Period End	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	56,509	--	--	--	--	966,600	1,023,109
Banks	255,532	--	--	--	--	7,347	262,879
Financial Assets at Fair Value Through Profit or Loss	18,572	2,917	5,799	3,252	2,100	--	32,640
Interbank Money Market Placements	23,189	--	--	--	--	--	23,189
Financial Assets Available -for-Sale	5,154	--	19,737	257,336	99,682	--	381,909
Loans	523,493	2,393,728	1,086,028	1,801,868	311,849	72,668	6,189,634
Investment Securities Held-to- Maturity	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	--	--	123,360	123,360
Total Assets	882,449	2,396,645	1,111,564	2,062,456	413,631	1,169,975	8,036,720
Liabilities							
Bank Deposits	156,003	--	--	--	--	2,845	158,848
Other Deposits	2,781,561	1,641,634	345,893	9,198	--	304,231	5,082,517
Interbank Money Market Received	325,977	--	--	--	--	--	325,977
Sundry Creditors	--	--	--	--	--	61,250	61,250
Marketable Securities Issued	46,305	163,385	263,245	--	--	--	472,935
Funds Borrowed from Other Financial Institutions	56,687	538,917	425,642	--	--	--	1,021,246
Other Liabilities (**)	2,135	2,372	5,486	1,719	116,677	785,558	913,947
Total Liabilities	3,368,668	2,346,308	1,040,266	10,917	116,677	1,153,884	8,036,720
Balance Sheet Long Position	--	50,337	71,298	2,051,539	296,954	16,091	2,486,219
Balance Sheet Short Position	(2,486,219)	--	--	--	--	--	(2,486,219)
Off-Balance Sheet Long Position	--	--	--	--	--	1,598,016	1,598,016
Off-Balance Sheet Short Position	--	--	--	--	--	(1,613,738)	(1,613,738)
Total Position	(2,486,219)	50,337	71,298	2,051,539	296,954	369	(15,722)

(*) Non-interest bearing column includes TL 31,494 tangible assets, TL 5,336 intangible assets, TL 2,338 tax assets, TL 919 non-current assets held for sale and TL 83,273 other assets.

(**) Non-interest bearing column includes TL 586,128 shareholders' equity, TL 101,408 other liabilities, TL 211 finance lease liabilities, TL 77,412 provisions and TL 20,399 tax liabilities.

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VI. Explanations on interest rate risk (continued)**Average interest rates applied to financial instruments**

Current Period End	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	0.49	0.49	--	3.81
Banks	--	--	--	11.25
Financial Assets at Fair Value Through Profit/ Loss	3.72	5.16	--	16.12
Interbank Money Market Placements	--	--	--	--
Financial Assets Available-for-Sale	3.35	4.07	--	8.90
Loans	6.38	6.01	--	15.66
Investment Securities Held-to-Maturity	--	--	--	--
Liabilities				
Bank Deposits	0.24	0.59	--	10.92
Other Deposits	1.63	2.51	--	12.88
Interbank Money Market Received	0.47	1.07	--	7.50
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	--	--	11.58
Funds Borrowed from Other Financial Institutions	1.78	1.63	--	6.61
Prior Period End	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	--	--	1.48
Banks	--	0.56	--	11.11
Financial Assets at Fair Value Through Profit/Loss	4.28	5.07	--	14.53
Interbank Money Market Placements	--	0.45	--	--
Financial Assets Available-for-Sale	3.39	4.17	--	5.59
Loans	6.51	5.80	--	14.17
Investment Securities Held-to-Maturity	--	--	--	--
Liabilities				
Bank Deposits	0.60	0.63	--	7.50
Other Deposits	2.41	2.67	--	10.46
Interbank Money Market Received	0.53	0.69	--	8.25
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	--	--	9.86
Funds Borrowed from Other Financial Institutions	2.02	1.65	--	7.23

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VI. Explanations on interest rate risk (continued)**Interest rate risk on banking book**

As per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method” published by the BRSA in 23 August 2011, the Bank analyses and reports to the Bank’s senior management the interest rate sensitivity of equity on a monthly basis by applying positive and negative shocks to the interest sensitive on balance sheet and off-balance sheet positions which are distributed into groups based on their cashflows.

Interest rate sensitivity of equity as of 31 December 2015:

	Shock Applied (+ / - x bps)	Gains/ Losses	Gains / Equity - Losses / Equity
TRY	500	-104,022	%-8,23
TRY	-400	96,533	%7,64
US Dollar	200	-44,356	%-3,51
US Dollar	-200	35,342	%2,80
EURO	200	-69,483	%-5,50
EURO	-200	8,385	%0,66
Total (For Positive Shocks)		-217,861	-17,25%
Total (For Negative Shocks)		140,260	11,10%

VII. Position risk of equity securities resulted from banking book

There has been no position risk of equity securities as of 31 December 2015.

Equity Securities (Shares)	Comparison		
	Carrying Value	Fair Value	Market Value
Share Investment Group A	--	--	--
Quoted Securities	--	--	--
Share Investment Group B	--	--	--
Quoted Securities	--	--	--
Share Investment Group C	--	--	--
Quoted Securities	--	--	--

Portfolio	Gains/Losses In the Current Period	Valuation Surpluses		Unrealized Gains and Losses	
		Total	Amount under Supplementary Capital	Total	Amount under Core Capital
Private Equity Investments	--	--	--	--	--
Quoted Shares	--	--	--	--	--
Other Share	--	--	--	--	--
Total	--	--	--	--	--

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VIII. Explanations on consolidated liquidity risk

The Group; diversifies its funding sources among customer deposits, domestic and foreign borrowings, bills and bonds issued; considers the maturity match between its assets and liabilities and keeps liquid assets in order to fully meet the liquidity requirements that may emerge in case of market volatility.

The Board of Directors reviews the liquidity and funding risk management policy weekly or in case of necessity. Liquidity risk is managed by Asset and Liability Committee (ALCO) in line with risk management policy as short and long term liquidity risk as described below;

The Group determines its liquidity strategy through the ALCO meetings where funding requirements and funding sources are discussed. Treasury department manages cash inflows and outflows in line with strategies determined by ALCO. As deemed necessary by the ALCO members, liquidity meetings are performed for the purposes of close monitoring. Treasury department manages short term liquidity by adhering to the ALCO strategy and ensuring compliance with legal liquidity limits and stress testing.

In the context of TL and foreign currencies liquidity management, the Group monitors the cash flows weekly and action plan is made based on ALCO decisions. The funding balance being directly monitored and compensated by making the risk-return-cost evaluation.

It is included in the presentation on a weekly basis for long-term liquidity "Maturity Mismatch Report" made by ALCO. The Group, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 2 year maturity period. The Group intend to eliminate liquidity mismatch shifting focus to long-term funding alternatives. Such protection decisions of the risk of incompatibility taken by ALCO.

Information on the use of stress testing

Department of Risk Management implement stress testing according Liquidity and Funding Risk Policy approved by the Board of Directors on a weekly basis. These stress tests based on the scenarios of the deposit outflow, funds obtained from bonds issued will outflow, banks limits will not be used in a 14-day period, the results are included in the presentation of ALCO on a weekly basis and in Risk Committee on a monthly basis. In this way, the bank's funding structure is closely monitored and actions are taken on behalf of existing risk management.

Alternative funding sources are identified in case of need. ALCO members are responsible for short-term liquidity shocks to take actions. In the case of a crisis or if deemed necessary, ALCO summon a meeting and take possible action plans immediately. These action plans are approved by the Board of Directors under the İSEDES. The bank reviews resources that are available in any emergency situation constantly and take into consideration the results of the above-mentioned stress testing and scenario analysis by the early warning system.

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks"; published in the Official Gazette numbered 28948, dated 21 March 2014; liquidity ratio is required to be 40 % for foreign currency assets/liabilities and 60 % for total assets/liabilities in the calculation of the banks' weekly and monthly reporting effective from 5 January 2015.

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VIII. Explanations on consolidated liquidity risk (Continued)

Current Period		Total Unweighted Value (Average) *		Total Weighted Value (Average)*	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets					
1	Total high-quality liquid assets (HQLA)			1,167,776	1,075,731
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	4,133,508	1,694,901	256,038	100,351
3	Stable deposits	3,149,448	1,382,790	157,632	69,140
4	Less stable deposits	984,060	312,110	98,406	31,211
5	Unsecured wholesale funding, of which:	1,820,493	854,139	1,498,926	784,822
6	Operational deposits	-	-	-	-
7	Non-operational deposits	1,799,814	835,655	719,925	334,262
8	Unsecured funding	20,679	18,484	779,001	450,560
9	Secured wholesale funding			292,381	292,381
10	Other cash outflows of which:	1,219,644	468,464	234,381	158,742
11	Outflows related to derivative exposures and other collateral requirements	108,334	104,341	108,334	104,341
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	1,111,310	364,123	126,047	54,401
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	88,788	88,413	4,439	4,421
16	Total Cash Outflows			2,286,165	1,340,716
Cash Inflows					
17	Secured receivables	19,214	19,214	19,214	19,214
18	Unsecured receivables	785,674	151,345	450,009	113,297
19	Other cash inflows	10,845	6,227	10,845	6,227
20	Total Cash Inflows	815,732	176,785	480,067	138,737
				Total Adjusted Value	
21	Total HQLA			1,167,776	1,075,731
22	Total Net Cash Outflows			1,806,098	1,201,979
23	Liquidity Coverage Ratio (%)			64.66	89.50

(*)The average of last three months' liquidity coverage ratio calculated by monthly and weekly simple averages.

The table below presents last three months consolidated liquidity coverage ratios:

Period	TL+FC	FC
31 October 2015	61.89%	84.46%
30 November 2015	66.31%	99.07%
31 December 2015	65.70%	86.61%

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VIII. Explanations on consolidated liquidity risk (Continued)

The Bank implements the calculation in accordance with the Regulation of Liquidity Coverage Ratio Calculation of Banks dated on 21 March 2014 and numbered 28948 published in the Official Gazette. The related regulations include items that are considered as high quality liquid assets; mainly the securities portfolio and cash assets and money held as required reserves. The important factors affecting the results of the liquidity coverage ratio; remaining maturities of 30 days exchange and money market transactions. Deposits form a significant portion of the Bank's sources of funds, on the other hand bonds issued, money market borrowings, funds provided from abroad are other important sources of funding.

The Bank calculate cash flow and margin likely to transactions arising from derivative transactions in accordance with the Regulation on Banks' Liquidity Coverage Ratio dated 21 March 2014 and numbered 28948 published in Official Gazette as taking 24-month average into account .

VIII. Explanation related to the consolidated liquidity risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over	Unallocated	Total
Assets								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	161,668	1,312,441	--	--	--	--	--	1,474,109
Banks	65,745	4,301	--	--	--	--	--	70,046
Financial Assets at Fair Value Through Profit or Loss	--	9,986	4,149	22,506	51,044	26,846	--	114,531
Interbank Money Market Placements	--	--	--	--	--	--	--	--
Financial Assets Available-for-Sale	--	8,929	--	40,565	482,125	68,990	13,162	613,771
Loans	--	1,087,049	962,598	3,822,505	2,266,996	406,864	68,765	8,614,777
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	--	--	--	299,350	299,350
Total Assets	227,413	2,422,706	966,747	3,885,576	2,800,165	502,700	381,277	11,186,584
Liabilities								
Bank Deposits	16,649	495,035	--	--	--	--	--	511,684
Other Deposits	414,628	3,380,740	2,621,152	527,341	179	--	--	6,944,040
Funds Borrowed from Other Financial Institutions	--	28,629	45,696	710,778	242,324	208,932	--	1,236,359
Interbank Money Market Received	--	504,822	--	--	--	--	--	504,822
Marketable Securities Issued	--	--	166,475	337,266	--	--	--	503,741
Sundry Creditors	--	100,688	--	--	--	--	--	100,688
Other Liabilities (**)	--	127,963	20,516	27,251	40,237	17,571	1,151,712	1,385,250
Total Liabilities	431,277	4,637,877	2,853,839	1,602,636	282,740	226,503	1,151,712	11,186,584
Liquidity Surplus/Gap	(203,864)	(2,215,171)	(1,887,092)	2,282,940	2,517,425	276,197	(770,435)	--
Prior Period								
Total Assets	208,161	1,727,479	737,894	2,874,241	1,935,710	357,207	196,028	8,036,720
Total Liabilities	307,076	3,557,109	1,898,775	1,116,409	204,393	288,665	664,293	8,036,720
Liquidity Surplus/Gap	(98,915)	(1,829,630)	(1,160,881)	1,757,832	1,731,317	68,542	(468,265)	--

(*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short term such as tangible assets, investments in associates, joint ventures and subsidiaries, stationary supplies and prepaid expenses are included in this column.

(**) Shareholders' equity and provisions are classified in other liabilities in unallocated column.

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VIII. Explanation related to the consolidated liquidity risk (continued)**Contractual maturity analysis of liabilities according to remaining maturities**

31 December 2015	Carrying Value	Gross Nominal Outflows	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposits	511,684	511,813	16,649	495,164	--	--	--	--
Other Deposits	6,944,040	7,022,379	414,628	3,396,560	2,656,120	554,868	203	--
Interbank Money Market								
Borrowings	504,822	504,978	--	504,978	--	--	--	--
Marketable Securities Issued	503,741	517,570	--	--	169,200	348,370	--	--
Funds Borrowed from Other								
Financial Institutions	1,024,446	1,048,431	--	27,626	59,305	729,965	231,534	--
Subordinated Loans	211,913	558,222	--	--	3,192	23,918	107,997	423,115
Total	9,700,646	10,163,393	431,277	4,424,328	2,887,817	1,657,121	339,734	423,115

31 December 2014	Carrying Value	Gross Nominal Outflows	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposits	158,848	158,889	2,845	156,044	--	--	--	--
Other Deposits	5,082,517	5,123,284	304,231	2,789,229	1,658,513	360,225	11,086	--
Interbank Money Market								
Borrowings	325,977	326,051	--	326,051	--	--	--	--
Marketable Securities Issued	472,935	488,338	--	46,887	166,424	275,027	--	--
Funds Borrowed from Other								
Financial Institutions	846,349	848,746	--	74,438	86,698	498,627	188,983	--
Subordinated Loans	291,574	473,435	--	--	2,753	18,887	86,664	365,131
Total	7,178,200	7,418,743	307,076	3,392,649	1,914,388	1,152,766	286,733	365,131

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VIII. Explanation related to the consolidated liquidity risk (continued)

According to the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks published in the Official Gazette numbered 29450 on 18 August 2015 and dated 19/08/2015, total amount of assets and risk in the consolidated financial statements prepared in accordance with Turkish Accounting Standards shown below;

		Current Period(**)	Prior Period
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*)	17,443,409	
2	The difference between total assets prepared in accordance with Turkish Accounting Standards (*) and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	--	
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(4,095,323)	
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	--	
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	--	
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	--	
7	Total risk amount	13,348,086	

(*)Consolidated financial statements prepared in compliance with the Article 6 of the communiqué 5 "Preparation of Consolidated Financial Statements..

(**)Amounts in the table are three-month average amounts.

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VIII. Explanation related to the consolidated liquidity risk (continued)

The leverage ratio table prepared in accordance with the communiqué “Regulation on Measurement and Assessment of Leverage Ratios of Banks” published in the Official Gazette no. 28812 dated 5 November 2013 is presented below:

	On – balance sheet assets	Current Period(*)
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	10,974,528
2	(Assets deducted in determining Tier 1 capital)	(35,696)
3	Total on-balance sheet risks (sum of lines 1 and 2)	10,938,832
	Derivative financial instruments and credit derivatives	
4	Replacement cost associated with all derivative financial instruments and credit derivatives	101,960
5	Potential credit risk associated with all derivative financial instruments and credit derivatives	86,787
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	188,748
	Securities or commodity financing transactions (SCFT)	
7	Risks from SCFT assets (except for on-balance sheet)	552,260
8	Risks from brokerage activities related exposures	--
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	552,260
	Other off-balance sheet transactions	
10	Gross notional amounts of off-balance sheet transactions	1,668,246
11	(Adjustments for conversion to credit equivalent amounts)	--
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	1,668,246
	Capital and total risks	
13	Tier 1 capital	927,052
14	Total risks (sum of lines 3, 6, 9 and 12)	13,348,086
	Leverage ratio	
15	Leverage ratio	6.92

(*) Amounts in the table are three-month average amounts..

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IX. Explanations on consolidated securitisation positions

The Group does not have any securitization positions as of balance sheet date.

X. Information on consolidated credit risk mitigation techniques

The Group does not apply any netting on balance sheet and off-balance sheet. Guarantees and derivatives are not used as credit mitigation technique; but only financial collaterals consisting of cash blockages are used.

Applications related to the valuation and management of collaterals are defined as follows: Appraisals for the mortgages that are received as collaterals are only performed by the firms that have been approved by the BRSA and licensed by the Capital Markets Board (“CMB”). Appraisal reports for the real estate that are received as collaterals for commercial loans are renewed each year as long as the risk continues. As a rule, each year a different appraisal firm is preferred. Management of the appraisal process is carried out by the Credits Department. Vehicle pledges are followed through their insurance values. Regular investigations are performed for the cheques and bills that are received as collaterals and in case of any negative finding the Bank seeks to replace the collateral.

The Group’s guarantees are mainly composed of cheques, notes, mortgages, guarantees, vehicle pledges and deposit pledges. The Group’s credit risk concentration is mainly consists of corporate receivables and followed by receivables that are collateralized with mortgage, SME receivables and retail receivables, respectively.

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X. Information on consolidated credit risk mitigation techniques (continued)

Exposure Categories*	Amount	Financial Collaterals	Other/Physical Collaterals**	Guarantees and Credit Derivatives
Receivables from Central Governments	1,567,474	61,218	--	--
Receivables, Coins, Purchased Cheques from Regional or Local Governments and CBT Banks	--	--	--	--
Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--
Receivables from Multilateral Development Banks	--	--	--	--
Receivables from International Organisations	--	--	--	--
Receivables from Banks and Brokerage Houses	1,113,470	437,250	--	--
Corporate Receivables	5,343,958	46,392	--	--
Retail Receivables	1,420,335	260	--	--
Receivables that are Collateralized by Residential	2,336,142	12,800	3,530,340	--
Past due Receivables	63,560	--	63,277	--
Receivables Defined in High Risk Category by BRSA	120,194	--	29,453	--
Securities Collateralised by Mortgages	--	--	--	--
Short-term Receivables from Banks, Brokerage Houses and Corporates	--	--	--	--
Investments Similar to Collective Investment Funds	--	--	--	--
Other Receivables	384,887	--	--	--
Total	12,350,020	557,920	3,623,070	--

(*) Non-cash risks presented above are subject to credit conversion.

(**) Other / Physical Collaterals are shown with full amounts which are possible to be used, in line with the Regulation on Measurement and Assessment of Capital Adequacy of Banks and Credit Risk Mitigation Techniques.

XI. Information on risk management objectives and policies

The Bank does not apply any netting on balance sheet and off-balance sheet. Guarantees and derivatives are not used as credit mitigation techniques; but only financial collaterals consisting of cash blockages are used.

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, the Asset-Liability Committee and the Risk Management Department which have been composed in order to manage systemic risks that the Bank is exposed to. The Board of Directors is the owner of the Bank's Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Bank's Risk Management System is to identify, measure, monitor and control the risks that the Bank is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Bank's future cash flows and the level and the quality of related activities.

As part of the Risk Management System, the Asset and Liability Committee presentation is prepared on a weekly basis and the Risk Committee and the Board of Directors presentations are made on a monthly basis. The presentations mainly consists of the Bank's financial statements, profit and loss Analysis, Credit Risk, Market Risk, Liquidity Risk, Concentration Risk, Interest Rate Risk due to Banking Book, and Operational Risk as well as the risk that the Bank is currently exposed to or possible risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2015

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XI. Information on risk management objectives and policies (continued)

The Board of Directors of the Bank delegated the authorization related to the hedge accounting to the Asset and Liability Committee with the condition of providing regular information. At the same time the Bank has organised credit policies and risk mitigation policies due to credit risk. All processes of the Bank are controlled by the Bank's Internal Audit Department's control matrices regularly and are subject to supervision by the Internal Inspection Department at the same time.

XII. Explanations on presentation of financial assets and liabilities at their fair values

Valuation methods of the financial instruments valued with their fair value are shown below.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	9,298,594	6,857,611	9,352,428	6,941,155
Interbank Money Market Placements	--	23,189	--	23,189
Banks	70,046	262,879	70,046	262,879
Financial Assets Available-for-Sale	613,771	381,909	613,771	381,909
Investments Held-to-Maturity	--	--	--	--
Loans	8,614,777	6,189,634	8,668,611	6,273,178
Financial Liabilities	9,296,512	6,796,796	9,296,512	6,796,796
Bank Deposits	511,684	158,848	511,684	158,848
Other Deposits	6,944,040	5,082,517	6,944,040	5,082,517
Funds Borrowed from Other Financial Institutions	1,236,359	1,021,246	1,236,359	1,021,246
Marketable Securities Issued	503,741	472,935	503,741	472,935
Sundry Creditors	100,688	61,250	100,688	61,250

Fair values of financial assets available-for-sale and investments held-to-maturity are derived from market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

Fair values of loans are calculated discounting future cash flows at current market interest rates for fixed-rate loans. The carrying values of floating-rate loans are deemed an approximation for their fair values.

Fair values of other financial assets and liabilities represent the total acquisition costs and accrued interest.

	Level 1 TL		Level 2 TL		Level 3 TL	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets						
Financial Assets at Fair Value through Profit and Loss	20,559	19,849	93,972	12,791	--	--
Financial Assets Available for Sale	600,609	381,909	13,162	--	--	--
Total	621,168	401,758	107,134	12,791	--	--
Financial Liabilities						
Financial Liabilities at Fair Value through Profit and Loss	--	--	83,608	11,712	--	--
Total	--	--	83,608	11,712	--	--

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

XIII. Explanations on transactions carried out on behalf of customers and fiduciary activities

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

SECTION FIVE**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL
STATEMENTS****I. Explanations and disclosures related to the consolidated assets****1. Information on cash and balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	15,703	27,846	19,354	28,867
Balances with the Central Bank of Turkey	17,655	1,412,905	56,509	918,379
Other	--	--	--	--
Total	33,358	1,440,751	75,863	947,246

1.1 Information related to the account of the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	17,655	100,464	56,509	95,761
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	--	1,312,441	--	822,618
Total	17,655	1,412,905	56,509	918,379

According to the communiqué No: 2005/1 on "Reserve Deposits", the banks operating in Turkey are required to keep reserve deposit at the rates varying from 5% - 11.50% for TL liabilities depending on maturities of liabilities, and at the rate 6% - 25% and denominated mainly in EUR and USD for FC liabilities. Reserve deposits do not earn interest. . According to the Central Bank of Turkey's press announcement No. 2014-72 dated 21 October 2014, the Reserve Deposits as from November of 2014 are paid interest on the portion held in Turkish Lira.

2. Information on financial assets at fair value through profit or loss**2.1 Information on financial assets at fair value through profit and loss given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	8,666	--	7,258	--
Other	--	--	--	--
Total	8,666	--	7,258	--

Trading securities given as collateral represent those collaterals given to the Central Bank of Turkey, and Istanbul Clearing and Custody Bank (Takasbank) for interbank money market, foreign exchange market and other transactions, as of balance sheets dates.

2.2 Financial assets at fair value through profit and loss subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	6,749	--	4,244	--
Total	6,749	--	4,244	--

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2015

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

2.3 *Positive differences relating to derivative financial assets held-for-trading*

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	13,273	--	780	--
Swap Transactions	38,324	1	5,475	1
Futures Transactions	--	--	--	--
Options	39,661	2,713	4,425	2,110
Other	--	--	--	--
Total	91,258	2,714	10,680	2,111

3. Information on Banks

3.1 *Information on banks*

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	4,694	--	225,436	30,146
Foreign	951	64,401	52	7,245
Foreign head-offices and branches	--	--	--	--
Total	5,645	64,401	225,488	37,391

3.2 *Due from foreign banks*

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	9,359	1,377	30,002	2,374
USA and Canada	21,028	387	--	2,435
OECD Countries (*)	382	724	--	--
Off-Shore Banking Regions	--	--	--	--
Other	4,581	--	--	--
Total	35,350	2,488	30,002	4,809

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

4. Information on financial assets available-for-sale

4.1 *Financial assets subject to repurchase agreements and provided as collateral/blocked*

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	72,264	515,988	16,523	357,017
Other	--	--	--	--
Total	72,264	515,988	16,523	357,017

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

4.2 Details of financial assets available-for-sale

	Current Period	Prior Period
Debt instruments	611,074	381,909
Quoted on Stock Exchange	600,609	381,909
Unquoted on Stock Exchange	10,465	--
Share certificates	2,697	--
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange	2,697	--
Impairment provision (-)	--	--
Total	613,771	381,909

5. Information on loans

5.1 Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans to Shareholders	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
Indirect Loans to Shareholders	--	--	--	--
Loans to Employees	2,800	--	2,143	--
Total	2,800	--	2,143	--

5.2 Information on the first and second group loans and other receivables including restructured or rescheduled loans

	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables (Total)	Loan and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loan and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Cash Loans						
Loans	8,103,865	39	--	244,339	191,037	6,732
Working Capital Loans	--	--	--	--	--	--
Export Loans	251,653	--	--	2,558	12,028	--
Import Loans	--	--	--	--	--	--
Loans to Financial Sector	402,156	--	--	30	--	--
Consumer Loans	427,911	33	--	33,595	8,208	3,675
Credit Cards	41,969	--	--	3,773	--	--
Others	6,980,176	6	--	204,383	170,801	3,057
Specialization Loans	--	--	--	--	--	--
Other Receivables	--	--	--	--	--	--
Total	8,103,865	39	--	244,339	191,037	6,732

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY - 31 DECEMBER 2015

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

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

	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
Number of Extensions	39	191,037
1 or 2 times	39	182,532
3, 4 or 5 times	--	8,505
Over 5 times	--	--

	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
Extension Periods	39	191,037
0-6 Months	33	10,304
6 -12 Months	--	23,521
1 – 2 Years	6	36,921
2 – 5 Years	--	100,773
5 Years and over	--	19,518

The overdue analysis of close monitoring loans

	Corporate/ Commercial Loans	Consumer Loans	Total
Current Period			
1-30 days	67,288	6,441	73,729
31-60 days	86,425	18,348	104,773
61-90 days	64,788	13,407	78,195
Total	218,501	38,196	256,697

	Corporate/ Commercial Loans	Consumer Loans	Total
Prior Period			
1-30 days	32,285	6,761	39,046
31-60 days	42,511	24,188	66,699
61-90 days	43,037	12,626	55,663
Total	117,833	43,575	161,408

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY - 31 DECEMBER 2015

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

5.2 *Information on the first and second group loans and other receivables including restructured or rescheduled loans (continued)**Maturity analysis of cash loans*

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	<i>Loans and Other Receivables</i>	<i>Loans and Receivables with Revised Contract Terms</i>	<i>Loans and Other Receivables</i>	<i>Loans and Receivables with Revised Contract Terms</i>
Current Period				
Short-term Loans and Other Receivables	3,850,743	6	104,847	48,827
Loans	3,850,743	6	104,847	48,827
Specialization Loans	--	--	--	--
Other Loans	--	--	--	--
Medium and Long-term Loans and Other Receivables	4,253,122	33	139,492	148,942
Loans	4,253,122	33	139,492	148,942
Specialization Loans	--	--	--	--
Other Loans	--	--	--	--

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY - 31 DECEMBER 2015

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5.3

Information on consumer loans, individual credit cards and credit cards given to personnel:

	Short-Term	Medium or Long Term	Total
Consumer Loans-TL	14,655	367,576	382,231
Real Estate Loans	619	230,089	230,708
Vehicle Loans	19	7,897	7,916
General Purpose Loans	14,017	129,590	143,607
Other	--	--	--
Consumer Loans-Indexed to FC	--	81,785	81,785
Real Estate Loans	--	78,965	78,965
Vehicle Loans	--	--	--
General Purpose Loans	--	2,820	2,820
Other	--	--	--
Consumer Loans-FC	--	1,716	1,716
Real Estate Loans	--	1,716	1,716
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Individual Credit Cards-TL	3,832	--	3,832
With Instalment	376	--	376
Without Instalment	3,456	--	3,456
Individual Credit Cards-FC	62	--	62
With Instalment	--	--	--
Without Instalment	62	--	62
Loans Given to Employees-TL	135	1,855	1,990
Real Estate Loans	--	66	66
Vehicle Loans	--	--	--
General Purpose Loans	135	1,789	1,924
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Personnel Credit Cards – TL	807	--	807
With Instalment	176	--	176
Without Instalment	631	--	631
Personnel Credit Cards – FC	3	--	3
With Instalment	--	--	--
Without Instalment	3	--	3
Overdraft Loans-TL (Real Persons)	5,702	--	5,702
Overdraft Loans-FC (Real Persons)	--	--	--
Total	25,196	452,932	478,128

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

5.4***Information on commercial loans with instalments and corporate credit cards***

	Short Term	Medium or Long Term	Total
Instalment Commercial Loans – TL	223,425	1,507,842	1,731,267
Real Estate Loans	--	72	72
Vehicle Loans	2,259	41,991	44,250
General Purpose Loans	221,166	1,465,779	1,686,945
Other	--	--	--
Instalment Commercial Loans – Indexed to FC	938	151,160	152,098
Real Estate Loans	--	1,973	1,973
Vehicle Loans	--	8,705	8,705
General Purpose Loans	938	140,482	141,420
Other	--	--	--
Instalment Commercial Loans - FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Corporate Credit Cards – TL	40,967	--	40,967
With Instalment	7,562	--	7,562
Without Instalment	33,405	--	33,405
Corporate Credit Cards – FC	71	--	71
With Instalment	--	--	--
Without Instalment	71	--	71
Overdraft Loans-TL (Legal Entities)	89,731	--	89,731
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	355,132	1,659,002	2,014,134

5.5***Allocation of loans by customers***

	Current Period	Prior Period
Public Sector	--	--
Private Sector	8,546,012	6,116,966
Total	8,546,012	6,116,966

5.6***Allocation of Domestic and Foreign Loans***

	Current Period	Prior Period
Domestic Loans	8,029,397	5,832,593
Foreign Loans	516,615	284,373
Total	8,546,012	6,116,966

5.7***Loans granted to subsidiaries and associates***

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

5.8 Specific provisions provided against loans

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectability	4,572	3,854
Loans and Receivables with Doubtful Collectability	15,711	14,716
Uncollectible Loans and Receivables	58,182	37,487
Total	78,465	56,057

5.9 Information on non-performing loans (Net)**5.9.1 Information on loans and other receivables included in non-performing loans which are restructured or rescheduled**

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period	--	--	272
(Gross Amounts before Specific Provisions)			
Restructured Loans and Other Receivables	--	--	272
Rescheduled Loans and Other Receivables	--	--	--
Prior Period	--	--	221
(Gross Amounts before Specific Provisions)			--
Restructured Loans and Other Receivables	--	--	221
Rescheduled Loans and Other Receivables	--	--	--

5.9.2 Movement on non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Balances at Beginning of Period	37,384	43,803	47,538
Additions (+)	126,065	3,177	2,451
Transfers from Other Categories of Non-Performing Loans (+)	--	94,429	87,787
Transfers to Other Categories of Non-Performing Loans (-)	94,804	87,412	--
Collections (-)	9,591	13,201	16,035
Write-offs (*) (-)	34,408	3,837	36,116
Corporate and Commercial Loans	34,408	2,805	29,460
Retail Loans	--	1,029	6,631
Credit Cards	--	3	25
Other	--	--	--
Balances at End of the Period	24,646	36,959	85,625
Specific Provisions (-)	4,572	15,711	58,182
Net Balance on Balance Sheet	20,074	21,248	27,443

(*) Non-performing loans amounting TL 33,341 and TL 34,408 has been sold in June 2015 and July 2015 respectively. Non-performing loans amounting TL 6,612 has been written-off in October 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

5.9.3 *Information on non-performing loans and other receivables in foreign currencies*

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Balance as of the Period End	1,698	59	24,247
Specific Provisions (-)	337	29	7,297
Net Balance on Balance Sheet	1,361	30	16,950
Prior Period			
Balance as of the Period End	21,624	10,091	3,333
Specific Provisions (-)	1,081	1,511	2,654
Net Balance on Balance Sheet	20,543	8,580	679

5.9.4 *Information regarding gross and net amounts of non-performing loans with respect to debtor groups*

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	20,074	21,248	27,443
Loans Granted to Real Persons and Legal Entities (Gross)	24,646	36,959	85,625
Specific provisions (-)	4,572	15,711	58,182
Loans Granted to Real Persons and Legal Entities (Net)	20,074	21,248	27,443
Banks (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
Prior Period (Net)	33,530	29,087	10,051
Loans Granted to Real Persons and Legal Entities (Gross)	37,384	43,803	47,538
Specific provisions (-)	3,854	14,716	37,487
Loans Granted to Real Persons and Legal Entities (Net)	33,530	29,087	10,051
Banks (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY - 31 DECEMBER 2015**

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5.10 Liquidation policy for uncollectible loans and other receivables

The Bank allocates 100% provision for uncollectible loans. If the Bank has collateral, non-performing loans and other receivables are collected through liquidation of these collaterals. In the absence of collateral, the Bank performs periodical market intelligence and tries to determine the assets acquired subsequently by the debtor and applies to the legal follow-up process.

5.11 Explanations related to write-off policy

Impaired loans are written-off by the Board of Directors' decision when the necessary conditions are met as to their impairment in accordance with the related regulations.

6. Information on held-to-maturity investments

None.

7. Information on associates

None.

8. Information on consolidated subsidiary

The Bank has TL 5,445 of investments in subsidiaries as of 31 December 2015 and 31 December 2014.

Information on capital adequacy of major subsidiary.

Current Period	Fiba Portföy Yönetimi A.Ş.
CORE CAPITAL	5,258
Paid-in Capital	5,500
Inflation Adjustments to Paid-in Capital	--
Share Premium	--
Reserves	--
Current Period's Profit and Prior Periods' Profit	--
Current Period's Losses and Prior Periods' Losses	242
Leasehold Improvements on Operational Leases (-)	--
Intangible Assets (-)	--
Goodwill (Net) (-)	--
SUPPLEMENTARY CAPITAL	--
CAPITAL	5,258
DEDUCTIONS FROM CAPITAL	--
NET AVAILABLE EQUITY	5,258

The Parent Bank does not have any capital needs for its subsidiary included in the calculation of its consolidated capital adequacy standard ratio.

8.1 Information on the subsidiaries which are not subject to consolidation

The Group does not have any subsidiaries which are not subject to consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY - 31 DECEMBER 2015

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

8. Information on consolidated subsidiary (continued)**8.2 Movement of consolidated investment in subsidiary**

	Current Period	Prior Period
Balances at Beginning of Period	5,445	5,445
Movements during the Period		
Acquisitions and Capital Increases	--	--
Bonus Shares Received	--	--
Dividends from the Current Year Profit	--	--
Sales/Liquidations	--	--
Reclassification of shares	--	--
Increase / (Decrease) in Market Values	--	--
Currency Differences on Foreign Subsidiaries	--	--
Reversal of Impairment Losses/ Impairment Losses (-)	--	--
Balances at the End of Period	5,445	5,445
Capital Commitments	--	--
Share of Capital at the end of Period (%)	99%	99%

Fiba Portföy Yönetimi A.Ş. was established on 26 September 2013 with 99% participation of Fibabanka A.Ş.

Valuation methods of consolidated in subsidiary

	Current Period	Prior Period
Valued at Cost	5,445	5,445
Valued at Fair	--	--

Sectoral distrubition of consolidated investments in subsidiary

	Current Period	Prior Period
Banks	--	--
Insurance Companies	--	--
Factoring Companies	--	--
Leasing Companies	--	--
Finance Companies	--	--
Other Subsidiaries	5,445	5,445

Quoted consolidated investments in subsidiary

None.

FİBABANKA A.Ş. AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

Other Information on subsidiaries within the scope of consolidation

Title	Address (City / Country)	Bank's share– If different voting rights (%)	Bank's risk group share (%)	Consolidation Method
Fiba Portföy Yönetimi A.Ş.	İstanbul	99.0%	99.0%	Full Consolidation

Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
5,417	5,258	11	578	--	(66)	(72)	5,258

(*)Total fixed assets consist of tangible and intangible assets.

Information on the subsidiaries within the scope of consolidation which are sold out in the current period

None

Information on the subsidiaries within the scope of consolidation which are acquired in the current period

None

9. Information on entities under common control (Joint Ventures)

None.

10. Information on lease receivables

None.

11. Information on derivative financial assets held for hedging purposes**11.1 Positive valuation derivative financial assets held for hedging purposes**

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

12. Information on tangible assets

Current Period	Buildings(*)	Vehicles	Other Tangible Assets(**)	Total
Cost				
Beginning Balance, 1 January 2015	--	59	65,701	65,760
Additions	171,365	3	1,745	173,113
Disposals	--	--	(6,985)	(6,985)
Ending Balance, 31 December 2015	171,365	62	60,461	231,888
Accumulated Depreciation	--			
Beginning Balance, 1 January 2015	--	(3)	(34,263)	(34,266)
Depreciation	(2,640)	(13)	(10,207)	(12,860)
Disposals	--	--	6,931	6,931
Ending Balance, 31 December 2015	(2,640)	(16)	(37,539)	(40,195)
Net Book Value, 31 December 2015	168,725	46	22,922	191,693

Prior Period	Buildings	Vehicles	Other Tangible Assets(**)	Total
Cost				
Beginning Balance, 1 January 2014		41	58,450	58,491
Additions		18	7,934	7,952
Disposals		--	(683)	(683)
Ending Balance, 31 December 2014		59	65,701	65,760
Accumulated Depreciation				
Beginning Balance, 1 January 2014		(16)	(25,699)	(25,715)
Depreciation		(10)	(9,268)	(9,278)
Disposals		23	704	727
Ending Balance, 31 December 2014		(3)	(34,263)	(34,266)
Net Book Value, 31 December 2014		56	31,438	31,494

(*) Building acquired in the current period is occupied as the Head Office of the Bank.

(**) Other tangible fixed assets consist of leasehold improvements, safe boxes, office machinery, furniture and other movables.

12.1 Disclosure for impairment losses or releases individually material for financial statements

12.1.1 Conditions for allocating/releasing any impairment

None.

12.1.2 Amount of impairment losses provided or released in financial statements during current period:

None.

12.2 Other impairment losses provided or released in current period that are immaterial for the financial statement individually

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

13. Information on intangible assets**13.1 Useful lives and amortisation rates**

The useful life of an asset is determined by taking the asset's expected economic life, technical, technological or other kinds of obsolescence, and maintenance costs into account. The amortization rates used are in accordance with the useful lives of the underlying assets. The useful lives are determined as defined by TAS 38 "Intangible Assets".

The Group's intangible assets consist of software programs and rights, and their useful lives range between 3 to 10 years.

13.2 Amortisation methods

The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remains in property and equipment account.

13.3 Balances at beginning and end of the current period

	Current Period		Prior Period	
	Gross book value	Accumulated Amortisation	Gross book value	Accumulated Amortisation
Intangible Assets	48,192	42,828	44,392	39,056

(*)Includes the software and other intangible assets

13.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Cost		
Beginning Balance, 1 January	44,392	41,614
Additions	3,800	2,778
Ending Balance, 31 December	48,192	44,392
Accumulated Depreciation		
Beginning Balance, 1 January	(39,056)	(34,629)
Amortisation Expense for Current Period (-)	(3,772)	(4,427)
Ending Balance, 31 December	(42,828)	(39,056)
Net Book Value, 31 December	5,364	5,336

13.5 Details for any individually material intangible assets

None.

13.6 Intangible assets capitalised under government incentives at fair values

None.

13.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

13.8 *Net book value of intangible asset that are restricted in usage or pledged*

None.

13.9 *Commitments to acquire intangible assets*

None.

13.10 *Disclosure on revalued intangible assets*

None.

13.11 *Research and development costs expensed during current period*

None.

13.12 *Goodwill*

None.

14. **Information on investment properties**

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY - 31 DECEMBER 2015

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

15. Information on deferred tax asset**15.1 Amount of deferred tax asset recognized in the balance sheet in respect of deductible temporary differences, unused tax losses and unused tax credits**

As of 31 December 2015, the deferred tax asset amounting to TL 1,713 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2014: TL 2,236)

Deferred tax assets consist of deferred tax asset and liability items recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. The deferred tax assets and liabilities are presented as net in the accompanying financial statements.

Current Period		
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Assets Valuation	(1,566)	(313)
Unearned Commission Income	1,544	309
Retirement Pay and Unused Vacation Provision	9,011	1,802
Tangible Assets Base Differences	(3,945)	(789)
Carry Forward Tax Losses	231	46
Other	3,289	658
Deferred Tax Assets	8,564	1,713

Prior Period		
	Deferred Tax Base	Deferred Tax Asset/ Liability
Financial Assets Valuation	3,029	606
Unearned Commission Income	7,709	1,542
Retirement Pay and Unused Vacation Provision	7,751	1,550
Tangible Assets Base Differences	(6,293)	(1,259)
Carry Forward Tax Losses	161	32
Other	(1,179)	(235)
Deferred Tax Assets	11,181	2,236

The movement of the current year and prior year deferred tax assets is presented below:

	Current Period	Prior Period
Deferred Tax Asset, 1 January	2,236	13,266
Deferred Tax Income / (Expense)	(930)	(7,316)
Deferred Tax Recognized Directly Under Equity	406	(3,716)
Other	1	2
Deferred Tax Asset 31 December	1,713	2,236

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

15.2 *Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in prior periods in the balance sheet*

As of 31 December 2015, the Group has TL 46 deferred tax assets calculated over TL 231 of carry forward tax losses. TL 120, TL 41 and TL 21 of the carry forward tax losses can be deducted till 2018, 2019, 2020 respectively (31 December 2014: the Group has TL 32 deferred tax assets calculated over TL 161 of carry forward tax losses. TL 120 and TL 41 of the carry forward tax losses can be deducted till 2018 and 2019 respectively).

15.3 *Deferred tax asset resulting from the cancellation of the provision for impairment losses related to the deferred taxes*

None.

16. Information on assets held for sale and non-current assets related to discontinued operations

As of 31 December 2015, the Bank has TL 3,299 assets held for sale (31 December 2014: TL 919).

17. Information on other assets

The Other assets do not exceed 10% of total assets excluding the off-balance sheet items.

17.1 Information on prepaid expenses, tax and similar items

As of 31 December 2015, total prepaid expenses are TL 20,431 (31 December 2014: TL 14,993).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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II. Explanations and disclosures related to consolidated liabilities

1. Information on deposits

1.1 Information on maturity structure of deposits

Current Period

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	35,261	--	29,662	1,631,960	452,723	142,111	33,226	--	2,324,943
Foreign Currency									
Deposits	172,830	--	206,294	2,218,714	352,970	60,170	102,487	--	3,113,465
Residents in Turkey	161,943	--	135,604	2,203,890	349,319	16,729	7,308	--	2,874,793
Residents Abroad	10,887	--	70,690	14,824	3,651	43,441	95,179	--	238,672
Public Sector Deposits	370	--	--	--	4	--	--	--	374
Commercial Deposits	200,180	--	91,396	711,597	180,875	133,605	92,922	--	1,410,575
Other Ins. Deposits	1,142	--	651	59,352	12,440	16,239	14	--	89,838
Precious Metal									
Deposits	4,845	--	--	--	--	--	--	--	4,845
Interbank Deposits	16,649	--	409,901	85,134	--	--	--	--	511,684
Central Bank of Turkey	--	--	--	--	--	--	--	--	--
Domestic Banks	13	--	343,646	--	--	--	--	--	343,659
Foreign Banks	16,628	--	66,255	85,134	-	--	--	--	168,017
Special Finan.Inst.	8	--	--	--	--	--	--	--	8
	--	--	--	--	--	--	--	--	--
Total	431,277	--	737,904	4,706,757	990,012	352,123	228,649	--	7,455,724

Prior Period

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	30,095	--	21,238	1,335,821	225,947	148,556	29,334	--	1,790,991
Foreign Currency									
Deposits	131,150	--	51,395	1,836,067	171,957	17,941	117,600	--	2,326,110
Residents in Turkey	101,508	--	49,226	1,802,940	166,241	17,163	7,471	--	2,144,549
Residents Abroad	29,642	--	2,169	33,127	5,716	778	110,129	--	181,561
Public Sector Deposits	397	--	--	--	--	--	--	--	397
Commercial Deposits	140,051	--	90,371	460,747	103,648	86,244	32,026	--	913,087
Other Ins. Deposits	705	--	--	47,346	961	1,075	12	--	50,099
Precious Metal									
Deposits	1,833	--	--	--	--	--	--	--	1,833
Interbank Deposits	2,845	--	89,566	66,437	--	--	--	--	158,848
Central Bank of Turkey	--	--	--	--	--	--	--	--	--
Domestic Banks	4	--	53,837	--	--	--	--	--	53,841
Foreign Banks	2,731	--	35,729	66,437	--	--	--	--	104,897
Special Finan. Inst.	110	--	--	--	--	--	--	--	110
Other	--	--	--	--	--	--	--	--	--
Total	307,076	--	252,570	3,746,418	502,513	253,816	178,972	--	5,241,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY - 31 DECEMBER 2015

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

1.2 Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

	Under the Guarantee of Deposit Insurance		Exceeding the limit of Deposit Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	662,868	514,443	1,647,273	1,252,784
Foreign Currency Saving Deposits	153,380	128,316	1,611,494	1,462,145
Other Deposits in the Form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--	--	--
Total	816,248	642,759	3,258,767	2,714,929

1.3 Saving deposits in Turkey are not covered by any insurance in any other countries since the Bank's headquarter is not located abroad.**1.4 Saving deposits that are not under the guarantee of deposit insurance fund**

	Current Period	Prior Period
Deposits and Accounts in Branches Abroad	--	--
Deposits of Ultimate Shareholders and Their Close Families	26,184	21,159
Deposits of Chairman and Members of the Board of Directors and their Close Families	3,009	2,641
Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004.	--	--
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	--	--

2. Information on derivative financial liabilities held for trading**2.1 Information on negative differences relating to derivative financial liabilities held for trading**

Trading Purpose Derivative Financial Liabilities	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	16,949	--	2,955	--
Swap Transactions	23,708	--	2,027	--
Futures Transactions	--	--	--	--
Options	40,235	2,716	4,617	2,113
Other	--	--	--	--
Total	80,892	2,716	9,599	2,113

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3. Information on banks and other financial institutions

3.1 Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	--	--	--	--
From Domestic Banks and Institutions	15,919	23,672	22,216	33,265
From Foreign Banks, Institutions and Funds	--	984,855	--	790,868
Total	15,919	1,008,527	22,216	824,133

3.2 Maturity analysis of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	15,919	245,191	21,703	601,088
Medium and Long Term	--	763,336	513	223,045
Total	15,919	1,008,527	22,216	824,133

3.3 Additional explanation related to the concentrations of the Bank's major liabilities:

In the scope of normal banking operations, the Bank funds itself through the funds provided in the form of deposits, bank borrowings and bond issuance.

4. Informations related with issued instruments

	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	517,570	--	--	--
Cost	517,570	--	--	--
Carrying Amount	503,741	--	--	--

5. Sundry Creditors and Other Liabilities

Sundry creditors and other liabilities of balance sheet does not exceed % 10 of the balance sheet total.

6. Criteria used in the determination of lease instalments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

6.1 Changes in agreements and further commitments arising

None.

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6.2 Obligations under financial lease

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	110	100	--	--
Between 1-4 Years	73	70	233	211
More than 4 Years	--	--	--	--
Total	183	171	233	211

6.3 Information on operational leases and footnotes

The Group has operational lease agreements for some of its branches. If the rental payments is made in advance, the paid amount is accounted under prepaid expenses in “Other Assets”, in the following months, the rental expenses belonging to those months are recorded in profit/loss accounts.

The Bank does not incur any liability as a result of any changes in operational lease agreements. The Bank does not have any obligation from operational lease agreements.

6.4 Information on “Sale-and-lease back” agreements

In the current period, there is no sale and lease back transactions.

7. Information on derivative financial liabilities for hedging purposes

There are no derivative financial liabilities for hedging purposes in the current period.

8. Information on provisions**8.1 Information on general provisions**

	Current Period	Prior Period
Loans and Receivables in Group 1	72,444	51,305
- Additional Provision for Loan and Receivables with Extended Maturities	2	3
Loans and Receivables in Group 2	14,573	6,577
- Additional Provision for Loan and Receivables with Extended Maturities	9,552	2,396
Non-Cash Loans	4,086	2,631
Others	--	--
Total	91,103	60,513

8.2 Foreign exchange losses on the foreign currency indexed loans and finance lease receivables

The foreign exchange losses on the foreign currency indexed loans as of 31 December 2015, amounting to TL 134 (31 December 2014: TL 1,939) are netted off from loans on the balance sheet.

8.3 The specific provisions provided for unindemnified non cash loans

As of 31 December 2015, the specific provision provided for unindemnified non cash loans is TL 1,271 (31 December 2014: TL 894).

8.4 Explanation on other provisions**8.4.1 Provisions for probable losses**

None.

8.4.2 The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total provisions

None.

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8.4.3 Explanations on reserves for employee benefits

As of 31 December 2015, reserves for employee benefits amounting to TL 13,862 (31 December 2014: TL 11,752) comprise TL 6,038 reserve for employee termination benefits (31 December 2014: TL 4,609), TL 2,974 unused vacation pay liability (31 December 2014: TL 3,143) and TL 4,850 personnel premium accrual (31 December 2014: TL 4,000).

9. Explanations on tax liabilities

9.1 Explanations on current tax liability

9.1.1 Explanations on tax provision

As of 31 December 2015, The Group's current tax liability is TL 35,949 (31 December 2014: TL 20,399) After offsetting prepaid taxes amounting TL 10,441 with the corporate tax liability which is TL 25,598 (31 December 2014: TL 13,646), the Bank has a corporate tax liability of TL 15,157. (31 December 2014: TL 3,662).

9.1.2 Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	15,157	3,662
Taxation on securities	8,310	6,438
Property tax	357	288
Banking and Insurance Transaction Tax (BITT)	7,202	5,765
Taxes on foreign exchange transactions	--	--
Value added taxes payable	228	180
Income tax ceased from wages	2,074	1,916
Other	463	199
Total	33,791	18,448

9.1.3 Information on premiums

	Current Period	Prior Period
Social Security Premiums- Employee	915	830
Social Security Premiums- Employer	1,051	948
Bank Social aid Pension Fund Premium- Employee	--	--
Bank Social Aid Pension Fund Premium- Employer	--	--
Pension Fund Membership Fees and Provisions- Employee	--	--
Pension Fund Membership Fees and Provisions- Employer	--	--
Unemployment Insurance- Employee	63	58
Unemployment Insurance- Employer	129	115
Other	--	--
Total	2,158	1,951

9.2 Explanations on deferred tax liabilities

None.

10. Information on liabilities regarding assets held for sale and discontinued operations

None.

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11. Explanations on subordinated loans

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Banks	--	--	--	--
Domestic Other Institutions	--	--	--	116,678
Foreign Banks	--	95,217	--	81,845
Foreign Other Institutions	--	116,696	--	93,051
Total	--	211,913	--	291,574

12. Information on shareholders' equity**12.1 Paid-in capital**

	Current Period	Prior Period
Common Stock	847,515	550,000
Preferred Stock	--	--

12.2 Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital ceiling:

Registered share capital system is not applied.

12.3 Information on share capital increases and their sources; other information on increased capital shares in current period

In May 2015, the Parent Bank's capital was increased by TL 128,860 TL; TL 127,045 of the increase was provided by the subordinated loan granted by Fiba Holding A.Ş. which had been approved to be converted to capital and TL 1,815 of total capital was paid in cash by the other shareholders.

In December 2015, the Parent Bank's paid-in capital was increased to TL 847,515 by an increase of TL 168,655 in total, with equal contributions from International Finance Corporation and European Bank for Reconstruction and Development. In addition, share issuance premium of TL 73,379 was recognised in the shareholders' equity.

12.4 Information on share capital increases from revaluation funds

None.

12.5 Information on capital commitments the purpose and the sources until the end of the fiscal year and the subsequent interim period:

The capital is totally paid in and there are no capital commitments.

12.6 Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Bank's equity:

None.

12.7 Information on privileges given to stocks representing the capital

The Bank does not have any preferred shares.

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12.8 Common stock issue premiums, shares and equity instruments

Number of shares issued with premiums and the related share premiums are presented below:

	Current Period	Prior Period
Number of Shares (Thousand)	16,865,550	--
Number of Privileged Shares	--	--
Share Premium	73,379	--
Share Cancellation Profits	--	--
Other Equity Instruments	--	--

Explanations regarding capital increase are presented in footnote II. 12. 3.

12.9 Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates, and Entities Under Common Control (Joint Ventures)	--	--	--	--
Security Valuation Difference	(3,920)	(5,807)	(115)	(8,248)
Exchange Difference	--	--	--	--
Total	(3,920)	(5,807)	(115)	(8,248)

Explanations regarding capital increase are presented in footnote II. 12. 3.

12.10 Information on revaluation reserve

None.

12.11 Bonus shares of Subsidiaries, Associates and Joint Ventures

None.

12.12 Information on legal reserves

	Current Period	Prior Period
1st Legal Reserve	3,711	--
2nd Legal Reserve	--	--
Special Reserve	--	--

12.13 Information on extraordinary reserves

	Current Period	Prior Period
Reserves allocated by General Assembly	43,075	--
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Capital Exchange Differences	--	--

13. Information on minority shares

	Current Period	Prior Period
Beginning Balance	53	--
Minority Shares in Net Income of Subsidiaries	(1)	(1)
Dividend Paid in the Prior Period	--	--
Increase/(Decrease) in Minority Shares as a Result of Sales	--	--
Other	--	54
Ending Balance	52	53

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III. Explanations and disclosures related to off-balance sheet contingencies and commitments

1. Information on off-balance sheet commitments

1.1 Nature and amount of irrevocable loan commitments

	Current Period	Prior Period
Asset Sale and Purchase Commitments	356,230	491,871
Credit Card Limit Commitments	47,363	20,444
Commitments for Credit Allocation with the Guarantee of Usage	110,140	93,359
Export Commitments	3,553	2,357
Commitment for Cheques	145,123	121,680
Other Irrevocable Commitments	3,106	2,803
Total	665,515	732,514

1.2 Possible losses and commitments related to off-balance sheet items, including the ones listed below

1.2.1 Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits

	Current Period	Prior Period
Letters of Guarantee TL	379,738	329,927
Letters of Guarantee FC	175,756	236,904
Letters of Credit	383,272	319,233
Bills of Exchange and Acceptances	106,866	161,617
Total	1,045,632	1,047,681

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Revocable Letters of Guarantee	32,418	23,275
Irrevocable Letters of Guarantee	431,355	442,234
Letters of Guarantee Given in Advance	57,415	40,132
Letters of Guarantee Given to Customs	12,023	12,151
Other Letters of Guarantee	22,283	49,039
Total	555,494	566,831

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	18,508	31,786
With Original Maturity of 1 Year or Less Than 1 Year	2,908	--
With Original Maturity of More Than 1 Year	15,600	31,786
Other Non-Cash Loans	1,027,124	1,015,895
Total	1,045,632	1,047,681

FİBABANKA A.Ş. AND ITS SUBSIDIARY
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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3. Information on sectoral risk concentrations of non-cash loans

	<i>Current Period</i>				<i>Prior Period</i>			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	6,664	1.75	54,820	8.24	4,713	1.43	57,496	8.01
Farming and Stockbreeding	5,100	1.34	1,854	0.28	2,532	0.77	4,047	0.56
Forestry	1,034	0.27	46,611	7.00	2,181	0.66	47,808	6.66
Fishing	530	0.14	6,355	0.95	--	--	5,641	0.79
Manufacturing	75,384	19.83	401,258	60.29	73,976	22.41	451,016	62.85
Mining and Quarrying	8,008	2.11	15,185	2.28	3,080	0.93	507	0.07
Production	49,794	13.10	384,858	57.83	54,801	16.60	449,777	62.68
Electricity, Gas and Water	17,582	4.63	1,215	0.18	16,095	4.88	732	0.10
Construction	107,722	28.34	41,293	6.20	62,259	18.86	53,374	7.44
Services	146,683	38.59	151,643	22.79	131,711	39.89	130,393	18.18
Wholesale and Retail Trade	48,882	12.86	108,824	16.35	54,350	16.46	85,356	11.90
Accommodation and Dining	7,890	2.08	5,894	0.89	5,443	1.65	20,430	2.85
Transportation and								
Telecommunication	26,091	6.86	5,623	0.84	8,980	2.72	5,097	0.71
Financial institutions	11,430	3.01	19,959	3.00	15,327	4.64	14,340	2.00
Real Estate and Rental								
Services	4,129	1.09	863	0.13	764	0.23	--	--
Professional Services	38,285	10.07	83	0.01	7,164	2.17	--	--
Educational Services	1,912	0.50	64	0.01	31,017	9.40	--	--
Health and Social services	8,064	2.12	10,333	1.55	8,666	2.62	5,170	0.72
Other	43,660	11.49	16,505	2.48	57,483	17.41	25,260	3.52
Total	380,113	100.00	665,519	100.00	330,142	100.00	717,539	100.00

4. Information on the first and second group of non-cash loans

	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	374,671	162,085	5,067	13,671
Bills of Exchange and Bank				
Acceptances	375	106,491	--	--
Letters of Credit	--	383,272	--	--
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Related Guarantees	--	--	--	--
Other Guarantees and Sureties	--	--	--	--
Non-Cash Loans	375,046	651,848	5,067	13,671

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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5. Information related to derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	7,516,961	2,719,883
Forward Transactions	825,656	193,870
Swap Transactions	3,575,788	1,381,466
Futures Transactions	--	--
Option Transactions	3,115,517	1,144,547
Interest Related Derivative Transactions (II)	--	--
Forward Rate Transactions	--	--
Interest Rate Swap Transactions	--	--
Interest Option Transactions	--	--
Futures Interest Transactions	--	--
Other Trading Derivative Transactions (III)	--	--
A. Total Derivative Transactions Held for Trading (I+II+III)	7,516,961	2,719,883
Types of hedging transactions		
Fair Value Hedges	--	--
Cash Flow Hedges	--	--
Net Investment Hedges	--	--
B. Total Derivative Transactions Held for Hedging Purposes	--	--
Total Derivative Transactions (A+B)	7,516,961	2,719,883

6. Credit derivatives and risk exposures on credit derivatives

None.

7. Explanations on contingent liabilities and assets

The Group provided provision of TL 1,316 for the legal cases pending against the Group where the cash out flows are highly probable(31 December 2014:TL 969).

8. Custodian and intermediary services

The Bank provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of contingencies and commitments.

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2015

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

IV. Explanations and disclosures related to the consolidated income statement

1. Interest income

1.1 Information on interest on loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans	706,258	139,414	554,489	124,700
Short Term Loans	428,163	25,332	344,841	25,398
Medium and Long Term Loans	278,095	114,082	209,648	99,302
Interest on Non-Performing Loans	2,944	--	2,811	--
Premiums received from Resource Utilization Support Fund	--	--	--	--
Total	709,202	139,414	557,300	124,700

(*) Includes fees and commissions obtained from cash loans.

1.2 Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	--	--	--	--
Domestic Banks	11,356	185	10,655	422
Foreign Banks	--	19	--	23
Branches and Head Office Abroad	--	--	--	--
Total	11,356	204	10,655	445

1.3 Interest received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	937	213	821	162
Financial Assets at Fair Value Through Profit or Loss	--	--	-	--
Financial Assets Available-for-Sale	6,073	20,741	990	12,672
Investment Securities Held-to-Maturity	--	--	--	--
Total	7,010	20,954	1,811	12,834

1.4 Information on interest income received from associates and subsidiaries

None.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2015

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2. Interest expense

2.1 Information on interest on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1,282	15,584	1,414	7,757
The Central Bank of Turkey	--	--	--	--
Domestic Banks	1,282	567	1,308	724
Foreign Banks	--	15,017	106	7,033
Branches and Head Office Abroad	--	--	--	--
Other Institutions	--	21,133	--	25,614
Total	1,282	36,717	1,414	33,371

2.2 Information on interest expenses to associates and subsidiaries

None.

2.3 Information on interest expenses to securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Securities Issued	54,879	--	45,229	--

2.4 Distribution of interest expense on deposits based on maturity of deposits:

Account Description	Demand Deposits	Time Deposits					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over		
<i>Turkish Lira</i>								
Bank Deposits	--	2,751	--	--	--	--	--	2,751
Saving Deposits	--	2,960	168,841	25,230	15,542	2,483	--	215,056
Public Sector Deposits	--	--	--	55	--	--	--	55
Commercial Deposits	--	14,415	64,467	17,201	13,030	4,417	--	113,530
Other	--	51	5,791	2,328	55	--	--	8,225
7 Day Call Accounts	--	--	--	--	--	--	--	--
Total	--	20,177	239,099	44,814	28,627	6,900	--	339,617
<i>Foreign Currency</i>								
Foreign Currency Deposits	--	1,064	43,492	3,575	1,244	3,419	--	52,794
Bank Deposits	--	1,220	--	--	--	--	--	1,220
7 Day Call Accounts	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	--	--	--	--	--	--	--
Total	--	2,284	43,492	3,575	1,244	3,419	--	54,014
Grand Total	--	22,461	282,591	48,389	29,871	10,319	--	393,631

3. Information on dividend income

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

4. Information on net trading income / loss

	Current Period	Prior Period
Income	840,769	686,374
Gains on Capital Market Operations	778	4,201
Gains on Derivative Financial Instruments	256,715	112,041
Foreign Exchange Gains	583,276	570,132
Loss (-)	842,677	668,731
Losses on Capital Market Operations	883	1,221
Losses on Derivative Financial Instruments	264,219	92,244
Foreign Exchange Losses	577,575	575,266
Net Trading Income / (Loss)	(1,908)	17,643

5. Information on other operating income

Other operating income consists of profit from reversal of specific and general provisions, disposal of properties, commissions from cheques and notes and other commissions.

6. Impairment on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	67,448	54,090
<i>III. Group Loans and Receivables</i>	2,658	3,856
<i>IV. Group Loans and Receivables</i>	2,184	14,954
<i>V. Group Loans and Receivables</i>	62,606	35,280
General Loan Loss Provisions	30,590	8,280
Free Provision for Probable Risks	--	--
Impairment Losses on Securities:	4,785	--
<i>Financial Assets at Fair Value Through Profit or Loss</i>	--	--
<i>Financial Assets Available-for-Sale</i>	4,785	--
Impairment Losses on Associates, Subsidiaries, Joint Ventures and		
Investment Securities Held to Maturity:	--	--
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investments Held to Maturity</i>	--	--
Other	--	--
Total	102,823	62,370

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

7. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses	125,773	113,422
Provision for Employee Termination Benefits	1,094	723
Provision for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	12,860	9,278
Impairment Losses on Intangible Assets	--	--
Depreciation Charges of Intangible Assets	3,772	4,427
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	9	64
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	58,692	48,959
<i>Operational Leases Expenses</i>	29,660	25,494
<i>Repair and Maintenance Expenses</i>	1,130	865
<i>Advertisement Expenses</i>	1,994	1,781
<i>Other Expenses</i>	25,908	20,819
Losses on Sale of Assets	42	16
Other	40,273	25,090
Total	242,715	201,979

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

The Group's profit/loss before tax is from its continued operations. The Group has no discontinued operations.

	Current Period	Prior Period
Interest Income	891,640	708,376
Interest Expenses (-)	493,796	395,369
Net Fee and Commission income	23,796	18,268
Trading Profit/Loss (Net)	(1,908)	17,643
Other Operating Income	35,271	10,531
Provision for Impairment in Loans and Other Receivables	102,823	62,370
Other Operating Expenses (-)	242,715	201,979
Profit(loss) Before Tax	109,465	95,100

9. Information on tax provision from continued and discontinued operations**9.1 Current period taxation benefit or charge and deferred tax benefit or charge**

For the period ended as of 31 December 2015, current tax charge of the Group is TL 27,018 and the deferred tax expense is TL 930 (1 January – 31 December 2014: TL 13,646 current tax charge and TL 7,316 deferred tax income).

	Current Period	Prior Period
Deferred Tax Income/ (Expense)	(930)	(7,316)
Provision for Deferred Tax	--	--
Net Deferred Tax Income/ (Expense)	(930)	(7,316)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

9.2 Deferred tax benefit / (charge) arising from origination or reversal of temporary differences

<i>Deferred tax benefit / (charge) arising from origination or reversal of temporary differences</i>	Current Period	Prior Period
Arising from Origination of Deductible Temporary Differences (+)	3,555	402
Arising from Reversal of Deductible Temporary Differences (-)	(84)	(6,073)
Arising from Origination of Taxable Temporary Differences (-)	(4,873)	(1,862)
Arising from Reversal of Taxable Temporary Differences (+)	472	217
Arising from Origination of Financial Losses (+)	--	--
Arising from Reversal of Financial Losses (-)	--	--
Arising from Origination of Tax Deductions and Exemptions (+)	--	--
Arising from Reversal of Tax Deductions and Exemptions (-)	--	--
Total	(930)	(7,316)
Provision	--	--
Net deferred tax	(930)	(7,316)

9.3 Deferred tax benefit / (charge) arising from temporary differences, tax losses or unused tax credits

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	3,471	(5,671)
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	(4,401)	(1,645)
Arising from Origination (+)/ Reversal (-) of Tax Losses	--	--
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
Total	(930)	(7,316)
Provision	--	--
Net deferred tax	(930)	(7,316)

10. Information on profit/loss from continued and discontinued operations

	Current Period	Prior Period
Profit/(Loss) Before Tax from Continuing Operations	109,465	95,100
Tax Benefit/(Charge) on Continuing Operations	(27,948)	(20,962)
Net Profit/(Loss) from Continuing Operations	81,517	74,138

11. Information on net profit/loss for the period
11.1 The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period

In the current and prior periods, the Group's income from ordinary banking transactions is interest income from loans and marketable securities and other banking service income. Main expenses are interest expense on deposits and similar debt items which are funding resources of loans and marketable securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY - 31 DECEMBER 2015

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

11.2 *Changes in estimations made by the Bank with respect to the financial statement items do not have a material effect on profit/loss.*

11.3 *There is TL (1) (31 December 2014: TL (1)) loss attributable to the minority shares in shareholders' equity.*

12. **If “other” lines of the income statement exceeds 10% of the period profit/loss, information on components making up at least 20% of “other” items**

“Net fees and commissions income-other” in the income statement mainly consists of money transfer commissions, insurance commissions, investment fund commissions, credit card commissions, account maintenance commissions and other commissions.

“Net fees and commissions expense-other” in the income statement mainly consists of borrowing commissions, commissions paid to banks and commissions paid for securities issued.

V. Explanations and disclosures related to consolidated statements of changes in shareholders' equity

1. Information on inflation adjustment difference of shareholders' equity

Per the circular issued by the BRSA on 28 April 2005 and the decision of BRSA No: 1623 on 21 April 2005, the inflation accounting applied in banking system has been decided to be ceased as at 1 January 2005.

In accordance with the circular, TL 17,416 inflation adjustments to paid-in-capital until 31 December 2005 have been transferred to “Other Capital Reserves” account which was formerly recognized in “Inflation Adjustment to Paid-in-Capital” account. Mentioned inflation adjustment was used in the capital increase from TL 426,650 to TL 550,000 together with TL 9,502 profit from the disposal of real estate and TL 96,432 cash contribution of Fiba Holding A.Ş. in accordance with the Board of Directors decision dated 25 February 2013. Legal procedures were completed on 29 May 2013 and capital increase was accounted for in the financial statements.

2. Information on profit distribution

At the General Assembly meeting of the Parent Bank held on 26 March 2015, 2014 profit of the Parent Bank was decided to be distributed as follows:

Profit for the year	74,210
Previous Years' Losses	(27,424)
Profit or Loss	46,786
A- 1st Legal Reserves	3,711
B- Extraordinary Reserves	43,075

3. Information on foreign exchange difference

None.

4. Information on available for sale financial assets

Mark to market gains and losses on available for sale securities are not reflected to profit and loss but recognized in equity under “Securities Valuation Reserve” account until such securities are sold, redeemed, disposed of or impaired.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)

VI. Explanations and disclosures related to the consolidated statement of cash flows**1. Information on cash and cash equivalents**

Cash and cash equivalents components and accounting policies defining these components:

Cash, foreign currency, money in transfer, purchased bank cheques and deposits in all banks including Central Bank of Turkey are defined as "Cash", interbank money market placements with original maturity less than 3 months and investments on smarketable securities are defined as " Cash equivalents".

a) Cash and cash equivalents at the beginning of the period:

	1 January 2015	1 January 2014
Cash	48,221	61,897
Banks and Other Financial Institutions	410,340	313,220
Money Market Placements	23,189	46,697
Total Cash and Cash Equivalent Assets	481,750	421,814

b) Cash and cash equivalents at the end of the period:

	31 December 2015	31 December 2014
Cash	43,549	48,221
Banks and Other Financial Institutions	158,163	410,340
Money Market Placements	--	23,189
Total Cash and Cash Equivalent Assets	201,712	481,750

2. Information on cash and cash equivalent assets of the Bank that is not available for free use due to legal restrictions or other reasons

In the current period, demand deposits of TL 30,002 (31 December 2014: TL 4,809) which is blocked at foriegn banks as the gurantee of derivative transacitons and required reserves at the Central Bank of Turkish Republic are not included in cash and cash equilavents.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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3. Information on other item in cash flow statement and the effect of the exchange rate change on cash and cash equivalents

“Other items” amounting to TL 34,963 in “operating profit before changes in operating assets and liabilities” consists of other operating expenses and realized derivative losses (31 December 2014: TL 47,259).

“Net increase/decrease in other liabilities” amounting to TL 294,791 in “Changes in operating assets and liabilities” consists of changes in sundry creditors, taxes and due payables, other liabilities (31 December 2014: TL 157,873).

“Net increase/decrease in other assets” amounting to TL (11,941) in “Changes in operating assets and liabilities” consists of changes in sundry receivables, other receivables (31 December 2014 TL (46,096)).

“Other” amounting to TL (3,800) in “Net cash flows from investment activities” consists of purchases of intangible asset (31 December 2014: TL (17,499)).

“The effect of exchange rate changes on cash and cash equivalents” is the amount arising from conversion of the cash and cash equivalents denominated in foreign currencies with the average of the exchange rates effective at the beginning and at the end of the related periods and is TL 29,622 for the current period (1 January- 31 December 2014: TL 7,414).

VII. Explanations and disclosures on the risk group of the Parent Bank
1. Information on the volume of transactions with the Bank’s risk group, lending and deposits outstanding at period end and income and expenses in the current period
1.1 Current Period

Bank’s Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables (**)						
Balance at the Beginning of the Period	--	--	--	20	770	15,000
Balance at the End of the Period	--	--	--	20	5,720	17,242
Interest and Commission Income Received	--	--	--	--	102	107

(*) Described in article 49 of the Banking Act No: 5411.

(**) Includes all transactions accepted as loans in article 48 of the Banking Act No: 5411.

Prior Period

Bank’s Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	--	--	--	87	2,475	18,736
Balance at the End of the Period	--	--	--	20	770	15,000
Interest and Commission Income Received	--	--	--	--	341	92

(*) Described in article 49 of the Banking Act No: 5411.

(**) Includes all transactions accepted as loans in article 48 of the Banking Act No: 5411.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY - 31 DECEMBER 2015

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

1.2 Information on deposits of the Bank's risk group

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	--	--	31,138	16,769	161,257	79,203
Balance at the End of the Period	--	--	89,173	31,138	496,534	161,257
Deposit Interest Expense	--	--	5,790	841	16,409	10,712

(*) Described in article 49 of the Banking Act No: 5411.

1.3 Information on funds obtained from the Bank's risk group

Funds obtained from other related parties included in the Bank's risk group amount to TL 243,536 (31 December 2014: TL 147,535).

1.4 Information on forward and option agreements and similar agreements made with Bank's risk group

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss:						
Balance at the Beginning of the Period	--	--	--	--	76,728	146,863
Balance at the End of the Period	--	--	--	--	344,668	76,728
Total Income/Loss	--	--	--	--	(557)	2,084
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/Loss	--	--	--	--	--	--

(*) As described in the Article 49 of Banking Act no.5411.

2. Information on transactions with the Parent Bank's risk group**2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties**

The terms of related party transactions are equivalent to those that prevail in arm's length transactions only if such terms can be substantiated regarding the limits exposed by the Banking Act. Adopted Bank policy is that assets and liabilities will not be dominated by the risk group and the balances with the risk group will have a reasonable share in the total balance sheet.

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2.2 *In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other*

As of 31 December 2015, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 0.07% (31 December 2014: 0.01%) and the ratio of the deposits of entities of risk group to total deposits is 7.86%.(31 December 2014: 3.75%) Ratio of funds obtained from entities of risk group to total funds borrowed is 17.7%(31 December 2014: 10.3%).

In current period benefits, such as salaries and bonuses, provided to the key management is TL 7,539 (31 December 2014: TL 5,585).

2.3 *Total of similar type of transactions together, unless a separate disclosure is required to present the effect of the transactions on financial statements*

None.

2.4 *Transactions accounted for under equity method*

None.

2.5 *Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agency contracts, finance lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts*

None.

FİBABANKA A.Ş. AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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VIII. Explanations on the Parent Bank's domestic, foreign, off-shore branches or investments in associates and foreign representative offices**1. Information related to the Bank's domestic and foreign branch and representatives**

	Number	Number of Employees			
Domestic Branch	67	1,290			
			Country of Incorporations		
Foreign Representation Office			1-		
			2-		
			3-		
				Total Assets	Statutory Share Capital
Foreign Branch			1-		
			2-		
			3-		
Off-shore Banking Region Branches			1-		
			2-		
			3-		

Information on consolidated financial subsidiary of parent bank

	Number of Employees	Total Assets	Legal Capital
Fiba Portföy A.Ş.	6	5,417	5,500

IX. Events after balance sheet

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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SECTION SIX

OTHER EXPLANATIONS ON THE OPERATIONS OF THE PARENT BANK

None.

SECTION SEVEN

EXPLANATIONS ON AUDITORS' REPORT

I. Explanations on the auditors' report

The Bank's publicly available consolidated financial statements and footnotes have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report is presented in front of the financial statements.

II. Other footnotes and explanations prepared by the independent auditors

None.