

**FİBANKA A.Ş. AND IT'S SUBSIDIARY**

**INDEPENDENT AUDITOR'S REPORT,  
CONSOLIDATED FINANCIAL  
STATEMENTS AND FOOTNOTES  
AS OF AND FOR THE YEAR ENDED  
1 JANUARY – 31 DECEMBER 2016**

**(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**

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**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 2016, 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 qualified audit opinion.

## *Basis for Qualified Opinion*

The accompanying consolidated financial statements include a free reserve amounting to TL 36,000 thousands as of 31 December 2016, entire amount accounted for in the current period by the Bank management in line with the conservatism principle considering the circumstances those may arise due to the changes in the economy or market conditions.

## *Qualified Opinion*

In our opinion, except for the effect of the matter described in the basis for qualified opinion paragraph, 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 2016, 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**

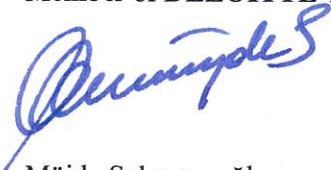
In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 (“TCC”), nothing has come to our attention that may cause us to believe that the Bank’s set of accounts for the period 1 January-31 December 2016 does not comply with TCC and the provisions of the Bank’s articles 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 their 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

Istanbul, 17 February 2017

**THE CONSOLIDATED FINANCIAL REPORT OF  
FİBABANKA A.Ş.  
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2016**

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

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

The consolidated subsidiary included in this consolidated year-end financial report is as follows:

**Subsidiary:**

- Fiba Portföy Yönetimi A.Ş.

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

 <b>Hüsnü Mustafa Özyeğin</b> Chairman of the Board of Directors	 <b>Fevzi Bozer</b> Deputy Chairman of the Board of Directors and Chairman of the Audit Committee	 <b>Mevlüt Hamdi Aydın</b> Member of the Audit Committee	 <b>Ömer Mert</b> Member of the Board of Directors and General Manager	 <b>Elif Aİsev Utku Özbey</b> Deputy General Manager	 <b>Ayşe Akdaş</b> Financial Control and Reporting Department Head
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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  
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# FİBABANKA A.Ş. AND IT'S SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

(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 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 0.94%.

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

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

## FİBABANKA A.Ş. AND IT'S SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

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

#### 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 Bank's Risk Group (Continued)

The Parent Bank's paid-in capital amounting to TL 847,515 was increased to TL 941,161 on 7 September 2016 with the capital contribution of TurkFinance B.V. by TL 93,646. In addition, share issuance premium of TL 55,299 was recognised in the shareholders' equity.

As of 31 December 2016, paid-in capital of the Bank is TL 941,161 and all paid in.

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

<u>Name Surname</u>	<u>Title</u>	<u>Assignment Date</u>
<i>Board of Directors</i>		
Hüsnü Mustafa Özyeğin	Chairman	27 December 2010
Fevzi Bozer	Deputy Chairman	27 December 2010
Mehmet Güleşci	Member	27 December 2010
Mevlüt Hamdi Aydın	Member	24 January 2013
İsmet Kaya Erdem	Member	11 February 2013
Memduh Aslan Akçay	Member	13 April 2016
Selçuk Yorgancıoğlu	Member	22 September 2016
Bekir Dildar*	Member	27 December 2010
Ömer Mert*	Member-General Manager	18 January 2017
<i>Audit Committee</i>		
Fevzi Bozer	Member	27 December 2010
Mevlüt Hamdi Aydın	Member	24 January 2013
<i>Assistant General Managers</i>		
Elif Alev Utku Özbey**	Deputy GM - Financial Control & Reporting	7 January 2011
Adem Aykın	AGM - Information Technologies	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
Orhan Hatipoğlu***	AGM – ADC & Supporting Services	2 January 2017
Cengiz Sinanoğlu	Coordinator - Retail Credits	7 February 2013
Ömer Rifat Gencal	Coordinator – Treasury	2 February 2015
Gerçek Önal	Coordinator - Legal Affairs	1 February 2016

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

\* Upon the acceptance of Mr. Bekir Dildar's resignation by the Board of Directors, Mr. Ömer Mert has been appointed as the General Manager of the Bank as of 18.01.2017. Mr. Bekir Dildar has been serving as a member of the Board of Directors.

\*\* Mrs. Elif Alev Utku Özbey has been appointed as Deputy GM as of 19.01.2017.

\*\*\* Mr. Orhan Hatipoğlu has been appointed as Assistant General Manager responsible for "Alternative Distribution Channels and Supporting Services" as of 02.01.2017.

## FİBABANKA A.Ş. AND IT'S SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

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

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

<u>Name Surname/ Commercial Title</u>	<u>Share Amount (Nominal)</u>	<u>Share Ratios</u>	<u>Paid in Capital (Nominal)</u>	<u>Unpaid Shares</u>
Fiba Holding A.Ş.	670,055	71.2%	670,055	--
Hüsnü Mustafa Özyeğin	663,372	70.5%	663,372	--

#### 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 2016, the Bank serves with 73 domestic branches and 1,488 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:	<a href="http://www.fibabanka.com.tr">www.fibabanka.com.tr</a>
The Bank's E-Mail Address:	<a href="mailto:malikontrol@fibabanka.com.tr">malikontrol@fibabanka.com.tr</a>
Reporting Period:	1 January 2016 – 31 December 2016

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

#### VII. Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods

As per the Regulation on Preparation of Consolidated Financial Statements of Banks, the investments in financial affiliates are subject to consolidation whereas as per the Turkish Accounting Standards, the investments in both financial and non-financial subsidiaries are subject to consolidation. There are no investments in entities subject to proportional consolidation or to deduction from equity.

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

None.

**SECTION TWO**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**FİBANKA A.Ş.**  
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 31 DECEMBER 2016**  
(Amount expressed in thousands of Turkish Lira)

ASSETS	Note	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.1)	<b>137,977</b>	<b>1,799,957</b>	<b>1,937,934</b>	<b>33,358</b>	<b>1,440,751</b>	<b>1,474,109</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(5.1.2)	<b>491,693</b>	<b>5,992</b>	<b>497,685</b>	<b>107,090</b>	<b>7,441</b>	<b>114,531</b>
2.1 Financial Assets Held for Trading		491,693	5,992	497,685	107,090	7,441	114,531
2.1.1 Government Debt Securities		17,033	5,720	22,753	15,832	4,044	19,876
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading		414,739	265	415,004	91,258	2,714	93,972
2.1.4 Other Marketable Securities		59,921	7	59,928	-	683	683
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		-	-	-	-	-	-
<b>III. BANKS</b>	(5.1.3)	<b>1,428</b>	<b>56,952</b>	<b>58,380</b>	<b>5,645</b>	<b>64,401</b>	<b>70,046</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		<b>15,009</b>	<b>259,693</b>	<b>274,702</b>	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		15,009	259,693	274,702	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(5.1.4)	<b>174,433</b>	<b>712,793</b>	<b>887,226</b>	<b>84,302</b>	<b>529,469</b>	<b>613,771</b>
5.1 Share Certificates		-	1,019	1,019	-	2,697	2,697
5.2 Government Securities		172,433	11,418	183,851	75,373	324	75,697
5.3 Other Marketable Securities		2,000	700,356	702,356	8,929	526,448	535,377
<b>VI. LOANS</b>	(5.1.5)	<b>7,983,452</b>	<b>3,457,820</b>	<b>11,441,272</b>	<b>5,958,464</b>	<b>2,656,313</b>	<b>8,614,777</b>
6.1 Loans		7,854,983	3,457,820	11,312,803	5,889,699	2,656,313	8,546,012
6.1.1 Loans to the Bank's Risk Group		122,792	48	122,840	29	34	63
6.1.2 Government Securities		-	-	-	-	-	-
6.1.3 Others		7,732,191	3,457,772	11,189,963	5,889,670	2,656,279	8,545,949
6.2 Non-Performing Loans		212,639	-	212,639	147,230	-	147,230
6.3 Specific Provisions (-)		84,170	-	84,170	78,465	-	78,465
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. INVESTMENTS HELD TO MATURITY (Net)</b>	(5.1.6)	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(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		-	-	-	-	-	-
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)</b>	(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		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES</b>	(5.1.10)	-	-	-	-	-	-
12.1 Finance Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(5.1.11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Net Foreign Investment Hedge		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.12)	<b>186,205</b>	-	<b>186,205</b>	<b>191,693</b>	-	<b>191,693</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>3,979</b>	-	<b>3,979</b>	<b>5,364</b>	-	<b>5,364</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		3,979	-	3,979	5,364	-	5,364
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	-	-	-	-	-	-
<b>XVII. TAX ASSETS</b>		<b>307</b>	-	<b>307</b>	<b>1,901</b>	-	<b>1,901</b>
17.1 Current Tax Asset		268	-	268	188	-	188
17.2 Deferred Tax Asset	(5.1.15)	39	-	39	1,713	-	1,713
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	<b>3,817</b>	-	<b>3,817</b>	<b>3,299</b>	-	<b>3,299</b>
18.1 Held for Sale		3,817	-	3,817	3,299	-	3,299
18.2 Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.17)	<b>81,796</b>	<b>15,569</b>	<b>97,365</b>	<b>82,599</b>	<b>14,494</b>	<b>97,093</b>
<b>TOTAL ASSETS</b>		<b>9,080,096</b>	<b>6,308,776</b>	<b>15,388,872</b>	<b>6,473,715</b>	<b>4,712,869</b>	<b>11,186,584</b>

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

**FİBABANKA A.Ş.**  
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 31 DECEMBER 2016**

(Amount expressed in thousands of Turkish Lira)

LIABILITIES	Note	CURRENT PERIOD			PRIOR PERIOD		
		(31/12/2016)			(31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.1)	<b>5,816,645</b>	<b>3,802,093</b>	<b>9,618,738</b>	<b>3,938,356</b>	<b>3,517,368</b>	<b>7,455,724</b>
1.1 Deposits from the Bank's Risk Group		399,445	212,031	611,476	250,952	334,754	585,706
1.2 Other		5,415,200	3,590,062	9,005,262	3,687,404	3,182,614	6,870,018
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.II.2)	<b>383,197</b>	<b>262</b>	<b>383,459</b>	<b>80,892</b>	<b>2,716</b>	<b>83,608</b>
<b>III. FUNDS BORROWED</b>	(5.II.3)	<b>17,220</b>	<b>1,519,443</b>	<b>1,536,663</b>	<b>15,919</b>	<b>1,008,527</b>	<b>1,024,446</b>
<b>IV. MONEY MARKET FUNDS</b>		<b>179,244</b>	<b>504,584</b>	<b>683,828</b>	<b>67,572</b>	<b>437,250</b>	<b>504,822</b>
4.1 Interbank Money Market Funds		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Funds		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		179,244	504,584	683,828	67,572	437,250	504,822
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>	(5.II.4)	<b>991,975</b>	<b>-</b>	<b>991,975</b>	<b>503,741</b>	<b>-</b>	<b>503,741</b>
5.1 Bills		991,975	-	991,975	503,741	-	503,741
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>	(5.II.5)	<b>59,589</b>	<b>86,191</b>	<b>145,780</b>	<b>80,524</b>	<b>20,164</b>	<b>100,688</b>
<b>VIII. OTHER LIABILITIES</b>	(5.II.5)	<b>117,595</b>	<b>8,561</b>	<b>126,156</b>	<b>107,540</b>	<b>7,257</b>	<b>114,797</b>
<b>IX. FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. LEASE PAYABLES (Net)</b>	(5.II.6)	<b>-</b>	<b>85</b>	<b>85</b>	<b>-</b>	<b>171</b>	<b>171</b>
10.1 Finance Lease Payables		-	89	89	-	183	183
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	4	4	-	12	12
<b>XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(5.II.7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Net Foreign Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.II.8)	<b>178,668</b>	<b>-</b>	<b>178,668</b>	<b>113,812</b>	<b>-</b>	<b>113,812</b>
12.1 General Loan Loss Provision		121,287	-	121,287	91,103	-	91,103
12.2 Provision for Restructuring		-	-	-	-	-	-
12.3 Reserves for Employee Benefits		16,993	-	16,993	13,862	-	13,862
12.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5 Other Provisions		40,388	-	40,388	8,847	-	8,847
<b>XIII. TAX LIABILITY</b>	(5.II.9)	<b>38,481</b>	<b>-</b>	<b>38,481</b>	<b>35,949</b>	<b>-</b>	<b>35,949</b>
13.1 Current Tax Liability		37,107	-	37,107	35,949	-	35,949
13.2 Deferred Tax Liability		1,374	-	1,374	-	-	-
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	(5.II.10)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1 Held for Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(5.II.11)	<b>-</b>	<b>397,278</b>	<b>397,278</b>	<b>-</b>	<b>211,913</b>	<b>211,913</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.12)	<b>1,299,864</b>	<b>(10,103)</b>	<b>1,289,761</b>	<b>1,042,720</b>	<b>(5,807)</b>	<b>1,036,913</b>
<b>16.1 Paid-in Capital</b>		<b>941,161</b>	<b>-</b>	<b>941,161</b>	<b>847,515</b>	<b>-</b>	<b>847,515</b>
<b>16.2 Capital Reserves</b>		<b>115,524</b>	<b>(10,103)</b>	<b>105,421</b>	<b>67,023</b>	<b>(5,807)</b>	<b>61,216</b>
16.2.1 Share premium		128,678	-	128,678	73,379	-	73,379
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Revaluation Reserve		(10,151)	(10,103)	(20,254)	(3,920)	(5,807)	(9,727)
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		(3,003)	-	(3,003)	(2,436)	-	(2,436)
<b>16.3 Profit Reserves</b>		<b>128,369</b>	<b>-</b>	<b>128,369</b>	<b>46,786</b>	<b>-</b>	<b>46,786</b>
16.3.1 Legal Reserves		7,790	-	7,790	3,711	-	3,711
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		120,579	-	120,579	43,075	-	43,075
16.3.4 Other Profit Reserves		-	-	-	-	-	-
<b>16.4 Profit or Loss</b>		<b>114,757</b>	<b>-</b>	<b>114,757</b>	<b>81,344</b>	<b>-</b>	<b>81,344</b>
16.4.1 Prior Years' Profit/Loss		(239)	-	(239)	(174)	-	(174)
16.4.2 Current Year Profit/Loss		114,996	-	114,996	81,518	-	81,518
<b>16.5 Minority Interest</b>	(5.II.13)	<b>53</b>	<b>-</b>	<b>53</b>	<b>52</b>	<b>-</b>	<b>52</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,080,478</b>	<b>6,308,394</b>	<b>15,388,872</b>	<b>5,987,025</b>	<b>5,199,559</b>	<b>11,186,584</b>

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

**FİBANKKA A.Ş.**  
**CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS**  
**AS OF 31 DECEMBER 2016**  
(Amount expressed in thousands of Turkish Lira)

	Note	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
		<b>A. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>8,581,635</b>	<b>12,614,699</b>	<b>21,196,334</b>	<b>3,803,991</b>
<b>I. GUARANTEES AND SURETYSHIPS</b>	(5.III.1)	<b>440,172</b>	<b>456,854</b>	<b>897,026</b>	<b>380,113</b>	<b>665,519</b>	<b>1,045,632</b>
1.1. Letters of Guarantee		439,122	166,786	605,908	379,738	175,756	555,494
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		439,122	166,786	605,908	379,738	175,756	555,494
1.2. Bank Loans		1,050	66,001	67,051	375	106,491	106,866
1.2.1. Import Letters of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		1,050	66,001	67,051	375	106,491	106,866
1.3. Letters of Credit		-	224,067	224,067	-	383,272	383,272
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	224,067	224,067	-	383,272	383,272
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		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.1)	<b>542,376</b>	<b>326,052</b>	<b>868,428</b>	<b>420,094</b>	<b>245,421</b>	<b>665,515</b>
2.1. Irrevocable Commitments		542,376	326,052	868,428	420,094	245,421	665,515
2.1.1. Forward asset purchase and Sales commitments		89,486	326,052	415,538	110,809	245,421	356,230
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		171,368	-	171,368	110,140	-	110,140
2.1.5. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Payment Commitment for Checks		172,800	-	172,800	145,123	-	145,123
2.1.8. Tax and Fund Liabilities from Export Commitments		4,230	-	4,230	3,553	-	3,553
2.1.9. Commitments for Credit Card Expenditure Limits		101,475	-	101,475	47,363	-	47,363
2.1.10. Commitments for Promotions Related with Credit Cards and Banking Activities		1	-	1	1	-	1
2.1.11. Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		3,016	-	3,016	3,105	-	3,105
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.III.5)	<b>7,599,087</b>	<b>11,831,793</b>	<b>19,430,880</b>	<b>3,003,784</b>	<b>4,513,177</b>	<b>7,516,961</b>
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		7,599,087	11,831,793	19,430,880	3,003,784	4,513,177	7,516,961
3.2.1. Forward Foreign Currency Buy/Sell Transactions		456,674	1,582,210	2,038,884	245,552	580,104	825,656
3.2.1.1. Forward Foreign Currency Transactions-Buy		193,451	823,219	1,016,670	112,825	294,595	407,420
3.2.1.2. Forward Foreign Currency Transactions-Sell		263,223	758,991	1,022,214	132,727	285,509	418,236
3.2.2. Swap Transactions Related to F.C. and Interest Rates		4,400,155	7,476,657	11,876,812	1,217,730	2,358,058	3,575,788
3.2.2.1. Foreign Currency Swap-Buy		2,410,286	3,533,213	5,943,499	536,802	1,260,905	1,797,707
3.2.2.2. Foreign Currency Swap-Sell		1,939,869	3,943,444	5,883,313	680,928	1,097,153	1,778,081
3.2.2.3. Interest Rate Swaps-Buy		25,000	-	25,000	-	-	-
3.2.2.4. Interest Rate Swaps-Sell		25,000	-	25,000	-	-	-
3.2.3. Foreign Currency, Interest Rate and Securities Options		2,742,258	2,772,926	5,515,184	1,540,502	1,575,015	3,115,517
3.2.3.1. Foreign Currency Options-Buy		1,465,408	1,288,756	2,754,164	366,843	1,123,185	1,490,028
3.2.3.2. Foreign Currency Options-Sell		1,276,850	1,484,170	2,761,020	1,173,659	451,830	1,625,489
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>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>70,890,212</b>	<b>32,888,095</b>	<b>103,778,307</b>	<b>58,185,614</b>	<b>28,020,035</b>	<b>86,205,649</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>961,063</b>	<b>262,458</b>	<b>1,223,521</b>	<b>461,674</b>	<b>138,992</b>	<b>600,666</b>
4.1. Assets under Management		160,517	-	160,517	96,096	-	96,096
4.2. Investment Securities Held in Custody		77,188	87,118	164,306	10,660	63,373	74,033
4.3. Checks Received for Collection		430,886	81,067	511,953	270,365	73,383	343,748
4.4. Commercial Notes Received for Collection		126,323	94,273	220,596	84,553	2,236	86,789
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		166,149	-	166,149	-	-	-
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>69,929,149</b>	<b>32,625,637</b>	<b>102,554,786</b>	<b>57,723,940</b>	<b>27,881,043</b>	<b>85,604,983</b>
5.1. Marketable Securities		55,143	88,839	143,982	50,577	76,160	126,737
5.2. Guarantee Notes		164,027	64,842	228,869	148,183	55,751	203,934
5.3. Commodity		2,500	-	2,500	2,500	-	2,500
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		8,994,608	4,143,780	13,138,388	6,482,019	3,658,003	10,140,022
5.6. Other Pledged Items		60,712,871	28,328,176	89,041,047	51,040,661	24,091,129	75,131,790
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>		<b>79,471,847</b>	<b>45,502,794</b>	<b>124,974,641</b>	<b>61,989,605</b>	<b>33,444,152</b>	<b>95,433,757</b>

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

**FİBANKKA A.Ş.**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016**  
(Amount expressed in thousands of Turkish Lira)

INCOME STATEMENT		Note	CURRENT PERIOD (01/01/2016- 31/12/2016)	PRIOR PERIOD (01/01/2015- 31/12/2015)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>1,289,571</b>	<b>891,640</b>
1.1	Interest Income on Loans		1,237,756	848,616
1.2	Interest Received from Statutory Reserves		7,988	3,095
1.3	Interest Received from Banks		7,959	11,560
1.4	Interest Received from Money Market Placements		1,558	185
1.5	Interest Received from Marketable Securities Portfolio		33,970	27,964
1.5.1	Financial Assets Held for Trading		1,413	1,150
1.5.2	Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3	Financial Assets Available for Sale		32,557	26,814
1.5.4	Investments Held to Maturity		-	-
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		340	220
<b>II.</b>	<b>INTEREST EXPENSE</b>		<b>779,047</b>	<b>493,796</b>
2.1	Interest on Deposits	(5.IV.2)	611,101	393,631
2.2	Interest on Funds Borrowed	(5.IV.2)	65,882	37,999
2.3	Interest on Money Market Funds		556	357
2.4	Interest on Securities Issued	(5.IV.2)	87,706	54,879
2.5	Other Interest Expense		13,802	6,930
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>510,524</b>	<b>397,844</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>27,463</b>	<b>23,796</b>
4.1	Fees and Commissions Received		49,352	41,910
4.1.1	Non-cash Loans		9,074	10,670
4.1.2	Other	(5.IV.12)	40,278	31,240
4.2	Fees and Commissions Paid		21,889	18,114
4.2.1	Non-cash Loans		220	153
4.2.2	Other	(5.IV.12)	21,669	17,961
<b>V.</b>	<b>DIVIDEND INCOME</b>	(5.IV.3)	-	-
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	(5.IV.4)	<b>55,997</b>	<b>(1,908)</b>
6.1	Gains/Losses on Securities Trading		6,756	(105)
6.2	Derivative Financial Transactions Gains/Losses		59,614	(7,504)
6.3	Foreign Exchange Gains/Losses		(10,373)	5,701
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.5)	<b>54,140</b>	<b>35,271</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)</b>		<b>648,124</b>	<b>455,003</b>
<b>IX.</b>	<b>PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.IV.6)	<b>193,187</b>	<b>102,823</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.7)	<b>293,917</b>	<b>242,715</b>
<b>XI.</b>	<b>NET OPERATING INCOME / LOSS (VIII-IX-X)</b>		<b>161,020</b>	<b>109,465</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD</b>		-	-
<b>XIV.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XV.</b>	<b>PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)</b>	(5.IV.8)	<b>161,020</b>	<b>109,465</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.9)	<b>(46,023)</b>	<b>(27,948)</b>
16.1	Current Tax Charge		(40,201)	(27,018)
16.2	Deferred Tax Charge /(Benefit)		(5,822)	(930)
<b>XVII.</b>	<b>NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	(5.IV.10)	<b>114,997</b>	<b>81,517</b>
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
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		-	-
<b>XIX.</b>	<b>EXPENSE ON DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XX.</b>	<b>PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
21.1	Current Tax Charge		-	-
21.2	Deferred Tax Charge /(Benefit)		-	-
<b>XXII.</b>	<b>NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>NET PERIOD PROFIT/LOSS (XVII+XXII)</b>	(5.IV.11)	<b>114,997</b>	<b>81,517</b>
23.1	Group's Profit/Loss		114,996	81,518
23.2	Minority Interest Profit/Loss		1	(1)
	Earnings per Share		0.00131	0.00126

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

## FİBANKKA A.Ş.

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016**

(Amount expressed in thousands of Turkish Lira)

		CURRENT PERIOD	PRIOR PERIOD
STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY		(01/01/2016-31/12/2016)	(01/01/2015-31/12/2015)
I.	ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	(12,648)	3,110
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	(709)	(328)
IX.	DEFERRED TAX EFFECT OF REVALUATION	2,773	406
X.	NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY (I+II+...+IX)	(10,584)	3,188
XI.	PROFIT/LOSS FOR THE PERIOD	(510)	(4,814)
11.1	Net Changes in the Fair Values of Marketable Securities (Transfer to Profit/Loss)	(510)	(4,814)
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)	(11,094)	(1,626)

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

FIBABANK A.S.  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016**  
(Amount expressed in thousands of Turkish Lira)

	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
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>																			
<b>PRIOR PERIOD</b>																			
<b>01.01.2015-31.12.2015</b>																			
I.		550,000	-	-	-	-	-	-	(2,174)	74,139	(27,527)	(8,363)	-	-	-	-	586,075	53	586,128
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		550,000	-	-	-	-	-	-	(2,174)	74,139	(27,527)	(8,363)	-	-	-	-	586,075	53	586,128
Changes during the Period																			
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	(1,364)	-	-	-	-	(1,364)	-	(1,364)
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		297,515	-	73,379	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1		297,515	-	73,379	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	-	-	-	(262)	-	-	-	-	-	-	-	(262)	-	(262)
XIX.		-	-	-	-	-	-	-	-	81,518	-	-	-	-	-	-	81,518	-	81,518
XX.		-	-	-	-	3,711	-	43,075	-	(74,139)	27,353	-	-	-	-	-	-	(1)	81,517
20.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2		-	-	-	-	3,711	-	43,075	-	-	(46,786)	-	-	-	-	-	-	-	-
20.3		-	-	-	-	-	-	-	-	(74,139)	74,139	-	-	-	-	-	-	-	-
Ending Balance (III+IV+V+.....+XVIII+XIX+XX)		847,515	-	73,379	-	3,711	-	43,075	(2,436)	81,518	(174)	(9,727)	-	-	-	-	1,036,861	52	1,036,913
<b>CURRENT PERIOD</b>																			
<b>01.01.2016-31.12.2016</b>																			
I.		847,515	-	73,379	-	3,711	-	43,075	(2,436)	81,518	(174)	(9,727)	-	-	-	-	1,036,861	52	1,036,913
Changes during the Period																			
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	(10,527)	-	-	-	-	(10,527)	-	(10,527)
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		93,646	-	55,299	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	(5.II.12.3)	93,646	-	55,299	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	(567)	114,996	-	-	-	-	-	-	(567)	-	(567)
XVIII.		-	-	-	-	4,079	-	77,504	-	(81,518)	(65)	-	-	-	-	-	114,996	1	114,997
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2		-	-	-	-	4,079	-	77,504	-	-	(81,583)	-	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	(81,518)	81,518	-	-	-	-	-	-	-	-
Ending Balance (I+II+III+...+XVI+XVII+XVIII)		941,161	-	128,678	-	7,790	-	120,579	(3,003)	114,996	(239)	(20,254)	-	-	-	-	1,289,708	53	1,289,761

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

**FİBANKKA A.Ş.**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016**  
(Amount expressed in thousands of Turkish Lira)

	Note	CURRENT PERIOD (01/01/2016- 31/12/2016)	PRIOR PERIOD (01/01/2015- 31/12/2015)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit / Loss before Changes in Operating Assets and Liabilities</b>		<b>199,510</b>	<b>252,943</b>
1.1.1 Interest Received (+)		1,229,724	847,746
1.1.2 Interest Paid (-)		756,060	482,576
1.1.3 Dividend Received (+)		-	-
1.1.4 Fees and Commissions Received (+)		48,297	41,733
1.1.5 Other Income (+)		18,942	35,057
1.1.6 Collections from Previously Written Off Loans (+)		3,022	2,944
1.1.7 Cash Payments to Personnel and Service Suppliers (-)		252,264	212,861
1.1.8 Taxes Paid (-)		64,844	14,063
1.1.9 Other (+/-)	(5.VI.3)	(27,307)	34,963
<b>1.2 Changes in Banking Operations Assets and Liabilities</b>		<b>(260,397)</b>	<b>(443,248)</b>
1.2.1 Net (Increase) Decrease in Financial Assets Held for Trading (+/-)		(61,868)	(44,352)
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 (+/-)		(222,997)	(515,016)
1.2.4 Net (Increase) Decrease in Loans (+/-)		(2,870,176)	(2,545,177)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)	(5.VI.3)	216	(11,941)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)		261,736	289,534
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)		1,885,161	1,912,689
1.2.8 Net Increase (Decrease) in Borrower Funds (+/-)		512,003	176,224
1.2.9 Net Increase (Decrease) in Matured Payables (+/-)		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(5.VI.3)	235,528	294,791
<b>I Net Cash Flow Provided from Banking Operations (+/-)</b>		<b>(60,887)</b>	<b>(190,305)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		-	-
<b>II Net Cash Flow Provided from Investment Activities (+/-)</b>		<b>(295,372)</b>	<b>(396,800)</b>
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 (-)		6,740	173,110
2.4 Tangible Asset Sales (+)		1,526	9,931
2.5 Cash Paid for Purchase of Financial Assets Available for Sale (-)		563,427	333,167
2.6 Cash Obtained from Sales of Financial Assets Available for Sale (+)		275,221	103,346
2.7 Cash Paid for Purchase of Investment Securities (-)		-	-
2.8 Cash Obtained from Sales of Investment Securities (+)		-	-
2.9 Other (+/-)	(5.VI.3)	(1,952)	(3,800)
<b>C. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		-	-
<b>III Net Cash Provided from Financing Activities (+/-)</b>		<b>813,889</b>	<b>277,445</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)		2,384,034	1,182,626
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)		1,719,090	1,149,030
3.3 Share Certificates Issued (+)		148,945	243,849
3.4 Dividends Paid (-)		-	-
3.5 Payments for Finance Leases (-)		-	-
3.6 Other (+/-)		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)</b>		<b>45,352</b>	<b>29,622</b>
<b>V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>502,982</b>	<b>(280,038)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period (+)</b>	(5.VI.1)	<b>201,712</b>	<b>481,750</b>
<b>VII. Cash and Cash Equivalents at the End of the Period (V+VI)</b>	(5.VI.1)	<b>704,694</b>	<b>201,712</b>

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

**FİBANKA A.Ş.**  
**CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION**  
**FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016**  
(Amount expressed in thousands of Turkish Lira)

		<b>CURRENT PERIOD</b>	<b>PRIOR PERIOD</b>
		<b>(01/01/2016-31/12/2016)</b>	<b>(01/01/2015-31/12/2015)</b>
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1	CURRENT PERIOD PROFIT	-	-
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	-	-
1.2.1	Corporate tax (income tax)	-	-
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	-	-
<b>A.</b>	<b>NET PROFIT FOR THE PERIOD (1.1-1.2)</b>	-	-
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
<b>B.</b>	<b>NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	-	-
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of redeemed shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>		
2.1	APPROPRIATED 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 privileged shares	-	-
2.3.3	To owners of redeemed shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1	TO OWNERS OF ORDINARY SHARES (full TL Basis)	-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

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 2016**

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

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**SECTION THREE**

**ACCOUNTING PRINCIPLES**

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

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

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 format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communique on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and Communique on Disclosures About Risk Management to be Announced to Public by Banks” and amendments to this communique. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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 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 predetermined 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.

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**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 foreign currency transactions are recognized in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses arising from the foreign currency transactions are 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 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 foreign currency exchange rates are as follows:

	<b>31 December 2016</b>	<b>31 December 2015</b>
US Dollar	3.5192	2.9076
Euro	3.7099	3.1776

**2.2 Foreign exchange gains and losses included in the income statement**

As of 31 December 2016, net foreign exchange loss included in the income statement is TL 10,373 (1 January - 31 December 2015: TL 5,701 profit).

**III. Explanations on Subsidiaries and Affiliates**

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 2016. 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 PYS. 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 headquarter 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.

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

The Parent Bank's derivative transactions mainly consist of foreign currency swaps, interest rate swaps, foreign currency options and foreign currency forward 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", foreign currency forward 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.

**1. Explanations on derivative financial instruments held for trading**

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.

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

The Parent Bank entered into cross currency interest rate swap transactions in order to hedge the change in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in income statement. If the hedging is effective, the changes in fair value of the hedged item, which is fixed rate TL denominated loans, are presented in statement of financial position together with the hedged item. Subsequently, derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets held for hedging" or "derivative financial liabilities held for hedging", respectively depending on the fair values being positive or negative. Fair value changes are recorded under income statement.

The Parent Bank performs effectiveness test at the beginning of the hedge accounting period and at each reporting period. Hedge accounting is continued as long as the test results are between the range of 80%-125% of effectiveness. The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to income statement over the life of the hedged item from that date of the hedge accounting is discontinued.

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

Interest income and expenses 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, available-for-sale financial assets, held to maturity investments and loans and receivables.

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

**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”.

**2. Financial assets Available for Sale**

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 2016.

**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.

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**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 Bank provides specific and general allowances for loan and other receivables classified in accordance with the related 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 loans 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

**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 Parent Bank’s portfolio and evaluated within the principles of the relevant portfolio. Funds obtained from repurchase agreements are followed under the “Funds from repo transactions” account in liabilities, and interest expense accruals are calculated using the effective interest (internal rate of return) method on the difference between the sales and repurchase prices corresponding to the period designated by a repurchase agreement.

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.

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**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.

**XIII. Explanations on tangible assets**

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

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

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

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

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

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

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

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

<b>Tangible Assets</b>	<b>Estimated Useful Lives (Years)</b>	<b>Depreciation Rates (%)</b>
Safe boxes	2-50	2-50
Vehicles	5	20
Real estate	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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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

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

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

**XVI. Explanations on contingent assets**

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

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

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

- Calculation is based on discount rate as 11.50%, inflation rate as 8.00% and real rate of rise in salary as 0.00%.
- A ceiling of TL 4,297.21 (full TL basis) is applied for the salaries as of 31 December 2016.
- 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 and liabilities of the companies included in the consolidation are netted off but not netted off in consolidated balance sheet.

As of 31 December 2016, the deferred tax asset is TL 39 and the deferred tax liability is TL 1,374 (31 December 2015: TL 1,713 the deferred tax asset).

Deferred tax benefit/ (charge) is recognized within "Deferred tax benefit/ (charge)" in the income statement; deferred tax charge for the current period is TL 5,822 (1 January - 31 December 2015: TL 930 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 2,773 (benefit) (1 January - 31 December 2015: TL 406 benefit).

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

**3. Transfer pricing**

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

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

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

**XIX. Additional explanations on borrowings**

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

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

The Bank 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**

The Bank’s paid-in capital was increased to TL 941,161 on 7 September 2016 with the capital contribution of TurkFinance B.V. by TL 93,646. In addition, share issuance premium of TL 55,299 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.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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**XXIII. Explanations on segmental reporting**

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

	<b>Retail Banking</b>	<b>Commercial &amp; Corporate Banking</b>	<b>Treasury &amp; Headquarters</b>	<b>Total Operations of the Group</b>
<b>Current Period - 1 January - 31 December 2016</b>				
Operating Income	250,518	308,806	88,800	648,124
Operating Profit	9,778	185,574	(34,332)	161,020
Taxation				(46,023)
<b>Net Profit/(Loss) for Current Period</b>				<b>114,997</b>
<b>31 December 2016</b>				
Segment Assets	3,338,361	7,974,405	4,076,106	15,388,872
Unallocated Assets				--
<b>Total Assets</b>				<b>15,388,872</b>
Segment Liabilities	6,543,963	2,595,736	4,959,412	14,099,111
Unallocated Liabilities				--
Shareholders' Equity				1,289,761
<b>Total Liabilities</b>				<b>15,388,872</b>

	<b>Retail Banking</b>	<b>Commercial &amp; Corporate Banking</b>	<b>Treasury &amp; Headquarters</b>	<b>Total Operations of the Bank</b>
<b>Prior Period - 1 January - 31 December 2015</b>				
Operating Income	183,862	237,534	33,607	455,003
Operating Profit	(12,332)	152,368	(30,571)	109,465
Taxation				(27,948)
<b>Net Profit/(Loss) for Prior Period</b>				<b>81,517</b>
<b>31 December 2015</b>				
Segment Assets	2,875,840	5,670,173	2,640,571	11,186,584
Unallocated Assets				--
<b>Total Assets</b>				<b>11,186,584</b>
Segment Liabilities	4,865,298	2,083,502	3,200,871	10,149,671
Unallocated Liabilities				--
Shareholders' Equity				1,036,913
<b>Total Liabilities</b>				<b>11,186,584</b>

**XXIV. Other matters**

None.

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**SECTION FOUR**

**INFORMATION ON CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT**

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

As of 31 December 2016, the Group’s total consolidated capital has been calculated as TL 1,782,988 and the consolidated capital adequacy standard ratio is 13.48% (As of 31 December 2015, the Bank’s total consolidated capital amounted to TL 1,263,042 and the consolidated capital adequacy standard ratio was 13.56% calculated pursuant to former regulations).

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

	<b>Amount</b>	<b>Amount as per the regulation before 1/1/2014 (*)</b>
<b>TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	941,161	--
Share Premium	128,678	
Reserves	128,369	
Other Comprehensive Income according to TAS	--	
Profit	114,996	
Current Period Profit	114,996	
Prior Period Profit	--	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	--	
Minority Shareholder	22	
<b>Tier I Capital Before Deductions</b>	<b>1,313,226</b>	
<b>Deductions From Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	--	--
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	23,497	--
Improvement costs for operating leasing (-)	10,968	--
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2,388	--
Excess Amount arising from Deferred Tax Assets from Temporary Differences	--	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

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	<b>Amount</b>	<b>Amount as per the regulation before 1/1/2014 (*)</b>
Net amount of defined benefit plans		
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	--	--
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	--	--
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	--	--
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	--	--
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	--	--
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	--	
Excess Amount arising from Mortgage Servicing Rights	--	
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	--	
Other items to be Defined by the BRSA	--	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>36,853</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1,276,373</b>	
<b>ADDITIONAL TIER I CAPITAL</b>	<b>--</b>	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	--	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	--	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	--	
Shares of Third Parties in Additional Tier I Capital	--	
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	--	
<b>Additional Core Capital before Deductions</b>	<b>--</b>	
<b>Deductions from Additional Core Capital</b>	<b>--</b>	
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	--	--
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	--	--

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

	Amount	Amount as per the regulation before 1/1/2014 (*)
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	1,592	--
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	--	
<b>Total Deductions from Additional Tier I Capital</b>	<b>--</b>	
<b>Total Additional Tier I Capital</b>	<b>--</b>	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,274,781</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	387,112	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Shares of Third Parties in Additional Tier I Capital	--	
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	121,287	
<b>Tier II Capital before Deductions</b>	<b>508,399</b>	
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	--	--
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	--	--
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 and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	--	--
Other items to be Defined by the BRSA (-)	--	
<b>Total Deductions from Tier II Capital</b>	<b>--</b>	
<b>Total Tier II Capital</b>	<b>508,399</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>1,783,180</b>	

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

	Amount	Amount as per the regulation before 1/1/2014 (*)
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	66	
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	--	
Other items to be Defined by the BRSA (-)	126	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	--	--
<b>EQUITY</b>		
<b>Total Capital ( Total of Tier I Capital and Tier II Capital )</b>	<b>1,782,988</b>	--
<b>Total Risk Weighted Assets</b>	<b>13,230,505</b>	--
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Ratio (%)	9.65	--
Consolidated Tier I Capital Ratio (%)	9.65	--
Consolidated Capital Adequacy Ratio (%)	13.48	--
<b>BUFFERS</b>		
Bank-specific total Core Capital Ratio	4.50	--
Capital Conservation Buffer Ratio (%)	0.63	--
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	--	--

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

	<b>Amount</b>	<b>Amount as per the regulation before 1/1/2014 (*)</b>
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	0.05	--
<b>Amounts lower than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	--	--
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% or less of the Tier I Capital	--	--
Remaining Mortgage Servicing Rights	--	--
Net Deferred Tax Assets arising from Temporary Differences	--	--
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General provisions for standard based receivables (before 1.25% limitation)	<b>121,287</b>	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	121,287	--
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	--	--
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

\* The amounts to be considered under the transitional provisions.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

<b>TIER I CAPITAL</b>	<b>31 December 2015 (*)</b>
Paid-in Capital to be Entitled for Compensation after All Creditors	847,515
Share Premium	73,379
Share Cancellation Profits	--
Reserves	46,786
Other Comprehensive Income according to TAS	--
Profit	81,517
Current Period Profit	81,517
Prior Period Profit	--
General Reserves for Possible Losses	--
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	--
Minority Shares	32
<b>Tier I Capital Before Deductions</b>	<b>1,049,229</b>
<b>Deductions From Tier I Capital</b>	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	12,337
Leasehold Improvements on Operational Leases (-)	13,239
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	5,364
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 (-)	--
<b>Total Deductions from Tier I Capital</b>	<b>30,940</b>
<b>Total Tier I Capital</b>	<b>1,018,289</b>
<b>ADDITIONAL TIER I CAPITAL</b>	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	--
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (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)	--
	--
<b>Additional Tier I Capital before Deductions</b>	<b>--</b>
<b>Deductions from Additional Tier I Capital</b>	
Direct and Indirect Investments of the Bank on its own Additional 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 (-)	--
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 (-)	--
Deductions from Additional Tier I Capital in cases where there are no adequate Tier II Capital (-)	--
<b>Total Deductions from Additional Tier I Capital</b>	<b>--</b>
<b>Total Additional Tier I Capital</b>	<b>--</b>
<b>Deductions from Core Capital</b>	<b>1,713</b>

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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
<b>Total Core Capital</b>	<b>1,016,576</b>
<b>TIER II CAPITAL</b>	
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
Pledged Assets of the Shareholders to be used for the Bank's Capital	--
General Provisions	91,103
<b>Tier II Capital before Deductions</b>	<b>246,703</b>
<b>Deductions from Tier II Capital</b>	
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 Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	--
Other items to be Defined by the BRSA (-)	--
<b>Total Deductions from Tier II Capital</b>	<b>--</b>
<b>Total Tier II Capital</b>	<b>246,703</b>
<b>CAPITAL</b>	
<b>Total Capital</b>	<b>1,263,279</b>
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	--
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	--
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 (-)	237
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	--
<b>EQUITY</b>	<b>1,263,042</b>
<b>Amounts lower than Excesses as per Deduction Rules</b>	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	--
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	--
Remaining Mortgage Servicing Rights	--
Net Deferred Tax Assets arising from Temporary Differences	--

(\*) Total capital calculation has been changed in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 31 March 2016, the information given for the prior period has been calculated pursuant to former regulation.

## FİBABANKA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

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

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

The difference between "Equity" in equity table and "Shareholder's Equity" in the unconsolidated balance sheet mainly arises from the subordinated loan, bonds and general provisions. In the calculation of Total Capital, general provision up to 1.25% credit risk is taken into consideration as Tier II Capital.

On the other hand, in the calculation of the "Equity", improvement costs for operating leases followed under tangible assets in the balance sheet, and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

#### Items included in shareholder's equity calculation:

Issuer	Fibabanka A.Ş.	Eco Trade And Development Bank*
Code of debt instrument (CUSIP, ISIN etc.)	XS1386178237	*
Regulation of debt instrument	BRSA's "Regulation on Equities of Banks" dated 1 November 2006" and English Law	BRSA's "Regulation on Equities of Banks" dated 1 November 2006" and English Law
<b>Consideration Status in Shareholders' Equity Calculation</b>		
Situation of being subject to practice of being taken into consideration with 10% deduction after 1/1/2015	No	No
Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based	Unconsolidated and Consolidated	Unconsolidated and Consolidated
Type of debt instrument	Subordinated Bond	Subordinated Loan
Considered amount in shareholders' equity calculation (By last report date of – Thousand TL)	351,920	35,192
Nominal value of debt instrument (Thousand TL)	351,920	35,192
Related account of debt instrument	Subordinated Debt Instruments	Subordinated Loan
Issuing date of debt instrument	24/03/16	06/08/13
Maturity structure of debt instrument (Demand/Time)	Time	Time
Initial term of of debt instrument	11 years	10 years
Whether there is right of reimbursement of issuer or not according to BRSA rules	There is	There is
Optional reimbursement date, options of conditional reimbursement and reimbursement amount	24/11/2022; \$ 100 million	06/08/2018; \$ 10 million
Following reimbursement option dates	None	None

\*It is a subordinated loan by Eco Trade and Development Bank.

**FİBANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

<b>Interest/Dividend Payments</b>		
Fixed or floating interest/dividend payments	Floating interest	Floating interest
Interest rate or index value of interest rate	9.25% (6-years mid-swap rate + 7.389%) till reimbursement date and then; 5-years mid-swap rate+7.389%	Libor + 8. 5%
Whether there is any restriction to stop dividend payments or not	None	The Bank can not pay dividends if becomes overdue according to subordinated loan agreement.
Feature of being fully optional, partially optional or obligatory	Obligatory	Obligatory
Whether there is any stimulant to repayment like interest rate hike or not	None	None
Feature of being cumulative or noncumulative	--	--
<b>Feature of being convertible bonds</b>		
If there is convertible bonds, trigger incidents cause this conversion	--	Regulation Article 8.2 (ğ)
If there is convertible bonds, feature of full or partially conversion	--	--
If there is convertible bonds, rate of conversion	--	--
If there is convertible bonds, feature of conversion –obligatory or optional-	--	--
If there is convertible bonds, types of convertible instruments	--	--
If there is convertible bonds, exporter of convertible debt instruments	--	--
<b>Feature of value reducement</b>		
If there is a feature of value reducement, trigger incidents cause this reducement	--	--
If there is a feature of value reducement, feature of full or partially reducement of value	--	--
If there is a feature of value reducement, feature of being constant of temporary	--	--
If there is a feature of value reducement, mechanism of value incrementation	--	--
Claiming rank in case of winding up (Instrument that is just above debt instrument)	--	--
Whether meeting the conditions defined by 7th or 8th articles of Shareholders' Equity of Banks Regulation	Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article.	Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article.
The conditions not met which were defined by 7th or 8th of the 7th or 8th articles of Shareholders' Equity of Banks Regulation	--	--

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**II. Explanations on Consolidated Credit Risk**

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

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

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

<u>Industry</u>	<u>Proportional Limit</u>
Construction	20%
Tourism	10%
Factoring	15%
Wholesale and Retail Business	15%

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

The Bank's largest 100 and 200 cash loan customers compose 51% and 60% of the total cash loan portfolio, respectively (31 December 2015: 47% and 56%, respectively).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**II. Explanations on Consolidated Credit Risk (Continued)**

The Parent Bank's largest 100 and 200 non-cash loan customers compose 66% and 80% of the total non-cash loan portfolio, respectively (31 December 2015: 72% and 85%, respectively).

The Parent Bank's largest 100 and 200 cash and non-cash loan customers represent 48% and 58% of the total "on and off balance sheet" assets, respectively (31 December 2015: 44% and 55%, respectively).

The general provision for total credit risk amounts to TL 121,287 (31 December 2015: TL 91,103).

	<b>Current Period Risk Amount *</b>	<b>Average Risk Amount</b>
<b>Exposure Categories</b>		
Conditional and Unconditional Exposures to Central Governments or Central Banks	2,212,890	1,892,045
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	1,734,622	1,466,398
Conditional and Unconditional Exposures to Corporates	6,435,193	6,088,537
Conditional and Unconditional Retail Exposures	2,797,473	1,851,967
Conditional and Unconditional Exposures Secured by Real Estate Property	2,572,066	2,593,991
Past Due Receivables	112,835	85,777
Receivables Defined in High Risk Category by BRSA	16,428	35,195
Exposures in the Form of Collective Investment Undertakings	44,943	24,415
Other Receivables	430,613	428,199
<b>Total</b>	<b>16,357,063</b>	<b>14,466,722</b>

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

	<b>Prior Period Risk Amount *</b>	<b>Average Risk Amount</b>
<b>Exposure Categories</b>		
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
<b>Total</b>	<b>12,350,020</b>	<b>10,541,058</b>

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

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to administrative units and noncommercial enterprises	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Collective investment undertakings	Other receivables	Total
<b>Current Period *</b>											
Domestic	2,212,890	--	1,012,711	6,298,257	2,795,550	2,335,118	112,835	16,428	44,943	430,613	15,259,345
EU Countries	--	--	710,155	91,034	30	--	--	--	--	--	801,219
OECD Countries **	--	--	1,526	--	--	--	--	--	--	--	1,526
Off-Shore Banking Region	--	--	--	24,666	--	--	--	--	--	--	24,666
USA, Canada	--	--	8,960	--	--	--	--	--	--	--	8,960
Other Countries	--	--	1,270	21,235	1,893	236,948	--	--	--	--	261,347
Associates, Subsidiaries and Joint –Ventures	--	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities***	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>2,212,890</b>	<b>--</b>	<b>1,734,622</b>	<b>6,435,193</b>	<b>2,797,473</b>	<b>2,572,066</b>	<b>112,835</b>	<b>16,428</b>	<b>44,943</b>	<b>430,613</b>	<b>16,357,063</b>

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

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

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

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to administrative units and noncommercial enterprises	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Other receivables	Total
<b>Prior Period *</b>										
Domestic	1,567,474	--	523,698	5,064,741	1,420,261	2,096,090	63,560	120,194	384,887	11,240,905
EU Countries	--	--	563,765	93,586	27	--	--	--	--	657,378
OECD Countries **	--	--	382	--	--	--	--	--	--	382
Off-Shore Banking Region	--	--	--	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***	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>1,567,474</b>	<b>--</b>	<b>1,113,470</b>	<b>5,343,958</b>	<b>1,420,335</b>	<b>2,336,142</b>	<b>63,560</b>	<b>120,194</b>	<b>384,887</b>	<b>12,350,020</b>

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

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

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

# FİBANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

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

### 2. Risk profile by sectors or counterparties

Current Period	1	2	3	4	5	6	7	8	9	10	TP	YP	Total
<b>Agricultural</b>													
Farming and Stockbreeding	--	--	--	101,254	150,945	82,233	4,016	297	--	8,145	304,060	42,830	346,890
Forestry	--	--	--	51,150	140,536	78,761	2,516	266	--	8,145	269,994	11,380	281,374
Fishing	--	--	--	27,150	7,968	3,472	1,480	31	--	--	31,340	8,761	40,101
<b>Manufacturing</b>													
Mining and Quarrying	--	--	--	22,954	2,441	--	20	--	--	--	2,726	22,689	25,415
Production	--	--	--	2,195,057	779,074	374,822	45,512	1,646	--	--	2,401,503	994,608	3,396,111
Electricity, Gas and Water	--	--	--	256,045	30,209	2,281	2,582	12	--	--	259,775	31,355	291,129
<b>Construction</b>													
Wholesale and Retail Trade	--	--	--	1,447,936	741,542	358,182	42,609	1,634	--	--	1,689,622	902,281	2,591,903
Accommodation and Dining	--	--	--	491,076	7,323	14,359	321	--	--	--	452,107	60,972	513,079
Transportation and Telecom.	--	--	--	1,014,754	615,911	934,681	22,687	6,309	--	--	1,916,152	678,190	2,594,342
Financial Institutions	2,029,148	--	1,718,447	2,503,476	868,370	914,539	29,654	4,603	--	418,962	3,082,308	5,404,891	8,487,199
Real Estate and Rental Services	--	--	--	624,328	581,870	108,329	26,089	4,437	--	--	1,149,989	195,064	1,345,053
Self-Employment Services	--	--	--	509,311	75,582	510,266	1,632	63	--	--	202,879	893,975	1,096,854
Educational Services	--	--	--	359,590	63,423	65,316	1,365	99	--	--	140,163	349,630	489,793
Health and Social Services	2,029,148	--	1,718,447	604,007	24,029	184,162	237	--	--	416,979	1,265,664	3,711,345	4,977,009
Other*	--	--	--	271,911	17,279	16,378	286	--	--	--	58,355	247,499	305,854
	--	--	--	5,520	19,564	3,988	10	--	--	--	27,919	1,163	29,082
	--	--	--	12,055	10,093	8,062	--	--	--	--	30,210	--	30,210
	--	--	--	116,754	76,530	18,038	35	4	--	1,983	207,129	6,215	213,344
<b>Total*</b>	<b>2,212,890</b>	<b>--</b>	<b>1,734,622</b>	<b>6,435,193</b>	<b>2,797,473</b>	<b>2,572,066</b>	<b>112,835</b>	<b>16,428</b>	<b>44,943</b>	<b>430,613</b>	<b>8,715,129</b>	<b>7,641,934</b>	<b>16,357,063</b>

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

- 1: Conditional and unconditional exposures to central governments or central banks
- 2: Conditional and unconditional exposures to administrative units and non-commercial enterprises
- 3: Conditional and unconditional exposures to banks and brokerage houses
- 4: Conditional and unconditional exposures to corporates
- 5: Conditional and unconditional retail exposures
- 6: Conditional and unconditional exposures secured by real estate property
- 7: Past due receivables
- 8: Receivables defined in high risk category by BRSA
- 9: Exposures in the form of collective investment undertakings
- 10: Other receivables

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**2. Risk profile by sectors or counterparties (Continued)**

Prior Period	1	2	3	4	5	6	7	8	9	TP	YP	Total
<b>Agricultural</b>												
Farming and Stockbreeding	--	--	--	142,015	84,078	54,417	1,659	347	--	223,809	58,707	282,516
Forestry	--	--	--	76,127	74,675	51,411	544	1	--	195,311	7,447	202,758
Fishing	--	--	--	35,846	7,902	2,485	34	116	--	24,900	21,483	46,383
<b>Manufacturing</b>	--	--	--	30,042	1,501	521	1,081	230	--	3,598	29,777	33,375
Mining and Quarrying	--	--	--	1,884,053	404,425	464,814	30,989	456	--	1,604,662	1,180,075	2,784,737
Production	--	--	--	42,016	19,505	23,546	7,270	12	--	62,416	29,933	92,349
Electricity, Gas and Water	--	--	--	1,554,325	379,857	418,203	23,719	444	--	1,255,689	1,120,859	2,376,548
<b>Construction</b>	--	--	--	287,712	5,063	23,065	--	--	--	286,557	29,283	315,840
<b>Services</b>	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 Telecom.	--	--	--	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
Self-Employment 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
<b>Other*</b>	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
<b>Total*</b>	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

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

(\*) In the current period, Sector information of TL 1,389,502 receivables is other than sector information was under the financial institution

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

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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

<b>Exposure Categories / Current Period*</b>	<b>Term to Maturity</b>				
	<b>Up to 1 Month</b>	<b>1 -3 Months</b>	<b>3 -6 Months</b>	<b>6-12 Months</b>	<b>Over 1 year</b>
Conditional and Unconditional Exposures to Central Governments or Central Banks	195,691	293	--	--	183,448
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--	--	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	990,083	395	14,344	10,297	719,503
Conditional and Unconditional Exposures to Other Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to SME Corporates	--	--	--	--	-
Conditional and Unconditional Exposures to Corporates	1,002,099	822,184	948,675	1,203,388	2,409,140
Conditional and Unconditional Retail Exposures	346,345	291,501	593,929	792,285	731,373
Conditional and Unconditional Exposures Secured by Real Estate Property	63,132	136,519	117,678	248,498	1,998,677
Past Due Receivables	--	--	--	--	--
Receivables Defined in High Risk Category by BRSA	4,988	991	233	5,598	4,478
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	5,636	4,568	--	3,402	--
<b>Total**</b>	<b>2,607,974</b>	<b>1,256,451</b>	<b>1,674,859</b>	<b>2,263,468</b>	<b>6,046,619</b>

\* Maturity-bearing exposures are classified according to remaining maturities

\*\* Maturity non-bearing items haven't been included as following TL 1,833,457 central bank receivables, TL 78,507 cash and equivalents, TL 20,295 credit card limits, TL 61,880 non-cash loan limits ve payment commitments, TL 278,107 other receivables, TL 112,835 overdue receivables, TL 77,668 non-cash loans, TL 44,943 investment funds.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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

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	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
<b>Total*</b>	<b>1,007,431</b>	<b>493,865</b>	<b>739,470</b>	<b>2,061,876</b>	<b>6,170,846</b>

(\*)Maturity non-bearing items haven't been included as following TL 1,430,560 central bank receivables, TL 43,852 cash and equivalents, TL 9,471 credi card limits, TL 45,062 non-cash loan limits ve payment commitments, TL 282,813 other receivables, TL 64,774 overdue receivables.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**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. The securities in the trading book have credit ratings. 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:

	<b>BRSA Credit Quality Grades</b>	<b>Fitch Risk Rating</b>
<b>Long Term Credit Quality Grades</b>	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**

<b>Risk Weights Current Period</b>	<b>%0</b>	<b>%10</b>	<b>%20</b>	<b>%50</b>	<b>%75</b>	<b>%100</b>	<b>%150</b>	<b>%200</b>	<b>Deductions from Equity</b>	<b>Total</b>
Exposures Before Credit Risk Mitigation	589,518	--	719,149	2,787,752	3,675,567	8,559,690	25,590	--	--	16,357,266
Exposures After Credit Risk Mitigation	1,178,899	--	214,565	4,854,900	2,797,473	7,285,636	25,590	--	--	16,357,063

<b>Risk Weights Prior Period</b>	<b>%0</b>	<b>%10</b>	<b>%20</b>	<b>%50</b>	<b>%75</b>	<b>%100</b>	<b>%150</b>	<b>%200</b>	<b>Deductions from Equity</b>	<b>Total</b>
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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**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.

Current Period Major Sector / Counterparties	Loans			
	Impaired Loans	Past Due Loans	Value Adjustments(*)	Provisions(**)
<b>Agriculture</b>	<b>8,563</b>	<b>11,640</b>	<b>232</b>	<b>2,371</b>
Farming and Stockbreeding	3,349	4,237	84	648
Forestry	4,174	7,398	148	709
Fishery	1,040	5	-	1,014
<b>Manufacturing</b>	<b>65,848</b>	<b>87,857</b>	<b>1,757</b>	<b>19,643</b>
Mining and Quarrying	29,753	21,372	427	8,112
Production	29,977	66,200	1,324	10,307
Electricity, Gas and Water	6,118	285	6	1,224
<b>Construction</b>	<b>44,121</b>	<b>46,890</b>	<b>938</b>	<b>26,625</b>
<b>Services</b>	<b>67,938</b>	<b>211,726</b>	<b>4,235</b>	<b>21,837</b>
Wholesale and Retail Trade	54,813	70,188	1,403	18,436
Accommodation and Dining	2,445	112,310	2,246	665
Transportation and Telecommunication	3,058	9,195	184	1,482
Financial Institutions	314	958	19	79
Real Estate and Rental Services	444	8,695	174	146
Self-Employment Services	616	2,833	57	133
Educational Services	4,500	1,968	40	613
Health and Social Services	1,748	5,579	112	283
<b>Other</b>	<b>26,169</b>	<b>58,332</b>	<b>1,166</b>	<b>13,694</b>
<b>Total</b>	<b>212,639</b>	<b>416,445</b>	<b>8,328</b>	<b>84,170</b>

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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

Major Sector / Counterparties	Loans			
	Impaired Loans	Past Due Loans	Value Adjustments(*)	Provisions(**)
<b>Agriculture</b>	<b>6,340</b>	<b>15,256</b>	<b>421</b>	<b>3,480</b>
Farming and Stockbreeding	2,119	7,684	158	1,581
Forestry	1,906	7,572	263	895
Fishery	2,315	--	-	1,004
<b>Manufacturing</b>	<b>47,245</b>	<b>71,430</b>	<b>2,937</b>	<b>18,415</b>
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
<b>Construction</b>	<b>19,276</b>	<b>30,015</b>	<b>888</b>	<b>11,311</b>
<b>Services</b>	<b>41,510</b>	<b>80,487</b>	<b>2,269</b>	<b>24,070</b>
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
Self-Employment Services	12	42	1	12
Educational Services	30	471	9	6
Health and Social Services	1,021	939	19	448
<b>Other</b>	<b>32,859</b>	<b>59,509</b>	<b>1,491</b>	<b>21,189</b>
<b>Total</b>	<b>147,230</b>	<b>256,697</b>	<b>8,006</b>	<b>78,465</b>

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

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

**6. Information on movements in value adjustments and provisions**

	Opening	Provision for Period	Provision	Other	Closing
	Balance		Reversals	Adjustments (*)	
<b>Current Period</b>					
Specific Provisions	78,465	127,003	(5,071)	(116,227)	84,170
General Provisions	91,103	30,184	--	--	121,287

(\*)Write-off items and the sales from the NPL portfolio are disclosed.

	Opening	Provision for Period	Provision	Other	Closing
	Balance		Reversals	Adjustments (*)	
<b>Prior Period</b>					
Specific Provisions	56,057	67,448	(5,087)	(39,953)	78,465
General Provisions	60,513	30,590	--	--	91,103

(\*)Write-off items and the sales from the NPL portfolio are disclosed.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**7. Exposures subject to countercyclical capital buffer**

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	11,447,161	272,141	11,719,302
Russia	174,328	--	174,328
Malta	90,037	--	90,037
Marshall Islands	24,666	--	24,666
Iraq	296	--	296
England	3,622	146,050	149,672
Germany	1,347	1,800	3,147
France	4	1,439	1,443
Switzerland	395	2,201	2,596
North Cyprus	--	377	377
Others	17,387	--	17,387
<b>Total</b>	<b>11,759,243</b>	<b>424,008</b>	<b>12,183,251</b>

**8. 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:

Cash loans granted to individuals and corporates	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Secured Loans:	9,977,477	8,051,543	918,186	438,074
Secured by Cash Collateral	85,000	62,438	--	--
Secured by Mortgages	3,100,686	2,769,708	508,187	77,789
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)	6,791,791	5,219,396	409,999	360,885
Non-Secured Loans	405,818	52,362	11,323	4,035
<b>Total</b>	<b>10,383,294</b>	<b>8,103,904</b>	<b>929,509</b>	<b>442,108</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**8. Information on collaterals, impairment, rating and maturity related to loans granted to individuals and corporates (Continued)**

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

Non-cash loans granted to individuals and corporates	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Secured Loans:	841,698	1,024,231	24,797	5,077
Secured by Cash Collateral	--	--	--	--
Secured by Mortgages	59,280	69,460	5,886	1,053
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)	782,418	954,771	18,911	4,024
Non-Secured Loans	30,531	16,323	--	--
<b>Total</b>	<b>872,229</b>	<b>1,040,555</b>	<b>24,797</b>	<b>5,077</b>

**III. Explanations on consolidated currency risk**

Position limit on currency risk is determined in line with net general position standard ratio on foreign currency. The 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 2016, the Bank's net short position is TL 125,488 (31 December 2015: TL 112,574 net short position) resulting from long position on the balance sheet amounting to TL 376,413 (31 December 2015: TL 159,744 short position) and short position on the off-balance amounting to TL 501,901 (31 December 2015: TL 47,170 long position). The Bank uses "Standard Method" in legal reporting to measure the foreign exchange risk.

The announced foreign exchange buying rates of the Bank at 31 December 2016 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)	TL 3.5192
Euro purchase rate as at the balance sheet date (Full basis TL)	TL 3.7099

Date	USD	EUR
26 December 2016	3.5077	3.6647
27 December 2016	3.5041	3.6639
28 December 2016	3.5135	3.6711
29 December 2016	3.5329	3.6901
30 December 2016	3.5192	3.7099

# FİBANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

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

### III. Explanations on consolidated currency risk (Continued)

Simple arithmetic means of foreign exchange rates in December 2016 are TL 3.4884 for US dollar, and TL 3.6820 for Euro (Full basis TL).

Current Period	EUR	USD	Other	Total
<b>Assets</b>				
Cash and Balances with the Central Bank of Turkey	236,864	1,246,201	316,892	1,799,957
Banks	14,790	38,560	3,602	56,952
Financial Assets at Fair Value through Profit/Loss (*)	1,483	4,244	--	5,727
Interbank Money Market Placements	259,693	--	--	259,693
Financial Assets Available for Sale	71,106	641,687	--	712,793
Loans (**)	2,183,986	1,617,853	55,760	3,857,599
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 (***)	1,265	662	--	1,927
<b>Total Assets</b>	<b>2,769,187</b>	<b>3,549,207</b>	<b>376,254</b>	<b>6,694,648</b>
<b>Liabilities</b>				
Banks Deposits	100,237	259,544	5,795	365,576
Foreign Currency Deposits	680,905	2,721,439	34,173	3,436,517
Interbank Money Market Received	49,859	454,725	--	504,584
Funds Borrowed from Other Financial Institutions	935,514	618,813	1,736	1,556,063
Sundry Creditors	17,093	69,092	6	86,191
Marketable Securities Issued	--	--	--	--
Derivative Financial Liabilities Held for Hedging Purposes	--	--	--	--
Other Liabilities(****)	2,039	367,265	--	369,304
<b>Total Liabilities</b>	<b>1,785,647</b>	<b>4,490,878</b>	<b>41,710</b>	<b>6,318,235</b>
<b>Net Balance Sheet Position</b>	<b>983,540</b>	<b>(941,671)</b>	<b>334,544</b>	<b>376,413</b>
<b>Net Off-Balance Sheet Position</b>	<b>(1,015,278)</b>	<b>810,480</b>	<b>(297,103)</b>	<b>(501,901)</b>
Financial Derivative Assets(*****)	2,245,247	3,495,902	86,823	5,827,972
Financial Derivative Liabilities(*****)	3,260,525	2,685,422	383,926	6,329,873
Non-Cash Loans (*****)	139,807	316,902	145	456,854
<b>Prior Period</b>				
Total Assets	1,657,952	3,107,821	277,133	5,042,906
Total Liabilities	1,580,624	3,568,569	53,457	5,202,650
<b>Net Balance Sheet Position</b>	<b>77,328</b>	<b>(460,748)</b>	<b>223,676</b>	<b>(159,744)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(179,033)</b>	<b>450,735</b>	<b>(224,532)</b>	<b>47,170</b>
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 (*****)	151,798	512,795	926	665,519

(\*) The balance does not include accruals of trading derivative financial assets amounting to TL 265.

(\*\*) The balance includes foreign currency indexed loans and accruals amounting to TL 399,779.

(\*\*\*) The balance does not include TL 13,642 of prepaid expenses.

(\*\*\*\*) The balance does not include accruals of trading derivative financial liabilities amounting to TL 262.

(\*\*\*\*\*) In the current period, foreign currency purchase commitments within the financial derivative assets amounted to TL 182,784 (31 December 2015: TL 121,023), foreign currency sale commitments within the derivative financial liabilities amounted to TL 143,268 (31 December 2015: TL 124,398).

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

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

### III. Explanations on consolidated currency risk (Continued)

The following table demonstrates prospective increase and decrease in equities and profit/loss as of 31 December 2016 and 2015 (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	(12,041)	(1,078)	(421)	(776)
EURO	(3,174)	68	(10,171)	195
Other FC	3,744	--	(86)	--
<b>Total (Net)</b>	<b>(11,471)</b>	<b>(1,010)</b>	<b>(10,678)</b>	<b>(581)</b>

### IV. Explanations on consolidated interest rate risk

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

Standard method and Asset-Liability risk measurement methods are used to measure the 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 crisis. Change in the net present value of the net assets of the Bank are monitored within the limits set by the Board of Directors.

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

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,352,802	--	--	--	--	585,132	<b>1,937,934</b>
Banks							
Financial Assets at Fair Value Through Profit or Loss	33,815	--	--	--	--	24,565	<b>58,380</b>
Interbank Money Market Placements	21,971	1,174	1,014	1,194	2,905	469,427	<b>497,685</b>
Financial Assets Available-for-Sale	274,702	--	--	--	--	--	<b>274,702</b>
Loans	--	293	24,940	751,929	109,044	1,020	<b>887,226</b>
Investment Securities Held-to-Maturity	1,869,120	3,805,040	1,991,266	2,772,280	875,097	128,469	<b>11,441,272</b>
Other Assets (*)	--	--	--	--	--	--	<b>--</b>
<b>Total Assets</b>	<b>3,552,410</b>	<b>3,806,507</b>	<b>2,017,220</b>	<b>3,525,403</b>	<b>987,046</b>	<b>1,500,286</b>	<b>15,388,872</b>
<b>Liabilities</b>							
Bank Deposits							
Other Deposits	347,019	20,072	--	--	--	114,714	<b>481,805</b>
Interbank Money Market Received	5,589,025	2,134,088	891,984	17,244	--	502,592	<b>9,134,933</b>
Sundry Creditors	517,259	166,569	--	--	--	--	<b>683,828</b>
Marketable Securities Issued							
Funds Borrowed from Other Financial Institutions	--	--	--	--	--	145,780	<b>145,780</b>
Bank Deposits	183,558	424,661	383,756	--	--	--	<b>991,975</b>
Other Deposits	56,928	903,970	609,851	2,534	--	--	<b>1,573,283</b>
Other Liabilities	--	8,737	--	--	351,920	2,016,611	<b>2,377,268</b>
<b>Total Liabilities</b>	<b>6,693,789</b>	<b>3,658,097</b>	<b>1,885,591</b>	<b>19,778</b>	<b>351,920</b>	<b>2,779,697</b>	<b>15,388,872</b>

# FİBANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

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

### IV. Explanations on consolidated interest rate risk (Continued)

Balance Sheet Long Position	--	148,410	131,629	3,505,625	635,126	--	4,420,790
Balance Sheet Short Position	(3,141,379)	--	--	--	--	(1,279,411)	(4,420,790)
Off-Balance Sheet Long Position	--	--	--	25,000	--	9,921,939	9,946,939
Off-Balance Sheet Short Position	--	--	--	(25,000)	--	(9,874,479)	(9,899,479)
<b>Total Position</b>	<b>(3,141,379)</b>	<b>148,410</b>	<b>131,629</b>	<b>3,505,625</b>	<b>635,126</b>	<b>(1,231,951)</b>	<b>47,460</b>

(\*) Non-interest bearing column includes TL 186,205 tangible assets, TL 3,979 intangible assets, TL 307 tax assets, TL 3,817 non-current assets held for sale and TL 97,365 other assets

(\*\*) Non-interest bearing column includes TL 1,289,769 shareholders' equity, TL 126,155 other liabilities, TL 85 finance lease liabilities, TL 178,668 provisions and TL 38,474 tax liabilities.

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

<u>Prior Period End</u>	<u>Up to 1 month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>1-5 Years</u>	<u>Over 5 Years</u>	<u>Non-interest Bearing</u>	<u>Total</u>
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,430,560	--	--	--	--	43,549	<b>1,474,109</b>
Banks	4,301	--	--	--	--	65,745	<b>70,046</b>
Financial Assets at Fair Value Through Profit or Loss	9,986	4,147	22,506	51,044	26,848	--	<b>114,531</b>
Interbank Money Market Placements	--	--	--	--	--	--	--
Financial Assets Available -for-Sale	8,929	--	40,565	492,590	68,990	2,697	<b>613,771</b>
Loans	1,250,287	3,044,920	1,469,279	2,227,114	554,412	68,765	<b>8,614,777</b>
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--
<b>Other Assets (*)</b>	<b>2,704,063</b>	<b>3,049,067</b>	<b>1,532,350</b>	<b>2,770,748</b>	<b>650,250</b>	<b>480,106</b>	<b>11,186,584</b>
<b>Liabilities</b>							
Bank Deposits	495,035	--	--	--	--	16,649	<b>511,684</b>
Other Deposits	3,380,740	2,621,152	527,341	179	--	414,628	<b>6,944,040</b>
Interbank Money Market Received	504,822	--	--	--	--	--	<b>504,822</b>
Sundry Creditors	--	--	--	--	--	100,688	<b>100,688</b>
Marketable Securities Issued	--	201,035	302,706	--	--	--	<b>503,741</b>
Funds Borrowed from Other Financial Institutions	27,599	282,800	921,098	4,862	--	--	<b>1,236,359</b>
Other Liabilities (**)	5,022	3,591	22,403	35,378	17,214	1,301,642	<b>1,385,250</b>
<b>Total Liabilities</b>	<b>4,413,218</b>	<b>3,108,578</b>	<b>1,773,548</b>	<b>40,419</b>	<b>17,214</b>	<b>1,833,637</b>	<b>11,186,584</b>
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)
<b>Total Position</b>	<b>(1,709,155)</b>	<b>(59,511)</b>	<b>(241,199)</b>	<b>2,730,330</b>	<b>633,036</b>	<b>(1,453,136)</b>	<b>(99,635)</b>

(\*) 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.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

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

**IV. Explanations on consolidated interest rate risk (Continued)**

**Average interest rates applied to financial instruments**

<b>Current Period End</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	0.75	--	3.31
Banks	0.03	0.55	--	--
Financial Assets at Fair Value Through Profit/ Loss	3.19	4.69	--	10.67
Interbank Money Market Placements	0.01	--	--	10.40
Financial Assets Available-for-Sale	3.43	4.51	--	9.40
Loans	5.97	6.23	--	15.23
Investment Securities Held-to-Maturity	--	--	--	--
<b>Liabilities</b>				
Bank Deposits	--	0.84	--	9.06
Other Deposits	1.60	3.46	--	11.40
Interbank Money Market Received	0.53	2.27	--	8.00
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	9.25	--	10.77
Funds Borrowed from Other Financial Institutions	1.89	2.53	--	6.55
<b>Prior Period End</b>				
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	0.49	--	3.81
Banks	--	--	--	11.25
Financial Assets at Fair Value Through Profit/Loss	3.72	5.15	--	9.00
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	--	--	--	--
<b>Liabilities</b>				
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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**IV. 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 2016:

	<b>Shock Applied</b> (+/- x bps)	<b>Gains/ Losses</b>	<b>Gains/ Equity - Losses/Equity</b>
TRY	500	(204,228)	%(11.45)
TRY	-400	195,267	%10.95
USD Dollar	200	(15,789)	%(0.89)
USD Dollar	-200	12,210	%0.68
EURO	200	(77,262)	%(4.33)
EURO	-200	48	%0.00
<b>Total (For Positive Shocks)</b>		<b>(297,279)</b>	<b>%(16.67)</b>
<b>Total (For Negative Shocks)</b>		<b>207,525</b>	<b>%11.63</b>

**V. Explanations on consolidated position risk of equity securities resulted from banking book**

The Bank has no position risk of equity securities as of 31 December 2016 (31 December 2015: None).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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**VI. Explanations on consolidated liquidity risk**

The funding sources are diversified as customer deposits, domestic / foreign funds borrowed, bonds, Maturity alignment between assets and liabilities is ensured, Liquid values are kept in order to ensure that the liquidity needs that can arise as a result of market fluctuations.

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

Liquidity Risk is managed by ALCO in order to take the necessary measures in a timely and correct manner against possible liquidity shortages. Treasury department manages cash inflows and outflows in line with strategies determined by ALCO. As deemed necessary by the ALCO members, liquidity meetings are performed for the purposes of close monitoring. Treasury department manages short term liquidity by adhering to the ALCO strategy and ensuring compliance with legal liquidity limits and stress testing.

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

For long-term liquidity "Maturity Mismatch Report" is prepared and presented to ALCO on a weekly basis. The Bank, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 2 year maturity period. The Bank intends to eliminate liquidity mismatch shifting focus to long-term funding alternatives. Such decisions of the risk of incompatibility are taken by ALCO. The Bank; diversifies its funding sources among customer deposits, domestic and foreign borrowings, bills and bonds issued, taking into consideration the maturity match between its assets and liabilities and keeps liquid assets in order to fully meet the liquidity requirements that may emerge in case of market volatility.

**Information on the use of stress testing**

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

Alternative funding sources are identified in case of need. ALCO members are responsible for 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 takes into consideration the results of the above-mentioned stress testing and scenario analysis by the early warning system.

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks"; published in the Official Gazette numbered 28948, dated 21 March 2014; liquidity ratio is required to be 50 % for foreign currency assets/liabilities and 70 % for total assets/liabilities in the calculation of the banks' weekly and monthly reporting effective from 1 January 2016.

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**VI. Explanations on consolidated liquidity risk (Continued)**

Current Period		Total Unweighted Value (Average) *		Total Weighted Value (Average)*	
		TL+FC	FC	TL+FC	FC
<b>High-Quality Liquid Assets</b>					
1	Total high-quality liquid assets (HQLA)			1,638,399	1,512,782
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	5,822,217	2,336,467	368,166	141,711
3	Stable deposits	4,281,117	1,838,709	214,056	91,935
4	Less stable deposits	1,541,100	497,758	154,110	49,776
5	Unsecured wholesale funding, of which:	3,273,924	1,452,496	1,963,525	867,813
6	Operational deposits	--	-	--	--
7	Non-operational deposits	2,154,537	946,043	861,815	378,417
8	Unsecured funding	1,119,387	506,453	1,101,710	489,395
9	Secured wholesale funding			423,489	423,489
10	Other cash outflows of which:	1,373,571	532,901	256,376	171,913
11	Outflows related to derivative exposures and other collateral requirements	125,003	117,321	125,003	117,321
12	Outflows related to restructured financial instruments	--	--	--	--
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	1,248,568	415,581	131,373	54,592
14	Other revocable off-balance sheet commitments and contractual obligations	--	--	--	--
15	Other irrevocable or conditionally revocable offbalance sheet obligations	25,897	8	25,897	8
16	<b>Total Cash Outflows</b>			<b>3,037,453</b>	<b>1,604,934</b>
<b>Cash Inflows</b>					
17	Secured receivables	--	--	54,535	54,535
18	Unsecured receivables	1,638,947	272,869	1,075,831	224,293
19	Other cash inflows	40,101	32,356	40,101	32,355
20	<b>Total Cash Inflows</b>	21,566	13,789	<b>1,170,467</b>	<b>311,183</b>
				The Adjusted Values	
21	<b>Total HQLA</b>			1,638,399	1,512,782
22	<b>Total Net Cash Outflows</b>			1,866,986	1,293,751
23	<b>Liquidity Coverage Ratio (%)</b>			<b>87.76</b>	<b>116.93</b>

(\*)The average of last three months' consolidated liquidity coverage ratio calculated by monthly simple averages

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**VI. Explanations on consolidated liquidity risk (Continued)**

Prior Period		Total Unweighted Value (Average) *		Total Weighted Value (Average)*	
		TL+FC	FC	TL+FC	FC
<b>High-Quality Liquid Assets</b>					
1	Total high-quality liquid assets (HQLA)			1,167,776	1,075,731
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	4,133,508	1,694,900	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 offbalance sheet obligations	88,788	88,413	4,439	4,421
16	<b>Total Cash Outflows</b>			<b>2,286,165</b>	<b>1,340,716</b>
<b>Cash Inflows</b>					
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	<b>Total Cash Inflows</b>	<b>815,733</b>	<b>176,786</b>	<b>480,068</b>	<b>138,738</b>
				Total Adjusted Value	
21	<b>Total HQLA</b>			1,167,776	1,075,731
22	<b>Total Net Cash Outflows</b>			1,806,098	1,201,979
23	<b>Liquidity Coverage Ratio (%)</b>			<b>64.66</b>	<b>89.5</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**VI. Explanations on consolidated liquidity risk (Continued)**

<b>Current Period</b>	<b>TL+FC</b>	<b>FC</b>
31 October 2016	79.55%	105.59%
30 November 2016	90.57%	103.27%
31 December 2016	94.29%	154.69%

<b>Prior Period</b>	<b>TL+FC</b>	<b>FC</b>
31 October 2015	61.89%	84.46%
30 November 2015	66.31%	99.07%
31 December 2015	65.70%	86.61%

The Bank implements the calculation in accordance with the Regulation of Liquidity Coverage Ratio Calculation of Banks dated 21 March 2014 and numbered 28948 published in the Official Gazette. 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 calculates 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.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

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

**VI. Explanations on consolidated liquidity risk (Continued)**

Presentation of assets and liabilities according to their remaining maturities:

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Unallocated</b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	348,312	1,589,622	--	--	--	--	--	<b>1,937,934</b>
Banks	24,565	33,815	--	--	--	--	--	<b>58,380</b>
Financial Assets at Fair Value Through Profit or Loss	--	88,353	12,364	37,744	356,292	2,932	--	<b>497,685</b>
Interbank Money Market Placements	--	274,702	--	--	--	--	--	<b>274,702</b>
Financial Assets Available-for-Sale	1,020	--	293	23,339	751,929	110,645	--	<b>887,226</b>
Loans	--	1,703,514	1,562,411	4,358,997	3,214,614	473,267	128,469	<b>11,441,272</b>
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--	<b>--</b>
Other Assets(*)	--	--	--	--	--	--	291,673	<b>291,673</b>
<b>Total Assets</b>	<b>373,897</b>	<b>3,690,006</b>	<b>1,575,068</b>	<b>4,420,080</b>	<b>4,322,835</b>	<b>586,844</b>	<b>420,142</b>	<b>15,388,872</b>
<b>Liabilities</b>								
Bank Deposits	114,714	347,019	20,072	--	--	--	--	<b>481,805</b>
Other Deposits	502,592	5,589,025	2,134,088	891,984	17,244	--	--	<b>9,134,933</b>
Funds Borrowed from Other Financial Institutions	--	15,991	150,573	821,189	507,303	78,227	--	<b>1,573,283</b>
Interbank Money Market	--	517,259	166,569	--	--	--	--	<b>683,828</b>
Marketable Securities Issued	--	183,558	424,661	383,756	--	--	--	<b>991,975</b>
Sundry Creditors	--	145,780	--	--	--	--	--	<b>145,780</b>
Other Liabilities(**)	--	156,685	31,117	37,639	328,228	353,892	1,469,707	<b>2,377,268</b>
<b>Total Liabilities</b>	<b>617,306</b>	<b>6,955,317</b>	<b>2,927,080</b>	<b>2,134,568</b>	<b>852,775</b>	<b>432,119</b>	<b>1,469,707</b>	<b>15,388,872</b>
<b>Net Liquidity Surplus/(Gap)</b>	<b>(243,409)</b>	<b>(3,265,311)</b>	<b>(1,352,012)</b>	<b>2,285,512</b>	<b>3,470,060</b>	<b>154,725</b>	<b>(1,049,565)</b>	<b>--</b>
<b>Net Off-Balance Sheet Position</b>								
Derivative Financial Assets	--	15,785	(3,025)	19,021	16,005	--	--	<b>47,786</b>
Derivative Financial Liabilities	--	2,622,167	1,018,933	2,321,449	3,776,784	--	--	<b>9,739,333</b>
Non-Cash Loans	--	2,606,382	1,021,958	2,302,428	3,760,779	--	--	<b>9,691,547</b>
	--	49,172	158,169	321,197	95,139	273,349	--	<b>897,026</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>227,413</b>	<b>2,422,706</b>	<b>966,747</b>	<b>3,885,576</b>	<b>2,800,165</b>	<b>502,700</b>	<b>381,277</b>	<b>11,186,584</b>
<b>Total Liabilities</b>	<b>431,277</b>	<b>4,637,877</b>	<b>2,853,839</b>	<b>1,602,636</b>	<b>282,740</b>	<b>226,503</b>	<b>1,151,712</b>	<b>11,186,584</b>
<b>Net Liquidity Gap</b>	<b>(203,864)</b>	<b>(2,215,171)</b>	<b>(1,887,092)</b>	<b>2,282,940</b>	<b>2,517,425</b>	<b>276,197</b>	<b>(770,435)</b>	<b>--</b>
<b>Net Off-Balance Sheet Position</b>								
Derivative Financial Assets	--	371	(14,230)	(29,696)	(83,096)	--	--	<b>(126,651)</b>
Derivative Financial Liabilities	--	721,138	451,533	1,022,630	1,499,854	--	--	<b>3,695,155</b>
Non-Cash Loans	--	720,767	465,763	1,052,326	1,582,950	--	--	<b>3,821,806</b>
	--	6,844	162,889	413,408	276,474	186,017	--	<b>1,045,632</b>

(\*) 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 as other liabilities under unallocated column

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**VI. Explanations on consolidated liquidity risk (Continued)**

**Contractual maturity analysis of liabilities according to remaining maturities**

31 December 2016	Carrying Values	Gross		Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
		Nominal Outflows	Demand					
Bank Deposit	481,805	482,035	114,714	347,062	20,259	--	--	--
Other Deposit	9,134,930	9,239,187	502,589	5,606,205	2,159,993	950,717	19,683	--
Money Market Funds	683,828	684,961	--	517,655	167,306	--	--	--
Securities Issued	991,975	1,015,580	--	184,700	432,430	398,450	--	--
Funds Borrowed	1,536,663	1,604,138	--	13,782	148,990	857,847	538,987	44,532
Subordinated Loans	397,278	752,983	--	--	17,868	18,164	143,990	572,961
<b>Total</b>	<b>13,226,479</b>	<b>13,778,884</b>	<b>617,303</b>	<b>6,669,404</b>	<b>2,946,846</b>	<b>2,225,178</b>	<b>702,660</b>	<b>617,493</b>

31 December 2015	Carrying Values	Gross		Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
		Nominal Outflows	Demand					
Bank Deposit	511,684	511,813	16,649	495,164	--	--	--	--
Other Deposit	6,944,040	7,022,379	414,628	3,396,560	2,656,120	554,868	203	--
Money Market Funds	504,822	504,978	--	504,978	--	--	--	--
Securities Issued	503,741	517,570	--	--	169,200	348,370	--	--
Funds Borrowed	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
<b>Total</b>	<b>9,700,646</b>	<b>10,163,393</b>	<b>431,277</b>	<b>4,424,328</b>	<b>2,887,817</b>	<b>1,657,121</b>	<b>339,734</b>	<b>423,115</b>

According to the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks published in the Official Gazette numbered 29450 on 19 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 (*)	27,193,355	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	(8,176,420)	(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	19,016,935	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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**VII. Explanations on consolidated leverage level**

The table of leverage level calculated in accordance with the Regulation on Assessment and Calculation of Banks' Leverage Level published in the Official Gazette numbered 28812 and dated 5/11/2013 shown below;

	<b>Balance sheet assets</b>	<b>Current Period(*)</b>	<b>Prior Period(*)</b>
1	Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	15,529,445	10,974,528
2	(Assets deducted in determining Tier 1 capital)	(34,434)	(35,696)
3	Total balance sheet risks (sum of lines 1 and 2)	15,495,011	10,938,832
	<b>Derivative financial instruments and credit derivatives</b>		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	331,031	101,960
5	Potential credit risk associated with all derivative financial instruments and credit derivatives	185,286	86,787
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	516,317	188,747
	<b>Securities or commodity financing transactions (SCFT)</b>		
7	Risks from SCFT assets (except for on-balance sheet)	811,748	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)	811,748	552,260
	<b>Off-balance sheet transactions</b>		
10	Gross notional amounts of off-balance sheet transactions	2,193,861	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)	2,193,861	1,668,246
	<b>Capital and total risks</b>		
13	Tier 1 capital	1,265,679	927,052
14	Total risks (sum of lines 3, 6, 9 and 12)	19,016,937	13,348,086
	<b>Leverage ratio</b>		
15	Leverage ratio	6.67	6.95

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>12,661,580</b>	<b>9,298,594</b>	<b>12,752,984</b>	<b>9,352,428</b>
Interbank Money Market Placements	274,702	--	274,702	--
Banks	58,380	70,046	58,380	70,046
Financial Assets Available-for-Sale	887,226	613,771	887,226	613,771
Investments Held-to-Maturity	--	--	--	--
Loans	11,441,272	8,614,777	11,505,676	8,668,611
<b>Financial Liabilities</b>	<b>12,688,434</b>	<b>9,296,512</b>	<b>12,688,434</b>	<b>9,296,512</b>
Bank Deposits	481,805	511,684	481,805	511,684
Other Deposits	9,134,933	6,944,040	9,134,933	6,944,040
Funds Borrowed from Other Financial Institutions	1,933,941	1,236,359	1,933,941	1,236,359
Marketable Securities Issued	991,975	503,741	991,975	503,741
Sundry Creditors	145,780	100,688	145,780	100,688

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
<b>Financial Assets</b>						
Financial Assets at Fair Value through Profit and Loss	82,681	20,559	415,004	93,972	--	--
Financial Assets Available for Sale	886,207	600,609	1,019	13,162	--	--
<b>Total</b>	<b>968,888</b>	<b>621,168</b>	<b>416,023</b>	<b>107,134</b>	<b>--</b>	<b>--</b>
<b>Finansal Yükümlülükler</b>						
Financial Liabilities at Fair Value through Profit and Loss	--	--	383,459	83,608	--	--
<b>Total</b>	<b>--</b>	<b>--</b>	<b>383,459</b>	<b>83,608</b>	<b>--</b>	<b>--</b>

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

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

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

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

None.

**X. Explanations on consolidated securitisation positions**

The Bank does not have any securitisation positions as of balance sheet date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1  
JANUARY - 31 DECEMBER 2016**

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

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**XI. Information on risk management objectives and policies**

**Bank's risk management approach:**

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

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

As part of the Risk Management System, the Asset and Liability Committee presentation is prepared on a weekly basis and the Risk Committee and the Board of Directors presentations are prepared on a monthly basis. The presentations mainly consist of the Bank's financial statements, profit and loss analysis, credit risk, market risk, liquidity risk, concentration risk, interest rate risk due to banking book, and operational risk as well as the risk that the Bank is currently exposed to or possible risks.

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

The Bank uses credit rating models and / or decision trees and rating systems using financial and non-financial data for loan customers as a risk measurement system. Market risk measures are calculated within the scope of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks and using only internal model and market data for intra-bank use. In addition to these, risks are measured and reported with regular stress tests. Three stress tests (base, negative, extremely negative) are performed on a yearly basis, stress tests are performed on a monthly basis for market risk and counter party credit risk, stress tests are performed on a weekly basis for interest rate risk and liquidity risk by Risk Management Department of Bank and then they are shared with senior management in the ALCO and the Risk Committee meetings.

Periodic reports about liquidity risk, interest risk, securities portfolio, credit risk, customer concentration, sectoral concentration, collateral structure and capital adequacy are reported to the Board of Directors and senior management.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1  
JANUARY - 31 DECEMBER 2016**

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

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**XI. Information on risk management objectives and policies (Continued)**

Notes and explanations in this section have been prepared in accordance with the “Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. As the Bank uses the standard approach for the calculation of capital adequacy, the following tables those have to be disclosed in accordance with the Communiqué on an annual basis were not presented by the Bank as of 31 December 2016:

- RWA flow statements of credit risk exposures under IRB (Internal Ratings Based)
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an Internal Model Approach (IMA)
- Qualitative disclosures related to IRB models
- IRB - Credit risk exposures by portfolio and PD range
- IRB – Effect on RWA of credit derivatives used as CRM techniques
- IRB – Backtesting of probability of default (PD) per portfolio
- IRB (specialised lending and equities under the simple risk weight method)
- CCR exposures by portfolio and PD scale
- Quantitative disclosures related to IRB models
- Internal Models Approach values for trading portfolios

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**XI. Information on risk management objectives and policies (Continued)**

Overview of Risk Weighted Amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period (31 December 2016)	Prior Period (31 December 2015)	Current Period (31 December 2016)
1	Credit risk (excluding counterparty credit risk) (CCR)	11,714,299	8,585,907	937,144
2	Of which standardised approach (SA)	11,714,299	8,585,907	937,144
3	Of which internal rating-based (IRB) approach	--	--	--
4	Counterparty credit risk	662,570	142,274	53,006
5	Of which standardised approach for counterparty credit risk (SA-CCR)	662,570	142,274	53,006
6	Of which internal model method (IMM)	--	--	--
7	Equity position in banking book under basic risk weighting or internal rating-based	--	--	--
8	Equity investments in funds – look-through approach	44,943	--	3,595
9	Equity investments in funds – mandate-based approach	--	--	--
10	Equity investments in funds – 1250% risk weighting approach	--	--	--
11	Settlement risk	--	--	--
12	Securitisation exposures in banking book	--	--	--
13	Of which IRB ratings-based approach (RBA)	--	--	--
14	Of which IRB supervisory formula approach (SFA)	--	--	--
15	Of which SA/simplified supervisory formula approach (SSFA)	--	--	--
16	Market risk	153,788	97,063	12,303
17	Of which standardised approach (SA)	153,788	97,063	12,303
18	Of which internal model approaches (IMM)	--	--	--
19	Operational risk	654,905	488,484	52,392
20	Of which basic indicator approach	654,905	488,484	52,392
21	Of which standardised approach	--	--	--
22	Of which advanced measurement approach	--	--	--
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	--	--	--
24	Floor adjustment	--	--	--
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>13,230,505</b>	<b>9,313,728</b>	<b>1,058,440</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		Subject to credit risk	Subject to counterparty credit risk	Securitisation exposures	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances With Central Bank of Turkey	1,937,934	1,937,934	--	--	--	--
Financial Assets Held for Trading	497,685	60,198	424,307	--	437,487	--
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--	--	--
Banks	58,380	58,380	--	--	--	--
Interbank Money Markets Placements	274,702	274,702	--	--	--	--
Financial Assets at Fair Value Through Profit or Loss (net)	887,226	887,226	851,289	--	--	--
Loans	11,441,272	11,441,080	--	--	--	192
Factoring Receivables	--	--	--	--	--	--
Investment Held-to-Maturity (net)	--	--	--	--	--	--
Investment in Associates (net)	--	--	--	--	--	--
Investment in Subsidiaries (net)	--	--	--	--	--	--
Investment in Joint-Ventures (net)	--	--	--	--	--	--
Lease Receivables	--	--	--	--	--	--
Derivative Financial Assets Held for Risk	--	--	--	--	--	--
Tangible Assets (net)	186,205	186,205	--	--	--	--
Intangible Assets (net)	3,979	--	--	--	--	3,979
Investment Property (net)	--	--	--	--	--	--
Tax Asset	307	268	--	--	--	39
Assets Held for Sale and Assets of Discontinued Operations (net)	3,817	3,817	--	--	--	--
Other Assets	97,365	86,397	--	--	--	10,968
<b>Total Assets</b>	<b>15,388,872</b>	<b>14,936,207</b>	<b>1,275,596</b>	<b>--</b>	<b>437,487</b>	<b>15,178</b>
<b>Liabilities</b>						
Deposits	9,616,738	--	--	--	--	9,616,738
Derivative Financial Liabilities Held for Trading	383,459	--	--	--	382,392	383,459
Funds Borrowed	1,536,663	--	--	--	--	1,536,663
Interbank Money Markets	683,828	--	674,136	--	9,515	683,828
Securities Issued	991,975	--	--	--	--	991,975
Funds	--	--	--	--	--	--
Miscellaneous Payables	145,780	--	--	--	--	145,780
Other External Fundings Payable	126,156	--	--	--	--	126,156
Factoring Payables	--	--	--	--	--	--
Lease Payables	85	--	--	--	--	85
Derivative Financial Liabilities Held for Risk Management	--	--	--	--	--	--
Provisions	178,668	--	--	--	--	178,668
Tax Liability	38,481	--	--	--	--	38,481
Liabilities for Assets Held for Sale and Assets of Discontinued Operations (net)	--	--	--	--	--	--
Subordinated Debts	397,278	--	--	--	--	397,278
Shareholders' Equity	1,289,761	--	--	--	--	1,289,769
<b>Total Liabilities</b>	<b>15,388,872</b>	<b>--</b>	<b>674,136</b>	<b>--</b>	<b>391,907</b>	<b>15,388,872</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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

The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

	Total	Credit risk	Subject to the Securitization	Counterparty credit risk	Market risk(*)	
1	<b>Carrying value of assets in accordance with communiqué "preparation of financial statements"</b>	15,373,694	14,936,207	--	1,275,596	437,487
2	Carrying value of liabilities that are subjected to counterparty credit Risk as per TAS	--	--	--	674,136	391,907
3	Total Net Amount	15,373,694	14,936,207	--	601,460	45,580
4	Off-balance sheet Amounts(**)	11,447,133	1,764,414		9,682,719	9,682,719
5	Valuation differences	--	--	--	--	--
6	Differences due to different netting rules	--	--	--	(9,386)	(9,574,511)
7	Differences due to consideration of provisions	--	--	--		--
8	Differences resulted from the BRSA's applications	--	--	--	(9,477,788)	--
9	Differences due to risk mitigation				674,136	
<b>10</b>	<b>Risk Amounts</b>	<b>26,820,827</b>	<b>16,700,621</b>	<b>--</b>	<b>1,471,141</b>	<b>153,788</b>

(\*Risk amounts include financial instruments included in trading accounts that are according to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", and market risk due to calculated capital requirement for currency risk.

(\*\*)Off-balance sheet amounts subject to capital adequacy ratios.

**Explanation on the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements:**

**Disclosures regarding differences between amounts valued according to TAS and risk exposures**

The differences between the amounts assessed under TAS and the amounts after risk reduction in transactions subject to counterparty credit risk stem from the addition of potential risk amounts to the renewal costs of derivative transactions subject to the CPR and the volatility adjustments for repo / reverse repo transactions. Funds provided to differences arising from risk reduction are also included by opening separate line for them.

Valuations of securities subject to market risk in accordance with TAS represent the fair value of held for trading financial instruments. On the other hand, the values in the risk amount line represents the amount subject to market risk based on the capital requirements calculated for the losses arising due factors such as interest rate risk of the market risk, equity price risk, currency risk in accordance with the "Regulation for Measurement and Evaluation of Banks' Capital Adequacy Ratio".

If financial instruments that are accounted for at their fair value are traded in an active market, the valuation is based on that market price. The TL borrowing instruments in the held for trading securities portfolio comprise of government securities. These securities are evaluated at the weighted average trading price in the Istanbul Stock Exchange. For TL securities that are not traded, the market price is calculated based on the CBRT prices. For the FX securities in the same portfolio, the average of purchase and sale quotations in the market are considered as the market price. Derivative financial instruments are evaluated using the discounted cash flow model using market data. Input data used in evaluations using market value and/or valuation methods are periodically checked for validity and independence.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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**Information on Credit Risk**

**General Qualitative Information on Credit Risk:**

The Bank's credit risk management policies are established in line with the strategy approved by the Board of Directors in accordance with the related regulations and are based on prudence, sustainability and the customers' credit worthiness principles.

The limits are set in accordance with the Risk Policies by the Board of Directors based on the Bank's risk appetite. In accordance with the determined risk limits, the authorizations and sub-authorizations are done by the Credit Policies which is in line with the determined limits. Special attention is given to ensure that the limits are in line with market expectations and the Bank's strategies.

Credit rating models and decision trees are used in the credit underwriting processes in accordance with the risk appetite, credit policies set by the Bank and the targets of the Bank. The grading of all customers except for individual credit customers by the Bank is essential. The individual loan portfolio is managed via an automated decision trees.

Customer selection is carried out in accordance with policies and strategies of the Bank and is based on the ability to pay on time and the cash flows expected to be received from its operations independent from guarantees, sureties and pledged assets. When needed; it is mandatory for the Bank to obtain appropriate collateral in line with the source of the payment for the repayment of the credit from the customers to ensure that their obligations arising from the credit are met on time and in full. The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risks. In this context, a minimum collateral margin is determined by taking into account the collateral quality and the collection expectations given default and it is ensured that the appropriate collateral is obtained based on the credit type. Before a credit relationship is established with a customer, an analysis and intelligence collection are carried out in order to measure the creditworthiness of the customers. Before the credit decisions; the customer is examined and evaluated with an analysis for factors that have affected its past, present and future performances and any other factors (financial and non-financial data) that may affect its past, present and future performances.

Credit risk is encountered when the counterparty is unable to fulfill its obligations defined with the agreement. All credit risk bearing banking products are managed with prudent credit policies and procedures in the Bank. The credit quality of the counterparty is evaluated with an internal rating score in all corporate, commercial and SME credit transactions. In order to monitor the credit risk, internal limits are determined on the basis of sector, maturity, customer and internal rating to avoid the risk of concentration.

Credit risk management is a process in which credit risks are assessed and monitored in a consistent manner, besides all credit portfolios are included on a consolidated basis. Credit risk is managed on the basis of portfolios, risk / return balance and asset quality of the Bank, and the credit risk is governed by the principles contained in the policy documents. In addition, credit-based evaluation, underwriting and follow-up are carried out by the units in the Loans group within the framework of the relevant processes. Loans proposals are evaluated by the credit units of the Headquarters, if necessary, within the framework of the level of authority based on the determined amount and finalized the loan proposal by the Credit Committee and the Board of Directors.

The units carry out their risk management activities in accordance with the risk appetite and capacity of the Bank through the use of risk measurement and management tools within the policies established by the Board of Directors. In this context, the organizational structure for credit risk management and control functions is detailed as follows the units included in the scope of Credit Risk Management are Corporate and Commercial Loans, Individual and SME Loans Allocation, Credit Monitoring and Collection Department and Credit Analysis Department. Decisions on credit policies are taken by the Credit Committee.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**General Qualitative Information on Credit Risk (continued):**

Allocated credit limits and usages, exceeded limits, assessments of large risks and overdue loans are regularly reported to the senior management.

In the course of credit risk management, the Risk Management Department conducts monitoring and reporting of internal concentration limits. It is ensured that the policies related to the concentration risk management are prepared and processed within the policies of allocation, monitoring, limit monitoring and management. Regular reporting on the cost of the loan and the development of the following loans is made. In addition, stress test and scenario analysis studies related to the loan portfolio are carried out within the scope of ICAAP.

The evaluation of the internal systems established to cover all branches and units and the maintenance of the continuity of functioning, competence and efficiency are among the highest priorities of the Bank's Board of Directors. Within the scope of internal systems, the duties and responsibilities of the Board of Directors are; Internal Audit, Internal Control and Risk Management activities are carried out by the Audit Committee.

**Credit Quality of Assets**

		Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared		Allowances/ amortisation and impairments	Net value
		Defaulted	Non-defaulted		
1	Loans	212,639	11,312,803	84,170	11,441,272
2	Debt securities	--	968,888	--	968,888
3	Off-balance sheet exposures	2,900	1,762,554	1,311	1,764,143
<b>4</b>	<b>Total</b>	<b>215,539</b>	<b>14,044,245</b>	<b>85,481</b>	<b>14,174,303</b>

**Changes in stock of default loans and debt securities**

1	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>147,230</b>
2	Loans and debt securities defaulted since the last reporting period	219,140
3	Receivables back to non-defaulted status	--
4	Amounts written off(*)	111,963
5	Other changes (**)	41,768
6	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>212,639</b>

(\*) Sales of non-performing loan portfolios are disclosed.

(\*\*) Other changes include collections during the period.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**Breakdown of receivables by geographical area, sector and outstanding maturity:**

**Breakdown by geographical area:**

<b>(Current Period)</b>	<b>Loans and Other Receivables</b>
Domestic	10,938,052
European Union (EU) Countries	90,015
OECD Countries	--
Off-Shore Banking Regions	--
USA, Canada	--
Other Countries	284,736
<b>Total</b>	<b>11,312,803</b>

**Sectoral Breakdown:**

<b>(Current Period)</b>	<b>Loans and Other Receivables</b>
<b>Agriculture</b>	<b>345,743</b>
Farming and Stockbreeding	233,513
Forestry	91,726
Fishery	20,504
<b>Manufacturing</b>	<b>2,596,352</b>
Mining and Quarrying	824,816
Production	1,271,125
Electricity, Gas and Water	500,411
<b>Construction</b>	<b>1,913,735</b>
<b>Services</b>	<b>5,314,809</b>
Wholesale and Retail Trade	1,762,636
Accommodation and Dining	1,095,717
Transportation and Telecommunication	536,239
Financial Institutions	617,167
Real Estate and Rental Services	306,542
Self-Employment Services	543,196
Educational Services	79,444
Health and Social Services	373,868
<b>Others</b>	<b>1,142,164</b>
<b>Total</b>	<b>11,312,803</b>

**Breakdown by outstanding maturity:**

	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 years and over</b>	<b>Total</b>
Current Period	1,703,514	1,562,411	4,358,997	3,214,614	473,267	11,312,803

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

**Exposures provisioned against by major regions and sectors and write-offs:**

<b>Current Period</b>	<b>Non-performing loans</b>	<b>Specific Provisions</b>	<b>Write-offs</b>
Domestic	212,639	84,170	111,963
European Union (EU) Countries	--	--	--
OECD Countries	--	--	--
Off-Shore Banking Regions	--	--	--
USA, Canada	--	--	--
Other Countries	--	--	--
<b>Total</b>	<b>212,639</b>	<b>84,170</b>	<b>111,963</b>

<b>Current Period</b>	<b>Non-performing loans</b>	<b>Specific Provisions</b>	<b>Write-offs(*)</b>
<b>Agriculture</b>	<b>8,563</b>	<b>2,371</b>	<b>8,183</b>
Farming and Stockbreeding	3,349	648	3,084
Forestry	4,174	709	3,816
Fishery	1,040	1,014	1,283
<b>Manufacturing</b>	<b>65,848</b>	<b>19,643</b>	<b>35,332</b>
Mining and Quarrying	29,753	8,112	14,891
Production	29,977	10,307	20,336
Electricity, Gas and Water	6,118	1,224	105
<b>Construction</b>	<b>44,121</b>	<b>26,625</b>	<b>7,901</b>
<b>Services</b>	<b>67,938</b>	<b>21,837</b>	<b>42,473</b>
Wholesale and Retail Trade	54,813	18,436	38,890
Accommodation and Dining	2,445	665	737
Transportation and Telecommunication	3,058	1,482	166
Financial Institutions	314	79	12
Real Estate and Rental Services	444	146	37
Self-Employment Services	616	133	310
Educational Services	4,500	613	526
Health and Social Services	1,748	283	1,795
<b>Others</b>	<b>26,169</b>	<b>13,694</b>	<b>18,074</b>
<b>Total</b>	<b>212,639</b>	<b>84,170</b>	<b>111,963</b>

\* Amounts other than collections from asset management companies through loan sales are shown under the column "Write-offs".

**Aging analysis:**

<b>Days past due</b>	<b>Amount</b>
0-30	11,043,542
31-60	83,151
61-90	186,110
90+	212,639
<b>Total</b>	<b>11,525,442</b>

**Breakdown of restructured receivables based on whether or not provisions are allocated:**

<b>Current Period</b>	<b>Performing loans</b>	<b>Loans under follow-up</b>	<b>Non-performing loans</b>
Provisioned	--	--	88
Not provisioned (*)	11,555	491,960	--
<b>Total</b>	<b>11,555</b>	<b>491,960</b>	<b>88</b>

(\*) General provisions are allocated for those loans.

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**Credit risk mitigation techniques**

Current Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	8,801,565	2,639,707	2,639,707	--	--	--	--
2	Debt securities	968,888	--	--	--	--	--	--
3	<b>Total</b>	<b>9,770,453</b>	<b>2,639,707</b>	<b>2,639,707</b>	--	--	--	--
4	Of which defaulted	102,781	25,688	25,688	--	--	--	--

**Credit risk exposure and credit risk mitigation techniques**

Current Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Risk classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to sovereigns and their central banks	2,043,169	--	2,043,169	--	880,701	43,1%
2	Exposures to regional and local governments	--	--	--	--	--	0,0%
3	Exposures to administrative bodies and non-commercial entities	--	--	--	--	--	0,0%
4	Exposures to multilateral development banks	--	--	--	--	--	0,0%
5	Exposures to international organizations	--	--	--	--	--	0,0%
6	Exposures to banks and brokerage houses	1,033,437	39,194	1,033,437	19,618	521,775	49,5%
7	Exposures to corporates	6,156,944	547,932	6,156,944	278,248	6,350,192	98,7%
8	Retail exposures	2,590,572	504,918	2,590,572	206,902	2,098,106	75,0%
9	Exposures secured by residential property	649,037	6,572	649,037	3,286	228,313	35,0%
10	Exposures secured by commercial property	1,905,670	28,146	1,905,670	14,073	1,212,331	63,2%
11	Past-due items	112,834	--	112,834	--	112,330	99,6%
12	Exposures in high-risk categories	15,633	1,590	15,633	795	17,767	108,2%
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0,0%
14	Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	0,0%
15	Exposures in the form of collective investment undertakings	59,922	--	59,922	--	44,943*	75,0%
16	Other exposures	368,704	636,067	368,704	61,909	292,785	68,0%
17	Equity share investments	--	--	--	--	--	0,0%
18	<b>Total</b>	<b>14,935,922</b>	<b>1,764,419</b>	<b>14,935,922</b>	<b>584,831</b>	<b>11,759,243</b>	<b>75,8%</b>

\*Content management methodology is used to calculate the risk-weighted amount of investments in the form of collective investment undertakings, final value obtained by using the content methodology.

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Exposures by asset classes and risk weights

	<b>Risk Class/ Risk Weight (Current Period)</b>	<b>%0</b>	<b>%10</b>	<b>%20</b>	<b>%35(*)</b>	<b>%50</b>	<b>%50</b>	<b>%75</b>	<b>%100</b>	<b>%150</b>	<b>%200</b>	<b>Total risk amount(**)</b>
1	Exposures to sovereigns and their central banks	281,766	--	--	--	1,761,403	--	--	--	--	--	2,043,169
2	Exposures to regional and local government	--	--	--	--	--	--	--	--	--	--	--
3	Exposures to administrative bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to banks and brokerage houses	--	--	37,582	--	1,002,429	--	--	13,044	--	--	1,053,055
7	Exposures to corporates	85,000	--	--	--	--	--	--	6,350,192	--	--	6,435,192
8	Retail exposures	--	--	--	--	--	--	2,797,474	--	--	--	2,797,474
9	Exposures secured by residential property	--	--	--	652,323	--	--	--	--	--	--	652,323
10	Exposures secured by commercial property	--	--	--	--	--	1,414,825	--	504,918	--	--	1,919,743
11	Past-due items	--	--	--	--	22,078	--	--	69,686	21,070	--	112,834
12	Exposures in high-risk categories	--	--	--	--	1,841	--	--	10,067	4,520	--	16,428
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14	Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of collective investment undertakings***	14,979	--	--	--	--	--	--	44,943	--	--	59,922
16	Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17	Other exposures	137,828	--	--	--	--	--	--	292,785	--	--	430,613
<b>18</b>	<b>Total</b>	<b>519,573</b>	<b>--</b>	<b>37,582</b>	<b>652,323</b>	<b>2,787,751</b>	<b>1,414,825</b>	<b>2,797,474</b>	<b>7,285,635</b>	<b>25,590</b>	<b>--</b>	<b>15,520,753</b>

(\*) Collateralized by real estate mortgages

(\*\*) After CCF and CRM

(\*\*\*)Content management methodology is used to calculate the risk-weighted amount of investments in the form of collective investment undertakings, final value obtained by using the content methodology.

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**Information on credit risk mitigation techniques**

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

Applications related to the valuation and management of collaterals are defined as follows: Appraisals for the mortgages that are received as collaterals are only performed by the firms that have been approved by the BRSA and licensed by the Capital Markets Board (“CMB”). Appraisal reports for the real 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 Bank’s collaterals are mainly composed of cheques, notes, mortgages, guarantees, vehicle pledges and deposit pledges. The Bank’s credit risk concentration mainly consists of corporate receivables and are followed by receivables that are collateralized with mortgage, SME receivables and retail receivables, respectively.

<b>Exposure Categories *</b>	<b>Amount</b>	<b>Financial Collaterals</b>	<b>Other/Physical Collaterals**</b>	<b>Guarantees and Credit Derivatives</b>
Receivables from Central Governments	2,212,890	169,924	--	--
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	1,734,622	504,584	--	--
Corporate Receivables	6,435,193	85,000	--	--
Retail Receivables	2,797,473	--	--	--
Receivables that are Collateralized by Residential Property	2,572,066	--	4,153,674	--
Past due Receivables	112,835	--	57,278	--
Receivables Defined in High Risk Category by BRSA	16,428	--	8,455	--
Securities Collateralised by Mortgages	--	--	--	--
Short-term Receivables from Banks, Brokerage Houses and Corporates	--	--	--	--
Investments Similar to Collective Investment Funds	44,943	--	--	--
Other Receivables	430,613	--	--	--
<b>Total</b>	<b>16,357,063</b>	<b>759,508</b>	<b>4,219,407</b>	<b>--</b>

(\*) 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.

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**Counterparty credit risk (CCR) approach analysis**

Current Period	Replacement Cost	Potential Credit Exposure	EEPE(Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1 Standardised Approach - CCR (for derivatives)	414,720	204,931	--	1,4	619,651	424,008
2 Internal Model Method (for derivative instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
3 Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	851,289	35,396
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	203	--
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	--	--	--	--	--	--
<b>6 Total</b>	<b>414,720</b>	<b>204,931</b>	<b>--</b>	<b>--</b>	<b>1,471,143</b>	<b>459,404</b>

**Capital requirement for credit valuation adjustment (CVA)**

Current Period	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	--	--
1 (i) VaR component (including the 3×multiplier)	--	--
2 (ii) Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital obligation	619,649	203,166
4 Total subject to the CVA capital obligation	619,649	203,166

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**CCR exposures by risk class and risk weights – standardised approach**

<b>Current Period</b>									
	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Exposures to sovereigns and their central banks	169,924	--	--	--	--	--	--	--	169,924
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to administrative bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	504,583	--	246,580	273,925	--	378	--	--	1,025,466
Exposures to corporates	--	--	--	--	--	265,523	--	--	265,523
Retail exposures	595	--	--	--	9,633	--	--	--	10,228
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Past-due items	--	--	--	--	--	--	--	--	--
Exposures in high-risk categories	--	--	--	--	--	--	--	--	--
Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	--	--	--	--
Exposures in the form of collective investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Other Exposures	--	--	--	--	--	--	--	--	--
Other Assets	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>675,102</b>	<b>--</b>	<b>246,580</b>	<b>273,925</b>	<b>9,633</b>	<b>265,901</b>	<b>--</b>	<b>--</b>	<b>1,471,141</b>

**Collaterals for CCR**

	Collateral for derivative transactions				Collateral for other transactions	
	Collateral Received		Collateral given		Collateral Received	Collateral Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	--	--	--	--	179,244	--
Cash-foreign currency	595	--	--	--	504,584	--
Domestic sovereign debts	--	--	--	--	--	179,302
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	681,567
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
<b>Total</b>	<b>595</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>683,828</b>	<b>860,869</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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**Explanations on consolidated market risk**

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

In order to hedge against the market risk within the context of the risk management objectives, the Group sets its activities related with market risk management in accordance with “Regulations on Banks’ Internal Control and Risk Management Systems” published in the Official Gazette no. 29057 dated 11 July 2014 and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 29511 dated 23 October 2015.

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

Market risk arising from trading transactions is limited through the risk appetite policy approved by Board of Directors as “low”and measured by taking into consideration BRSA’s standart methodology. Additionally Financial Control Department reports the market value and realized profit/loss of trading portfolio.The Risk Management and Asset Liability Committee continously monitor compliance of trading transactions with the risk appetite policy. Measurements can be done with online connection with treasury front office in real time. 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 and GAP analysis are also applied.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**Explanations on consolidated market risk**

**Market risk under standardised approach**

Current Period		RWA
Outright products		
1	Interest rate risk (general and specific)	119,763
2	Equity risk (general and specific)	-
3	Foreign exchange risk	25,750
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus method	8,275
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>153,788</b>

**1. Quantitative information on counterparty risk**

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

The replacement costs of the contracts with positive value are obtained by evaluating the contracts according to their fair value. The potential credit risk amount is calculated by multiplying contract or transaction amounts with certain ratios determined in accordance with days to maturity and contract type. The total of replacement cost and potential credit risk make up counterparty risk amount. Counterparty credit risk mitigation considers only cash collaterals.

Current Period	Value	Risk Weights					Total RWA
		%0	%20	%50	%75	%100	
Interest-Rate Contracts (*)	203	203	--	--	--	--	--
Foreign-Exchange-Rate Contracts (**)	204,929	456	33,376	67,983	3,563	99,551	142,890
Commodity Contracts	--	--	--	--	--	--	--
Equity-Shares Related Contracts	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Gross Positive Fair Values	414,720	137	36,220	205,943	6,070	166,350	281,118
Netting Benefits	--	--	--	--	--	--	--
Net Current Exposure Amount	--	--	--	--	--	--	--
Collaterals Received	595	--	--	--	--	--	--
<b>Net Derivative Position (***)</b>	<b>619,852</b>	<b>796</b>	<b>69,596</b>	<b>273,926</b>	<b>9,633</b>	<b>265,901</b>	<b>424,008</b>

(\*) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**1. Quantitative information on counterparty risk (Continued)**

Prior Period	Value	Risk Weights					Total RWA
		%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	--	--	--	--	--	--
<b>Net Derivative Position (***)</b>	<b>175,013</b>	<b>617</b>	<b>28,949</b>	<b>49,826</b>	<b>4,383</b>	<b>91,238</b>	<b>125,228</b>

(\*) 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.

**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’ (2015, 2014, 2013 gross income, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” issued on Official Gazette dated September 6, 2014 numbered 29111, “Calculation of Operational Risk”. 15% of gross income which is TL 52,392 (31 December 2015:TL 39,079) represents also the minimum capital requirement to recover the risk amount.

	31 December 2013	31 December 2014	31 December 2015	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
<b>Current Period</b>						
<b>Gross Income</b>	248,954	355,738	443,155	349,282	15	<b>52,392</b>
<b>Value at Operational Risk (Total*12.5)</b>						<b>654,905</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

(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	28,535	49,972	15,703	27,846
CBRT	109,442	1,749,985	17,655	1,412,905
Other	--	--	--	--
<b>Total</b>	<b>137,977</b>	<b>1,799,957</b>	<b>33,358</b>	<b>1,440,751</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	109,442	160,363	17,655	100,464
Unrestricted Time Deposits	--	25,969	--	--
Restricted Time Deposits	--	1,563,653	--	1,312,441
<b>Total</b>	<b>109,442</b>	<b>1,749,985</b>	<b>17,655</b>	<b>1,412,905</b>

According to the communiqué No: 2005/1 on “Reserve Deposits” of CBRT, the banks operating in Turkey are required to keep reserve deposit at the rates varying from 4% - 10.50% for TL liabilities depending on maturities of liabilities at the rates 5% - 25% and denominated mainly in EUR and USD for FC liabilities. 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 and according to the Central Bank of Turkey’s press announcement No. 2015-35 dated 2 May 2015, the Reserve Deposits as from May of 2015 are paid interest on the portion held in USD.

**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	7,055	--	8,666	--
Other	--	--	--	--
<b>Total</b>	<b>7,055</b>	<b>--</b>	<b>8,666</b>	<b>--</b>

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

# FİBABANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

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

### 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	9,581	--	6,749	--
<b>Total</b>	<b>9,581</b>	<b>--</b>	<b>6,749</b>	<b>--</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	15,877	--	13,273	--
Swap Transactions	272,383	--	38,324	1
Futures Transactions	--	--	--	--
Options	126,479	265	39,661	2,713
Other	--	--	--	--
<b>Total</b>	<b>414,739</b>	<b>265</b>	<b>91,258</b>	<b>2,714</b>

## 3. Information on Banks

### 3.1 *Information on banks*

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	830	33,815	4,694	--
Foreign	598	23,137	951	64,401
Foreign head-offices and branches	--	--	--	--
<b>Total</b>	<b>1,428</b>	<b>56,952</b>	<b>5,645</b>	<b>64,401</b>

### 3.2 *Due from foreign banks*

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	9,880	9,359	2,669	30,002
USA and Canada	8,960	21,028	--	--
OECD Countries (*)	1,174	382	--	--
Off-Shore Banking Regions	--	--	--	--
Other	1,052	4,581	--	--
<b>Total</b>	<b>21,066</b>	<b>35,350</b>	<b>2,669</b>	<b>30,002</b>

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

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

**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	169,880	681,568	72,264	515,988
Other	--	--	--	--
<b>Total</b>	<b>169,880</b>	<b>681,568</b>	<b>72,264</b>	<b>515,988</b>

**4.2 *Details of financial assets available-for-sale***

	Current Period	Prior Period
Debt instruments	886,207	611,074
Quoted on Stock Exchange	886,207	600,609
Unquoted on Stock Exchange	--	10,465
Share certificates	1,019	2,697
Quoted on Stock Exchange	1,019	2,697
Unquoted on Stock Exchange	--	--
Impairment provision (-)	--	--
<b>Total</b>	<b>887,226</b>	<b>613,771</b>

**5. Information on loans**

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans to Shareholders</b>	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
<b>Indirect Loans to Shareholders</b>	--	--	--	--
<b>Loans to Employees</b>	<b>3,630</b>	--	<b>2,800</b>	--
<b>Total</b>	<b>3,630</b>	--	<b>2,800</b>	--

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

(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

	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
<b>Cash Loans</b>						
<b>Loans</b>	<b>10,371,739</b>	<b>9,356</b>	<b>2,199</b>	<b>437,549</b>	<b>474,112</b>	<b>17,848</b>
Working Capital Loans	--	--	--	--	--	--
Export Loans	237,776	--	--	2,867	11,666	83
Import Loans	--	--	--	--	--	--
Loans to Financial Sector	599,669	--	--	599	--	--
Consumer Loans	517,860	16	--	33,962	6,693	3,218
Credit Cards	91,299	--	--	7,566	--	--
Others	8,925,135	9,340	2,199	392,555	455,753	14,547
<b>Specialization Loans</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other Receivables</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>10,371,739</b>	<b>9,356</b>	<b>2,199</b>	<b>437,549</b>	<b>474,112</b>	<b>17,848</b>

	Current Period		Prior Period	
	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
<b>Number of Extensions</b>	<b>9,356</b>	<b>474,112</b>	<b>39</b>	<b>191,037</b>
1 or 2 times	9,356	470,413	39	182,532
3, 4 or 5 times	--	3,699	--	8,505
Over 5 times	--	--	--	--

	Current Period		Prior Period	
	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
<b>Extension Periods</b>	<b>9,356</b>	<b>474,112</b>	<b>39</b>	<b>191,037</b>
0-6 months	2,012	32,121	33	10,304
6 -12 months	843	38,737	--	23,521
1 – 2 years	470	124,864	6	36,921
2 – 5 years	4,095	168,291	--	100,773
5 years and over	1,936	110,099	--	19,518

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1  
JANUARY - 31 DECEMBER 2016

(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)*

*The overdue analysis of close monitoring loans*

<i>Current Period</i>	Corporate/ Commercial		<b>Total</b>
	<b>Loans</b>	<b>Consumer Loans</b>	
1-30 days	141,691	5,493	147,184
31-60 days	63,683	19,468	83,151
61-90 days	173,908	12,202	186,110
<b>Total</b>	<b>379,282</b>	<b>37,163</b>	<b>416,445</b>

<b>Prior Period</b>	Corporate/ Commercial		<b>Total</b>
	<b>Loans</b>	<b>Consumer Loans</b>	
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
<b>Total</b>	<b>218,501</b>	<b>38,196</b>	<b>256,697</b>

*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>
<i>Current Period</i>				
<b>Short-term Loans and Other Receivables</b>	<b>4,853,744</b>	<b>2,717</b>	<b>117,340</b>	<b>53,575</b>
Loans	4,853,744	2,717	117,340	53,575
Specialization Loans	--	--	--	--
Other Loans	--	--	--	--
<b>Medium and Long-term Loans and Other Receivables</b>	<b>5,517,995</b>	<b>8,838</b>	<b>320,209</b>	<b>438,385</b>
Loans	5,517,995	8,838	320,209	438,385
Specialization Loans	--	--	--	--
Other Loans	--	--	--	--

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

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

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

	Short-Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>16,797</b>	<b>468,481</b>	<b>485,278</b>
Real Estate Loans	137	324,652	324,789
Vehicle Loans	469	6,751	7,220
General Purpose Loans	16,191	137,078	153,269
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>66,707</b>	<b>66,707</b>
Real Estate Loans	--	65,079	65,079
Vehicle Loans	--	--	--
General Purpose Loans	--	1,628	1,628
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>1,618</b>	<b>1,618</b>
Real Estate Loans	--	1,618	1,618
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Individual Credit Cards-TL</b>	<b>4,822</b>	<b>--</b>	<b>4,822</b>
With Installment	712	--	712
Without Installment	4,110	--	4,110
<b>Individual Credit Cards-FC</b>	<b>194</b>	<b>--</b>	<b>194</b>
With Installment	--	--	--
Without Installment	194	--	194
<b>Loans Given to Employees-TL</b>	<b>232</b>	<b>2,340</b>	<b>2,572</b>
Real Estate Loans	--	62	62
Vehicle Loans	--	--	--
General Purpose Loans	232	2,278	2,510
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Personnel Credit Cards – TL</b>	<b>1,042</b>	<b>--</b>	<b>1,042</b>
With Installment	259	--	259
Without Installment	783	--	783
<b>Personnel Credit Cards – FC</b>	<b>16</b>	<b>--</b>	<b>16</b>
With Installment	--	--	--
Without Installment	16	--	16
<b>Overdraft Loans-TL (Real Persons)</b>	<b>5,572</b>	<b>--</b>	<b>5,572</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>28,675</b>	<b>539,146</b>	<b>567,821</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016**

(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
<b>Installment Commercial Loans – TL</b>	<b>656,217</b>	<b>2,074,563</b>	<b>2,730,780</b>
Real Estate Loans	--	4,467	4,467
Vehicle Loans	2,835	49,801	52,636
General Purpose Loans	653,382	2,020,295	2,673,677
Other	--	--	--
<b>Installment Commercial Loans – Indexed to FC</b>	<b>4,112</b>	<b>190,842</b>	<b>194,954</b>
Real Estate Loans	--	577	577
Vehicle Loans	--	10,806	10,806
General Purpose Loans	4,112	179,459	183,571
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Corporate Credit Cards – TL</b>	<b>92,746</b>	<b>--</b>	<b>92,746</b>
With Installment	16,286	--	16,286
Without Installment	76,460	--	76,460
<b>Corporate Credit Cards – FC</b>	<b>45</b>	<b>--</b>	<b>45</b>
With Installment	--	--	--
Without Installment	45	--	45
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>83,097</b>	<b>--</b>	<b>83,097</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>836,217</b>	<b>2,265,405</b>	<b>3,101,622</b>

**5.5 Allocation of loans by customers**

	Current Period	Prior Period
Public Sector	--	--
Private Sector	11,312,803	8,546,012
<b>Total</b>	<b>11,312,803</b>	<b>8,546,012</b>

**5.6 Allocation of Domestic and Foreign Loans**

	Current Period	Prior Period
Domestic Loans	10,938,052	8,029,397
Foreign Loans	374,751	516,615
<b>Total</b>	<b>11,312,803</b>	<b>8,546,012</b>

**5.7 Loans granted to subsidiaries and associates**

None.

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

**5.8 Specific provisions provided against loans**

<b>Specific Provisions</b>	<b>Current Period</b>	<b>Prior Period</b>
Loans and Receivables with Limited Collectability	9,430	4,572
Loans and Receivables with Doubtful Collectability	23,399	15,711
Uncollectible Loans and Receivables	51,341	58,182
<b>Total</b>	<b>84,170</b>	<b>78,465</b>

**5.9 Information on non-performing loans (Net)**

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period</b>	--	--	<b>88</b>
(Gross Amounts before Specific Provisions)	--	--	--
Restructured Loans and Other Receivables	--	--	88
Rescheduled Loans and Other Receivables	--	--	--
<b>Prior Period</b>	--	--	<b>272</b>
(Gross Amounts before Specific Provisions)	--	--	--
Restructured Loans and Other Receivables	--	--	272
Rescheduled Loans and Other Receivables	--	--	--

**5.9.2 Movement on non-performing loans**

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	<b>24,646</b>	<b>36,959</b>	<b>85,625</b>
Additions (+)	213,640	3,339	2,161
Transfers from Other Categories of Non-Performing Loans (+)	1,002	158,073	111,642
Transfers to Other Categories of Non-Performing Loans (-)	158,759	111,616	341
Collections (*) (-)	9,375	15,643	16,751
Write-offs (*) (-)	--	8,430	103,533
Corporate and Commercial Loans	--	7,704	89,780
Retail Loans	--	527	11,940
Credit Cards	--	199	1,813
Other	--	--	--
<b>Balances at End of the Period</b>	<b>71,154</b>	<b>62,682</b>	<b>78,803</b>
Specific Provisions (-)	9,430	23,399	51,341
<b>Net Balance on Balance Sheet</b>	<b>61,724</b>	<b>39,283</b>	<b>27,462</b>

(\*)TL 16,350 collections from asset management companies through loan sales are included under the "Collections" line, the remaining amounts are shown under the "Write-offs" line.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

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**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
<b>Current Period</b>			
Balance as of the Period End	348	4,057	24,401
Specific Provisions (-)	70	2,029	7,352
<b>Net Balance on Balance Sheet</b>	<b>278</b>	<b>2,028</b>	<b>17,049</b>
<b>Prior Period</b>			
Balance as of the Period End	1,698	59	24,247
Specific Provisions (-)	337	29	7,297
<b>Net Balance on Balance Sheet</b>	<b>1,361</b>	<b>30</b>	<b>16,950</b>

**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
<b>Current Period (Net)</b>			
Loans Granted to Real Persons and Legal Entities (Gross)	71,153	62,683	78,803
Specific Provisions (-)	9,430	23,399	51,341
Loans Granted to Real Persons and Legal Entities (Net)	61,723	39,284	27,462
Banks (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
<b>Prior Period (Net)</b>			
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)	--	--	--

# FİBABANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

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

### 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**

The Parent Bank does not have held to maturity investments as of 31 December 2016 and 31 December 2015.

## 7. **Information on associates**

The Parent Bank does not have associates as of 31 December 2016 and 31 December 2015.

## 8. **Information on subsidiaries**

The Bank has TL 5,445 of consolidated subsidiary in consolidated financial statements as of 31 December 2016 and 31 December 2015.

Subsidiary	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
5,573	5,341	6	576	--	82	(66)	5,341

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

Current Period	Fiba Portföy Yönetimi A.Ş.
<b>CORE CAPITAL</b>	<b>5,341</b>
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	(159)
Leasehold Improvements on Operational Leases (-)	--
Intangible Assets (-)	--
Goodwill (Net) (-)	--
<b>SUPPLEMENTARY CAPITAL</b>	<b>--</b>
<b>CAPITAL</b>	<b>5,341</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>--</b>
<b>NET AVAILABLE EQUITY</b>	<b>5,341</b>

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

## FİBABANKA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

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#### 8. Information on subsidiaries (continued)

##### 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.

##### 8.2 Movement of consolidated investment in subsidiaries

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

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

##### Investment valuation of consolidated subsidiaries

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

##### Sectoral distribution of consolidated investments in subsidiaries

	Current Period	Prior Period
Banks	--	--
Insurance Companies	--	--
Factoring Companies	--	--
Leasing Companies	--	--
Finance Companies	--	--
Other Subsidiaries	<b>5,445</b>	<b>5,445</b>

##### Quoted consolidated investments in subsidiaries

None.

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

None.

#### 10. Information on lease receivables

None.

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1 JANUARY - 31 DECEMBER 2016

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

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

The fair value hedge accounting has been ceased by the Bank as of 30 September 2016 as it became ineffective. As of 31 December 2016 the cumulative fair value difference on the carrying value of the hedged loans amounting to TL 2,271 will be recycled to the income statement over the life of the hedged loans.

**12. Information on tangible assets**

<b>Current Period</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Other Tangible Assets*</b>	<b>Total</b>
<b>Cost</b>				
Beginning Balance, 1 January 2015	171,365	59	60,461	231,885
Additions	38	38	6,667	6,743
Disposals	--	--	1,112	1,112
<b>Ending Balance, 31 December 2016</b>	<b>171,403</b>	<b>97</b>	<b>66,016</b>	<b>237,516</b>
<b>Accumulated Depreciation</b>				
Beginning Balance, 1 January 2016	(2,640)	(12)	(37,539)	(40,191)
Depreciation	(3,438)	(22)	(8,773)	(12,233)
Disposals	--	--	1,113	1,113
<b>Ending Balance, 31 December 2016</b>	<b>(6,078)</b>	<b>(34)</b>	<b>(45,199)</b>	<b>(51,311)</b>
<b>Net Book Value, 31 December 2016</b>	<b>165,325</b>	<b>63</b>	<b>20,817</b>	<b>186,205</b>

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

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

(\*) Building 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.

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**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**

Depreciation is calculated by the straight line method over the estimated amount of depreciation over the period of the asset with respect to the assets that are less than the asset period as of the balance sheet date.

**13.3 Balances at beginning and end of the current period**

	Current Period		Prior Period	
	Gross book	Accumulated value Amortisation	Gross book	Accumulated value Amortisation
Intangible Assets (*)	50,396	46,417	48,192	42,828

(\*)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	48,192	44,392
Additions	2,221	3,800
Disposal	(17)	--
<b>Ending Balance, 31 December</b>	<b>50,396</b>	<b>48,192</b>
Accumulated Depreciation Beginning		
Balance, 1 January	(42,828)	(39,056)
Amortisation Expense for Current Period (-)	(3,606)	(3,772)
Disposal	17	--
<b>Ending Balance, 31 December</b>	<b>(46,417)</b>	<b>(42,828)</b>
<b>Net Book Value, 31 December</b>	<b>3,979</b>	<b>5,364</b>

**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.

**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 2016, the deferred tax liability amounting to TL 1,335 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2015: TL 1,713 deferred tax asset).

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

	Current Period	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Assets Valuation	(25,566)	(5,113)
Unearned Commission Income/Prepaid Commission Expenses	1,572	315
Retirement Pay and Unused Vacation Provision	17,842	3,569
Tangible Assets Base Differences	(3,367)	(673)
Carry Forward Tax Losses	97	19
Other	2,741	548
<b>Deferred Tax Asset/(Liability)</b>	<b>(6,681)</b>	<b>(1,335)</b>
	Prior Period	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Assets Valuation	(1,566)	(313)
Unearned Commission Income/ Prepaid Commission Expenses	1,544	309
Retirement Pay and Unused Vacation Provision	13,861	2,772
Tangible Assets Base Differences	(3,945)	(789)
Carry Forward Tax Losses	231	46
Other	(1,561)	(312)
<b>Deferred Tax Asset/(Liability)</b>	<b>8,564</b>	<b>1,713</b>

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**15. Information on deferred tax asset**

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

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

	1 January – 31 December 2016	1 January – 31 December 2015
Deferred Tax Asset, 1 January	1,713	2,236
Deferred Tax Income / (Expense)	(5,822)	(930)
Deferred Tax Recognized Directly Under Equity	2,773	406
Other	--	1
<b>Deferred Tax Asset/(Liability) , at the end of the period</b>	<b>(1,335)</b>	<b>1,713</b>

As of 31 December 2016, the bank has no carry forward tax losses.

**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 2016, the Group has TL 19 deferred tax assets calculated over TL 97 of carry forward tax losses. TL 27 and TL 70 of the carry forward tax losses can be deducted till 2019 and 2020 respectively (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 70 of the carry forward tax losses can be deducted till 2018, 2019 and 2020 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 2016, the Group has TL 3,817 assets held for sale (31 December 2015: TL 3,299).

**17. Information on other assets**

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

**17.1 Information on prepaid expenses, tax and similar items**

As of 31 December 2016, total prepaid expenses are TL 24,075 (31 December 2015: TL 20,431).

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**II. Explanations and disclosures related to liabilities**

**1. Information on deposits**

**1.1 Information on maturity structure of deposits**

**Current Period**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
<b>Saving Deposits</b>	56,397	--	482,578	2,032,327	325,157	354,068	95,077	--	3,345,604
<b>Foreign Currency Deposits</b>	265,625	--	90,370	2,599,456	252,024	126,933	95,198	--	3,429,606
Residents in Turkey	257,644	--	85,315	2,588,713	247,014	121,569	14,544	--	3,314,799
Residents Abroad	7,981	--	5,055	10,743	5,010	5,364	80,654	--	114,807
<b>Public Sector Deposits</b>	1	--	--	10	--	--	--	--	11
<b>Commercial Deposits</b>	172,150	--	311,657	1,217,012	169,403	175,757	220,118	--	2,266,097
<b>Other Ins. Deposits</b>	1,505	--	1,522	55,280	18,590	12,299	15	--	89,211
<b>Precious Metal Deposits</b>	6,912	--	--	--	--	--	--	--	6,912
<b>Interbank Deposits</b>	114,714	--	332,421	34,670	--	--	--	--	481,805
Central Bank of Turkey	--	--	--	--	--	--	--	--	--
Domestic Banks	12	--	314,090	20,072	--	--	--	--	334,174
Foreign Banks	17,263	--	18,331	14,598	--	--	--	--	50,192
Special Finan.Inst.	97,439	--	--	--	--	--	--	--	97,439
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>617,304</b>	<b>--</b>	<b>1,218,548</b>	<b>5,938,755</b>	<b>765,174</b>	<b>669,057</b>	<b>410,408</b>	<b>--</b>	<b>9,619,246</b>

**Prior Period**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
<b>Saving Deposits</b>	35,261	--	29,662	1,631,960	452,723	142,111	33,226	--	2,324,943
<b>Foreign Currency Deposits</b>	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
<b>Public Sector Deposits</b>	370	--	--	--	4	--	--	--	374
<b>Commercial Deposits</b>	200,180	--	91,396	711,597	180,875	133,605	92,922	--	1,410,575
<b>Other Ins. Deposits</b>	1,142	--	651	59,352	12,440	16,239	14	--	89,838
<b>Precious Metal Deposits</b>	4,845	--	--	--	--	--	--	--	4,845
<b>Interbank Deposits</b>	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
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>431,277</b>	<b>--</b>	<b>737,904</b>	<b>4,706,757</b>	<b>999,012</b>	<b>352,125</b>	<b>228,649</b>	<b>--</b>	<b>7,455,724</b>

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

	Under the Guarantee of Deposit Insurance		Exceeding the limit of Deposit Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	937,362	662,868	2,380,080	1,647,273
Foreign Currency Saving Deposits	188,315	153,380	2,163,704	1,611,494
Other Deposits in the Form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--	--	--
<b>Total</b>	<b>1,125,677</b>	<b>816,248</b>	<b>4,543,784</b>	<b>3,258,767</b>

1.3 *Saving deposits in Turkey are not covered by any insurance in any other countries since the Bank's headquarter is not located abroad.*

1.4 *Saving deposits that are not under the guarantee of deposit insurance fund*

	Current Period	Prior Period
Deposits and Accounts in Branches Abroad	--	--
Deposits of Ultimate Shareholders and Their Close Families	47,498	26,184
Deposits of Chairman and Members of the Board of Directors and their Close Families	8,032	3,009
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	16,986	--	16,949	--
Swap Transactions	239,985	--	23,708	--
Futures Transactions	--	--	--	--
Options	126,226	262	40,235	2,716
Other	--	--	--	--
<b>Total</b>	<b>383,197</b>	<b>262</b>	<b>80,892</b>	<b>2,716</b>

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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	17,220	65,573	15,919	23,672
From Foreign Banks, Institutions and Funds	--	1,453,870	--	984,855
<b>Total</b>	<b>17,220</b>	<b>1,519,443</b>	<b>15,919</b>	<b>1,008,527</b>

**3.2 Maturity analysis of borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	17,220	45,031	15,919	245,191
Medium and Long Term	--	1,474,412	--	763,336
<b>Total</b>	<b>17,220</b>	<b>1,519,443</b>	<b>15,919</b>	<b>1,008,527</b>

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

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

**4. Informations related with issued instruments**

Current Period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	1,015,580	--	--	--
Carrying Amount	991,975	--	--	--

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

**5. Sundry Creditors and Other Liabilities**

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

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**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.

**6.2 Obligations under financial lease**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	89	85	110	100
Between 1-4 Years	--	--	73	71
More than 4 Years	--	--	--	--
<b>Total</b>	<b>89</b>	<b>85</b>	<b>183</b>	<b>171</b>

**6.3 Information on operational leases and footnotes**

The Group has operational lease agreements for some of its branches. If the rental payments are 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 Group does not incur any liability as a result of any changes in operational lease agreements. The Group 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	95,988	72,444
- Additional Provision for Loan and Receivables with Extended Maturities	--	2
Loans and Receivables in Group 2	18,047	14,573
- Additional Provision for Loan and Receivables with Extended Maturities	--	9,552
Non-Cash Loans	7,252	4,086
Others	--	--
<b>Total</b>	<b>121,287</b>	<b>91,103</b>

**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 2016,

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amounting to TL 920 (31 December 2015: TL 134) are netted off from the loans on the balance sheet.

### 8.3 *The specific provisions provided for unindemnified non cash loans*

As of 31 December 2016, the specific provision provided for unindemnified non cash loans is TL 1,311 (31 December 2015: TL 1,271).

### 8.4 *Explanation on other provisions*

#### 8.4.1 *Provisions for probable losses*

	Current Period	Prior Period
Provisions for probable losses	36,000	--

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

Other provisions other than provisions for probable losses do not exceed 10% of the total provisions (31 December 2015: None).

#### 8.4.3 *Explanations on reserves for employee benefits*

As of 31 December 2016, reserves for employee benefits amounting to TL 16,993 (31 December 2015: TL 13,862) comprise of TL 8,292 reserve for employee termination benefits (31 December 2015: TL 6,038), TL 2,755 unused vacation pay liability (31 December 2015: TL 2,974) and TL 5,946 personnel premium accrual (31 December 2015: TL 4,850).

### 9.1 *Explanations on current tax liability*

#### 9.1.1 *Explanations on tax provision*

As of 31 December 2016, the Group's current tax liability is TL 37,107 (31 December 2015: TL 35,949). As of 31 December 2016 the Group's corporate taxes payable is TL 6,714 after deducting the taxes paid during the period.(31 December 2015:Corporate tax liability is TL 25,598 and the Bank's corporate taxes payable is TL 15,157 after deducting the taxes paid during the period).

#### 9.1.2 *Information on taxes payable*

	Current Period	Prior Period
Corporate taxes payable	6,714	15,157
Taxation on securities	11,912	8,310
Property tax	391	357
Banking and Insurance Transaction Tax (BITT)	9,236	7,202
Taxes on foreign exchange transactions	--	--
Value added taxes payable	186	228
Income tax ceased from wages	2,670	2,074
Other	349	463
<b>Total</b>	<b>31,458</b>	<b>33,791</b>

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**9.1.3 Information on premiums**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums- Employee	2,433	915
Social Security Premiums- Employer	2,711	1,051
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	168	63
Unemployment Insurance- Employer	337	129
Other	--	--
<b>Total</b>	<b>5,649</b>	<b>2,158</b>

**9.2 Explanations on deferred tax liabilities**

As of 31 December 2016 total deferred tax liabilities are TL 1,507 (31 December 2015: None).

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

None.

**11. Explanations on subordinated loans**

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Banks	--	--	--	--
Domestic Other Institutions	--	360,657	--	--
Foreign Banks	--	36,621	--	95,217
Foreign Other Institutions	--	--	--	116,696
<b>Total</b>	--	<b>397,278</b>	--	<b>211,913</b>

Instead of the subordinated loans those have lost their supplementary capital feature after the changes made in Equity Regulation by the BRSA, the Bank issued USD 100,000,000 (full amount) of subordinated bonds in March 2016 abroad which meets the conditions required by the new regulation.

**12. Information on shareholders' equity**

**12.1 Paid-in capital**

	<b>Current Period</b>	<b>Prior Period</b>
Common Stock	941,161	847,515
Preferred Stock	--	--

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**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*

The Bank's paid-in capital was increased to TL 941,161 on 7 September 2016 with the capital contribution of TurkFinance B.V. by TL 93,646. In addition, share issuance premium of TL 55,299 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.

**12.8** *Common stock issue premiums, shares and equity instruments*

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

	Current Period	Prior Period
Number of Shares (Thousand)	26,230,098	16,865,550
Number of Privileged Shares	--	--
Share Premium	128,678	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	(10,151)	(10,103)	(3,920)	(5,807)
Exchange Difference	--	--	--	--
<b>Total</b>	<b>(10,151)</b>	<b>(10,103)</b>	<b>(3,920)</b>	<b>(5,807)</b>

**12.10** *Information on revaluation reserve*

None.

**12.11** *Bonus shares of Subsidiaries, Associates and Joint Ventures*

None.

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**12.12 Information on legal reserves**

	<b>Current Period</b>	<b>Prior Period</b>
1st Legal Reserves	7,790	3,711
2nd Legal Reserves	--	--
Special Reserves	--	--

**12.13 Information on extraordinary reserves**

	<b>Current Period</b>	<b>Prior Period</b>
Reserves allocated by the General Assembly	120,579	43,075
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Capital Exchange Differences	--	--

**13. Information on minority shares**

	<b>Current Period</b>	<b>Prior Period</b>
Balance at the beginning of the period	52	53
Minority interest of subsidiaries' net profit	1	(1)
Prior period dividend payment	--	--
Minority interest increase/(decrease) due to dales	--	--
Other	--	--
<b>Balance at the end of the period</b>	<b>53</b>	<b>52</b>

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

**1. Information on consolidated off-balance sheet commitments**

**1.1 Nature and amount of irrevocable loan commitments**

	<b>Current Period</b>	<b>Prior Period</b>
Asset Sale and Purchase Commitments	415,538	356,230
Credit Card Limit Commitments	101,475	47,363
Commitments for Credit Allocation with the Guarantee of Usage	171,368	110,140
Export Commitments	4,230	3,553
Commitment for Cheques	172,800	145,123
Other Irrevocable Commitments	3,017	3,106
<b>Total</b>	<b>868,428</b>	<b>665,515</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Guarantee TL	439,122	379,738
Letters of Guarantee FC	166,786	175,756
Letters of Credit	224,067	383,272
Bills of Exchange and Acceptances	67,051	106,866
<b>Total</b>	<b>897,026</b>	<b>1,045,632</b>

**1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies**

	<b>Current Period</b>	<b>Prior Period</b>
Revocable Letters of Guarantee	34,534	32,418
Irrevocable Letters of Guarantee	497,262	431,355
Letters of Guarantee Given in Advance	47,727	57,415
Letters of Guarantee Given to Customs	14,741	12,023
Other Letters of Guarantee	11,644	22,283
<b>Total</b>	<b>605,908</b>	<b>555,494</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Non-Cash Loans Given against Cash Loans	5,503	18,508
With Original Maturity of 1 Year or Less Than 1 Year	--	2,908
With Original Maturity of More Than 1 Year	5,503	15,600
Other Non-Cash Loans	891,523	1,027,124
<b>Total</b>	<b>897,026</b>	<b>1,045,632</b>

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**3. Information on sectoral risk concentrations of non-cash loans**

	<i>Current Period</i>				<i>Prior Period</i>			
	<b>TL</b>	<b>(%)</b>	<b>FC</b>	<b>(%)</b>	<b>TL</b>	<b>(%)</b>	<b>FC</b>	<b>(%)</b>
<b>Agricultural</b>	<b>2,946</b>	<b>0.67</b>	<b>28,855</b>	<b>6.32</b>	<b>6,664</b>	<b>1.75</b>	<b>54,820</b>	<b>8.24</b>
Farming and Stockbreeding	1,182	0.27	746	0.16	5,100	1.34	1,854	0.28
Forestry	1,234	0.28	23,472	5.14	1,034	0.27	46,611	7.00
Fishing	530	0.12	4,637	1.01	530	0.14	6,355	0.95
<b>Manufacturing</b>	<b>82,472</b>	<b>18.74</b>	<b>280,615</b>	<b>61.42</b>	<b>75,384</b>	<b>19.83</b>	<b>401,258</b>	<b>60.29</b>
Mining and Quarrying	9,623	2.19	12,825	2.81	8,008	2.11	15,185	2.28
Production	48,537	11.03	267,234	58.49	49,794	13.10	384,858	57.83
Electricity, Gas and Water	24,312	5.52	556	0.12	17,582	4.63	1,215	0.18
<b>Construction</b>	<b>156,980</b>	<b>35.66</b>	<b>30,847</b>	<b>6.75</b>	<b>107,722</b>	<b>28.34</b>	<b>41,293</b>	<b>6.20</b>
<b>Services</b>	<b>136,258</b>	<b>30.96</b>	<b>105,227</b>	<b>23.03</b>	<b>146,683</b>	<b>38.59</b>	<b>151,643</b>	<b>22.79</b>
Wholesale and Retail Trade	56,426	12.82	55,700	12.19	48,882	12.86	108,824	16.35
Accommodation and Dining	4,972	1.13	3,206	0.70	7,890	2.08	5,894	0.89
Transportation and Telecommunication	21,946	4.99	7,924	1.73	26,091	6.86	5,623	0.84
Financial institutions	27,354	6.21	15,427	3.38	11,430	3.01	19,959	3.00
Real Estate and Rental Services	749	0.17	9,267	2.03	4,129	1.09	863	0.13
Self-Employment Services	2,111	0.48	42	0.01	38,285	10.07	83	0.01
Educational Services	5,386	1.22	193	0.04	1,912	0.50	64	0.01
Health and Social services	17,314	3.93	13,468	2.95	8,064	2.12	10,333	1.55
<b>Other</b>	<b>61,516</b>	<b>13.98</b>	<b>11,310</b>	<b>2.48</b>	<b>43,660</b>	<b>11.49</b>	<b>16,505</b>	<b>2.48</b>
<b>Total</b>	<b>440,172</b>	<b>100.00</b>	<b>456,854</b>	<b>100.00</b>	<b>380,113</b>	<b>100.00</b>	<b>665,519</b>	<b>100.00</b>

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

	<b>Group I</b>		<b>Group II</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Letters of Guarantee	432,066	153,052	7,056	13,734
Bills of Exchange and Bank Acceptances	1,050	62,571	--	3,430
Letters of Credit	--	223,158	--	909
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Related Guarantees	--	--	--	--
Other Guarantees and Sureties	--	--	--	--
<b>Non-Cash Loans</b>	<b>433,116</b>	<b>438,781</b>	<b>7,056</b>	<b>18,073</b>

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

	Current Period	Prior Period
<b>Types of trading transactions</b>		
Foreign Currency Related Derivative Transactions (I)	<b>19,380,880</b>	<b>7,516,961</b>
Forward Transactions	2,038,884	825,656
Swap Transactions	11,826,812	3,575,788
Futures Transactions	--	--
Option Transactions	5,515,184	3,115,517
Interest Related Derivative Transactions (II)	50,000	--
Forward Rate Transactions	--	--
Interest Rate Swap Transactions	50,000	--
Interest Option Transactions	--	--
Futures Interest Transactions	--	--
Other Trading Derivative Transactions (III)	--	--
<b>A. Total Derivative Transactions Held for Trading (I+II+III)</b>	<b>19,430,880</b>	<b>7,516,961</b>
<b>Types of hedging transactions</b>	--	--
Fair Value Hedges	--	--
Cash Flow Hedges	--	--
Net Investment Hedges	--	--
<b>B. Total Derivative Transactions Held for Hedging Purposes</b>	--	--
<b>Total Derivative Transactions (A+B)</b>	<b>19,430,880</b>	<b>7,516,961</b>

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

None.

#### 7. Explanations on contingent liabilities and assets

The Group provided provision of TL 1,055 for the legal cases pending against the Bank where the cash out flows are highly probable (31 December 2015: TL 1,316).

#### 8. Custodian and intermediary services

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

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**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
<b>Interest on loans</b>	<b>1,040,208</b>	<b>194,526</b>	<b>706,258</b>	<b>139,414</b>
Short Term Loans	655,265	23,464	428,163	25,332
Medium and Long Term Loans	384,943	171,062	278,095	114,082
Interest on Non-Performing Loans	3.022	--	2,944	--
Premiums received from Resource Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>1,043,230</b>	<b>194,526</b>	<b>709,202</b>	<b>139,414</b>

\*Includes fees and commissions obtained from cash loans as well.

**1.2 Information on interest income received from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	--	5	--	--
Domestic Banks	7,561	269	11,356	185
Foreign Banks	--	124	--	19
Branches and Head Office Abroad	--	--	--	--
<b>Total</b>	<b>7,561</b>	<b>398</b>	<b>11,356</b>	<b>204</b>

**1.3 Interest received from marketable securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	1,205	208	937	213
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Financial Assets Available-for-Sale	9,299	23,258	6,073	20,741
Investment Securities Held-to-Maturity	--	--	--	--
<b>Total</b>	<b>10,504</b>	<b>23,466</b>	<b>7,010</b>	<b>20,954</b>

**1.4 Information on interest income received from associates and subsidiaries**

None.

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**2. Interest expense**

**2.1 Information on interest on funds borrowed (\*)**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>1,049</b>	<b>25,287</b>	<b>1,282</b>	<b>15,584</b>
The Central Bank of Turkey	--	--	--	--
Domestic Banks	1,049	3,606	1,282	567
Foreign Banks	--	21,681	--	15,017
Branches and Head Office Abroad	--	--	--	--
<b>Other Institutions</b>	<b>--</b>	<b>39,546</b>	<b>--</b>	<b>21,133</b>
<b>Total</b>	<b>1,049</b>	<b>64,833</b>	<b>1,282</b>	<b>36,717</b>

(\*) Includes also the fee and commission expenses on borrowings.

**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	87,706	--	54,879	--

**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		
<b>Turkish Lira</b>								
Bank Deposits	--	3,360	--	--	--	--	--	3,360
Saving Deposits	--	32,566	215,006	50,654	26,161	7,243	--	331,630
Public Sector Deposits	--	--	--	--	--	--	--	--
Commercial Deposits	--	19,579	103,291	27,410	15,807	14,305	--	180,392
Other	--	131	7,376	2,570	2,471	1	--	12,549
7 Days Notice	--	--	--	--	--	--	--	--
<b>Total</b>	<b>--</b>	<b>55,636</b>	<b>325,673</b>	<b>80,634</b>	<b>44,439</b>	<b>21,549</b>	<b>--</b>	<b>527,931</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	--	1,778	66,655	7,503	2,705	3,257	--	81,898
Bank Deposits	--	1,272	--	--	--	--	--	1,272
7 Days Notice	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	--	--	--	--	--	--	--
<b>Total</b>	<b>--</b>	<b>3,050</b>	<b>66,655</b>	<b>7,503</b>	<b>2,705</b>	<b>3,257</b>	<b>--</b>	<b>83,170</b>
<b>Grand Total</b>	<b>--</b>	<b>58,686</b>	<b>392,328</b>	<b>88,137</b>	<b>47,144</b>	<b>24,806</b>	<b>--</b>	<b>611,101</b>

**3. Information on dividend income**

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF  
1 JANUARY - 31 DECEMBER 2016**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>1,110,549</b>	<b>840,769</b>
Gains on Capital Market Operations	8,073	778
Gains on Derivative Financial Instruments	523,158	256,715
Foreign Exchange Gains	579,318	583,276
<b>Loss (-)</b>	<b>1,054,574</b>	<b>842,677</b>
Losses on Capital Market Operations	1,339	883
Losses on Derivative Financial Instruments	464,094	264,219
Foreign Exchange Losses	589,141	577,575
<b>Net Trading Income / ( Loss )</b>	<b>55,975</b>	<b>(1,908)</b>

**5. Information on other operating income**

Other operating income mainly consists of reversal of provisions, profit from sale of assets, commissions on cheques and notes and costs recharged.

Visa Europe Ltd. a payment systems company; the Bank was a member of which; was acquired by Visa Inc. operating in the same industry. The Bank's share of EUR 647,027.71 (full amount) arising from this transaction was paid to the Bank in cash on 21 June 2016. Additionally, the Bank will receive 244 C class shares of Visa Inc. as part of the settlement of this transaction. TL 2,406 of gain on sale of equity shares has been recognised in "Other Operating Income".

In current period, gain on sale of loans amounting to TL 9,129 has been recognized in "Other Operating Income"(31 December 2015: 2,292).

**6. Impairment on loans and other receivables**

	<b>Current Period</b>	<b>Prior Period</b>
Specific Provisions on Loans and Other Receivables:	127,003	67,448
<i>III. Group Loans and Receivables</i>	6,937	2,658
<i>IV. Group Loans and Receivables</i>	31,777	2,184
<i>V. Group Loans and Receivables</i>	88,289	62,606
General Loan Loss Provisions	30,184	30,590
Free Provision for Probable Risks	36,000	--
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	--	--
<b>Total</b>	<b>193,187</b>	<b>102,823</b>

# FİBABANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2016

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

### 7. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses	151,561	125,773
Provision for Employee Termination Benefits	1,545	1,094
Provision for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	12,228	12,860
Impairment Losses on Intangible Assets	--	--
Amortization Charges of Intangible Assets	3,606	3,772
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	23	9
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	76,314	58,692
<i>Operational Leases Expenses</i>	29,697	29,660
<i>Repair and Maintenance Expenses</i>	1,633	1,130
<i>Advertisement Expenses</i>	6,506	1,994
<i>Other Expenses(*)</i>	38,478	25,908
Losses on Sale of Assets	14	42
Other	48,626	40,473
<b>Total</b>	<b>293,917</b>	<b>242,715</b>

(\*) The administrative fine imposed against and notified to the Bank in the amount of TL 5,341 as a result of the inspection report issued by the Ministry of Customs and Trade and with regards to the Law on Consumer Protection no. 6502 has been recognized in this line item as TL 4,006 which is the amount after taking into account 25% early payment discount in accordance with article 17/6 of the Law on Misdemeanors No. 5326.

### 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	1,289,571	891,640
Interest Expenses (-)	779,047	493,756
Net Fee and Commission income	27,463	23,796
Trading Profit/Loss (Net)	55,997	(1,908)
Other Operating Income	54,140	35,271
Provision for Impairment in Loans and Other Receivables	193,187	102,823
Other Operating Expenses (-)	293,917	242,715
<b>Profit/(loss) Before Tax</b>	<b>161,020</b>	<b>109,465</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF  
1 JANUARY - 31 DECEMBER 2016

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

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

For the period ended as of 31 December 2016, current tax charge of the bank is TL 40,201 (31 December 2015: TL 27,018) and the deferred tax charge of the Bank is TL 5,822 (1 January -31 December 2015: TL 930).

	Current Period	Prior Period
Deferred Tax Income/ (Expense)	(5,822)	(930)
Provision of Deferred Tax	--	--
Net Deferred Tax Expense	(5,822)	(930)

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

Deferred Tax Benefit / (Charge) Arising from Origination or Reversal of Temporary Differences	Current Period	Prior Period
Arising from Origination of Deductible Temporary Differences (+)	1,781	3,555
Arising from Reversal of Deductible Temporary Differences (-)	(1,439)	(84)
Arising from Origination of Taxable Temporary Differences (-)	(6,857)	(4,873)
Arising from Reversal of Taxable Temporary Differences (+)	693	472
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 (-)	--	--
<b>Total</b>	<b>(5,822)</b>	<b>(930)</b>
Provision	--	--
<b>Net Deferred Tax Benefit / (charge)</b>	<b>(5,822)</b>	<b>(930)</b>

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	342	3,471
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	(6,164)	(4,401)
Arising from Origination (+)/ Reversal (-) of Tax Losses	--	--
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
<b>Total</b>	<b>(5,822)</b>	<b>(930)</b>
Allowance	--	--
<b>Net Deferred Tax Benefit / (Charge)</b>	<b>(5,822)</b>	<b>(930)</b>

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

	Current Period	Prior Period
Profit/(Loss) Before Tax from Continuing Operations	161,020	109,465
Tax Benefit/(Charge) on Continuing Operations	(46,023)	(27,948)
<b>Net Profit/(Loss) from Continuing Operations</b>	<b>114,997</b>	<b>81,517</b>

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

**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.

**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 2015: TL (1) loss) profit 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**

In the current period, "other" items recognised in "fees and commissions received" majorly comprised of commissions such as limit allocation and revision commissions, valuation commissions, insurance commissions, contracted merchant commissions, credit card commissions and account maintenance fees.

In the current period, "other" items recognised in "fees and commissions paid" majorly comprised of commissions to correspondent banks, credit card commissions and commissions on issuance of securities.

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF  
1 JANUARY - 31 DECEMBER 2016**

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

**V. Explanations and disclosures related to consolidated statements of changes in shareholders' equity  
(Continued)**

**2. Information on profit distribution**

At the General Assembly meeting held on 28 March 2016, 2015 profit of the Parent Bank was decided to be distributed as follows:

<b>Profit or Loss</b>	<b>81,583</b>
A- 1st Legal Reserves	4,079
B-Extraordinary Reserves	77,504

**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.

**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:

	<b>1 January 2016</b>	<b>1 January 2015</b>
Cash	43,549	48,221
Banks and Other Financial Institutions	158,163	410,340
Money Market Placements	--	23,189
<b>Total Cash and Cash Equivalent Assets</b>	<b>201,712</b>	<b>481,750</b>

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

	<b>31 December 2016</b>	<b>31 December 2015</b>
Cash	78,507	43,549
Banks and Other Financial Institutions	351,485	158,163
Money Market Placements	274,702	--
<b>Total Cash and Cash Equivalent Assets</b>	<b>704,694</b>	<b>201,712</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF  
1 JANUARY - 31 DECEMBER 2016**

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

**VI. Explanations and disclosures related to the statement of cash flows (Continued)**

**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 2,669 which is blocked at foreign banks as the guarantee of derivative transactions and required reserves at the Central Bank of Turkish Republic are not included in cash and cash equivalents. (31 December 2015: TL 30,002)

**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 (27,307) in “operating profit before changes in operating assets and liabilities” consists of other operating expenses and realized derivative losses (31 December 2015: TL 34,963).

“Net increase/decrease in other liabilities” amounting to TL 235,528 in “Changes in operating assets and liabilities” consists of changes in sundry creditors, taxes and due payables, other liabilities (31 December 2015: TL 294,791).

“Net increase/decrease in other assets” amounting to TL 216 in “Changes in operating assets and liabilities” consists of changes in sundry receivables, other receivables (31 December 2015: TL (11,941)).

“Other” amounting to TL (1,952) in “Net cash flows from investment activities” consists of purchases of intangible asset (31 December 2015: TL (3,800)).

“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 45,352 for the current period (1 January- 31 December 2015: TL 29,622).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF  
1 JANUARY - 31 DECEMBER 2016

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

**VII. Explanations and disclosures on the risk group of the Parent Bank**

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

**1.1 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	5,720	17,242
Balance at the End of the Period	--	--	--	22	126,939	30,871
Interest and Commission Income Received	--	--	--	--	1,134	407

(\*) 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	--	--	--	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.

**1.2 Information on deposits of the Parent Bank's risk group**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Deposits					
Balance at the Beginning of the Period	--	--	89,173	31,138	496,534	161,257
Balance at the End of the Period	--	--	15,552	89,173	595,924	496,534
Deposit Interest Expense	--	--	6,094	5,790	28,398	16,409

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

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

As of 31 December 2016, the amount of funds obtained from Bank's risk group is TL 523,313 and that fund amount includes TL 162,656 from IFC and EBRD in the form of borrowings, TL 360,657 from Fiba Holding A.Ş. through the issuance of subordinated bonds, (31 December 2015: TL 243,536; that fund amount includes TL 219,450 from IFC and EBRD in the form of borrowings and TL 24,086 funds provided from repurchase agreements).

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF  
1 JANUARY - 31 DECEMBER 2016**

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

**1.4 Information on forward and option agreements and similar agreements made with Parent 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	--	--	--	--	344,668	76,728
Balance at the End of the Period	--	--	--	--	863,016	344,668
Total Income/Loss	--	--	--	--	(1,367)	(557)
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.

**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 2016, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 1.10% (31 December 2015 : 0.07%) and the ratio of the deposits of entities of risk group to total deposits is 6.36% (31 December 2015: 7.86%). Ratio of funds obtained from entities of risk group to total funds borrowed is 27.1% (31 December 2015:17.7%). 18.7% of which is due to Fiba Group, 8.4% to IFC and EBRD.

In current period benefits; such as salaries and bonuses; provided to the key management is TL 9,328 (1 January - 31 December 2015: TL 7,539).

**18.2 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  
1 JANUARY - 31 DECEMBER 2016**

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**VIII. Explanations on the Parent Bank's domestic, foreign, off-shore branches or investments in associates and foreign representative offices**

**1. Information related to the Parent Bank's domestic and foreign branch and representatives**

	Number	Number of Employees			
Domestic Branch	73	1,488			
			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-		

**Domestic Consolidated Subsidiaries**

	Number of Employees	Assets	Legal Capital
Fiba Portföy Yönetimi A.Ş.	6	5,573	5,500

**IX. Events after balance sheet**

None.

**X. Other disclosures on activities of the Bank**

**Summary information of Bank's risk ratings by international rating agencies**

<b>Fitch Ratings</b>	
Long term FC and TL	BB-
Short term FC and TL	B
Financial Capacity	BB-
Support	5
Long term National Scale Rating	A+ (tur)
Outlook	Stable

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

**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.