

FİBANKA A.Ş. AND ITS SUBSIDIARY

**INDEPENDENT AUDITOR'S REPORT, CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2018**

(Convenience translation of publicly announced consolidated financial statements,
related disclosures and auditor's report originally issued in Turkish)

(Convenience translations of the independent auditor's report originally issued in Turkish - See Note I. of Section 3)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Fibabanka Anonim Şirketi:

A) Report on the Audit of Consolidated Financial Statements

1) Qualified Opinion

We have audited the accompanying consolidated financial statements of Fibabanka A.Ş (the Bank) and its subsidiary (together will be referred as the "Group"), which comprise the statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss accounted for under equity, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the "Basis for Qualified Opinion" section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fibabanka A.Ş. as at December 31, 2018 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

2) Basis for Qualified Opinion

As explained in detail in Note II-8 of Section 5, the accompanying consolidated financial statements as at December 31, 2018 include a general reserve which does not meet the relevant criterias in TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" for possible risks provided by the Bank Management for possible results of the circumstances which may arise from possible changes in the economy and market conditions amounting to TL 65,000 thousands out of which TL 55,500 thousands and TL 9,500 thousands were provided during previous years and within the current period respectively with a current year deferred tax amounting to TL 14,300 thousands. As a result of accounting of aforementioned provision in financial statements, "Extraordinary Reserves" and "Current Period net Profit or Loss" are presented as TL 388,400 thousands and TL 197,014 thousands as of December 31, 2018, respectively.

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

3) Key Audit Matters

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

Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><i>Transition impact of TFRS 9 “Financial Instruments” Standard and recognition of impairment on financial assets and related significant disclosures</i></p>	
<p>As disclosed in footnote XXIV of Section 3; as of 1 January 2018, the Bank adopted the TFRS 9 “Financial Instruments” standard began to recognize expected credit losses of financial assets in accordance with TFRS 9. We considered the transition to TFRS 9 and impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> ▪ Amount of on and off balance sheet items that are subject to expected credit loss calculation is material to the financial statements. ▪ TFRS 9 transition has an effect on Bank’s equity. ▪ There are complex and comprehensive requirements of TFRS 9. ▪ The classification of the financial assets is based on the Bank’s business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. ▪ Policies implemented by the Bank management include compliance risk to the regulations and other practices. ▪ New or re-structured processes of TFRS 9 are advanced and complex. ▪ Judgements and estimates used in expected credit loss calculation are new, complex and comprehensive. ▪ Disclosure requirements of TFRS 9 are comprehensive and complex. 	<p>Our additional audit procedures in addition to our current audit procedures:</p> <ul style="list-style-type: none"> ▪ Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Bank’s past experience, local and global practices. ▪ Reviewing and testing of new or re-structured processes which are used to calculate expected credit losses by involving our Information technology and Process audit specialists. ▪ Evaluating the reasonableness of management’s key judgements, estimates and data sources used in expected credit loss calculations considering the standard requirements, sectorial, local and global practices. ▪ Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Bank’s Business model. ▪ Assessing the appropriateness of definition of significant increase in credit risk, default criteria, modification, probability of default, loss given default, exposure at default and forward looking assumptions together with the significant judgements and estimates used in these calculations to regulations and bank’s past performance. Evaluating the alignment of those forward looking parameters to Bank’s internal processes where applicable. ▪ Assessing the completeness and the accuracy of the data used for expected credit loss calculation. Testing the mathematical accuracy of expected credit loss calculation on sample basis. ▪ Evaluating the judgments and estimates used for the individually assessed financial assets. ▪ Evaluating the accuracy and the necessity of post-model adjustments. ▪ Auditing of TFRS 9 disclosures.
<p>Valuation of Derivative Financial Instruments</p>	
<p>Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency options, currency futures and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in footnote “Five Note I-2” and footnote “Five Note II-2”. Fair value of the derivative financial instruments is determined by selecting the most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered as a key audit matter due to the subjectivity in the estimates, assumptions and judgements used.</p>	<p>Our audit procedures included among others include reviewing fair valuation policies adopted by Bank Management, re-calculation of fair valuations on sample basis by our experts, assessing the estimations and judgements used in valuation and testing the designing and operating effectiveness of the key controls in the process for fair value determination.</p>

4) Responsibilities of Management and Directors for the Consolidated Financial Statements

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

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

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

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

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 - December 31, 2018 are not in compliance with the laws and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section 3, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

The engagement partner who supervised and concluded this independent auditor's report is Damla Harman.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited


Damla Harman SMMM
Partner

8 February 2019
İstanbul, Türkiye

THE CONSOLIDATED FINANCIAL REPORT OF
FİBABANKA A.Ş.
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2018

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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 OF THE PARENT BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

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

Subsidiary:

- Fiba Portföy Yönetimi A.Ş.

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

					
Hüsnü Mustafa Özyeğin	Fevzi Bozer	Mevlüt Hamdi Aydın	Ömer Mert	Elif Alsev Utku Özbey	Ayşe Akdaş
Chairman of the Board of Directors	Deputy Chairman of the Board of Directors and Chairman of the Audit Committee	Member of the Audit Committee	General Manager and Member of the Board of Directors	Deputy General Manager	Director Financial Control and Reporting

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

Name-Surname/Title : **Ayşe Akdaş** / Financial Control and Reporting Director
Telephone Number : (212) 381 84 88
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FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 31 DECEMBER 2018

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

SECTION ONE

GENERAL INFORMATION

I. History of the Parent Bank including its incorporation date, initial status and amendments to the initial status

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

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

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

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

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

II. Shareholder structure, shareholders having direct or indirect, joint or individual control over the management and internal audit of the Parent Bank, changes in shareholder structure during the current period, if any and information on the Parent Bank’s risk group

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

Credit Europe Bank N.V.’s share of capital increased from 95% to 97.6% after the capital increases during 2011 and 2012. Fiba Holding A.Ş. became the ultimate parent of the Bank after acquiring 97.6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2.4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012. There were sales of equity shares to the management of the Bank in 2013. As of December 31, 2018 the total shares held by the Bank’s Management represent 0.56% of the Bank’s Capital.

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 31 DECEMBER 2018

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

II. Shareholder structure, shareholders having direct or indirect, joint or individual control over the management and internal audit of the Parent Bank, changes in shareholder structure during the current period, if any and information on the Parent Bank's risk group (continued)

The 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, TL 55,299 was recorded to the equity as share premium.

As of 31 December 2018, paid-in capital of the Parent 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>		
Hüsni Mustafa Özyeğin	Chairman	27-Dec-10
Fevzi Bozer	Deputy Chairman	27-Dec-10
Mehmet Güleşçi	Member	27-Dec-10
Mevlüt Hamdi Aydın	Member	24-Jan-13
İsmet Kaya Erdem	Member	11-Feb-13
Memduh Aslan Akçay	Member	13-Apr-16
Selçuk Yorgancıoğlu	Member	22-Sep-16
Hülya Kefeli	Member	15-May-17
Ömer Mert	General Manager - Member	18-Jan-17
Faik Onur Umut has been assigned as board member, in the General Assembly meeting dated 23/01/2019		
<i>Audit Committee</i>		
Fevzi Bozer	Member	27-Dec-10
Mevlüt Hamdi Aydın	Member	24-Jan-13
<i>Assistant General Managers</i>		
Elif Alev Utku Özbey	Deputy GM - Financial Control & Reporting	07-Jan-11
Adem Aykın	AGM - Information Technologies	01-Jul-11
Sezin Erken	AGM - Consumer Banking & Funding Resource Management	10-Aug-17
Kerim Lokman Kuriş	AGM - Corporate & Commercial Banking	01-Dec-15
Turgay Hasdikler	AGM - Credits	01-Dec-15
Ahu Dolu	AGM - Financial Institutions and Project Finance	01-Dec-15
Orhan Hatipoğlu	AGM - Banking Operations & Supporting Services	02-Jan-17
Ömer Rifat Gencal	AGM - Treasury	01-May-17
Gerçek Önal	AGM - Chief Legal Officer	01-Feb-16

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 31 DECEMBER 2018

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

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.	673,573	71.57%	673,573	--
Hüsnü Mustafa Özyeğin	666,856	70.85%	666,856	--

(*) States the indirect share of the Bank, in consequence of direct share in Fiba Holding A.Ş. of Hüsnü Mustafa Özyeğin.

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 2018, the Bank serves with 72 domestic branches and 1,591 employees.

VI. Other information

The Bank's Commercial Title	:	Fibabanka Anonim Şirketi
The Bank's General Directorate Address	:	Esentepe Mah. Büyükdere Caddesi No:129 Şişli 34394 İstanbul
The Bank's Phone and Fax Numbers	:	Telephone : (0212) 381 82 82 Fax : (0212) 258 37 78
The Bank's Web Site Address	:	www.fibabanka.com.tr
The Bank's E-Mail Address	:	malikontrol@fibabanka.com.tr
Reporting Period	:	1 January 2018 - 31 December 2018

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

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

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

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

FİBANKKA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2018

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

ASSETS	Footnotes	CURRENT PERIOD (31/12/2018)		
		TL	FC	Total
I. FINANCIAL ASSETS (Net)		3,162,549	2,497,468	5,660,017
1.1 Cash and Cash Equivalents	(5.1.1)	1,441,571	1,595,013	3,036,584
1.1.1 Cash and Balances at Central Bank		403,654	1,360,908	1,764,562
1.1.2 Banks	(5.1.3)	731,709	234,105	965,814
1.1.3 Money Market Placements		306,308	-	306,208
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(5.1.2)	70,492	5,315	75,807
1.2.1 Government Debt Securities		22,102	3,986	26,088
1.2.2 Equity Securities		-	-	-
1.2.3 Other Financial Assets		48,390	1,329	49,719
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5.1.4)	10,793	696,939	707,732
1.3.1 Government Debt Securities		10,793	16,376	27,169
1.3.2 Equity Securities		-	2,713	2,713
1.3.3 Other Financial Assets		-	677,850	677,850
1.4 Financial Assets Measured at Amortised Cost	(5.1.6)	188,931	174,168	363,099
1.4.1 Government Debt Securities		188,931	174,168	363,099
1.4.2 Other Financial Assets		-	-	-
1.5 Derivative Financial Assets		1,454,723	26,033	1,480,756
1.5.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		1,454,723	26,033	1,480,756
1.5.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-
1.6 Non-performing Financial Assets		-	-	-
1.7 Expected Credit Loss (-)		3,961	-	3,961
II. LOANS (Net)		9,057,586	5,063,831	14,121,417
2.1 Loans	(5.1.5)	8,991,192	5,063,831	14,055,023
2.1.1 Loans Measured at Amortised Cost		7,474,373	5,063,831	12,538,204
2.1.2 Loans Measured at Fair Value Through Profit or Loss		1,516,819	-	1,516,819
2.1.3 Loans Measured at Fair Value Through Other Comprehensive Income		-	-	-
2.2 Lease Receivables	(5.1.10)	-	-	-
2.2.1 Financial Lease Receivables		-	-	-
2.2.2 Operating Lease Receivables		-	-	-
2.2.3 Unearned Income (-)		-	-	-
2.3 Factoring Receivables	(5.1.5)	14,311	-	14,311
2.3.1 Factoring Receivables Measured at Amortised Cost		14,311	-	14,311
2.3.2 Factoring Receivables Measured at Fair Value Through Profit or Loss		-	-	-
2.3.3 Factoring Receivables Measured at Fair Value through Other Comprehensive Income		-	-	-
2.4 Non-performing Loans		621,863	-	621,863
2.5 Expected Credit Loss (-)		569,780	-	569,780
2.5.1 12- Month Expected Credit Losses (Stage 1)		104,447	-	104,447
2.5.2 Significant Increase in Credit Risk (Stage 2)		169,498	-	169,498
2.5.3 Credit-Impaired (Stage 3)		295,835	-	295,835
III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.16)	215,235	-	215,235
3.1 Assets Held for Sale		215,235	-	215,235
3.2 Related to Discontinued Operations		-	-	-
IV. EQUITY INVESTMENTS		26,397	-	26,397
4.1 Investments in Associates (Net)	(5.1.7)	4,897	-	4,897
4.1.1 Associates Accounted by Using Equity Method		-	-	-
4.1.2 Unconsolidated Associates		4,897	-	4,897
4.2 Investments in Subsidiaries (Net)	(5.1.8)	21,500	-	21,500
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-
4.2.2 Unconsolidated Non-financial Subsidiaries		21,500	-	21,500
4.3 Joint Ventures (Net)	(5.1.9)	-	-	-
4.3.1 Joint Ventures Accounted by Using Equity Method		-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-
V. TANGIBLE ASSETS (Net)	(5.1.12)	257,069	-	257,069
VI. INTANGIBLE ASSETS (Net)	(5.1.13)	35,001	-	35,001
6.1 Goodwill		-	-	-
6.2 Other		35,001	-	35,001
VII. INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-
VIII. CURRENT TAX ASSET		365	-	365
IX. DEFERRED TAX ASSET	(5.1.15)	79,351	-	79,351
X. OTHER ASSETS	(5.1.17)	206,484	17,840	224,324
TOTAL ASSETS		13,040,037	7,579,139	20,619,176

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2017**

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

ASSETS	Footnotes	PRIOR PERIOD (31/12/2017)		
		TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(5.1.1)	275,601	2,211,655	2,487,256
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	1,332,566	11,467	1,344,033
2.1 Financial Assets Held for Trading		732,410	11,467	743,877
2.1.1 Public Sector Debt Securities		18,450	4,174	22,624
2.1.2 Share Certificates		-	-	-
2.1.3 Positive Value of Trading Purpose Derivatives		682,024	6,477	688,501
2.1.4 Other Securities		31,936	816	32,752
2.2 Financial Assets Designated at Fair Value		600,156	-	600,156
2.2.1 Public Sector Debt Securities		-	-	-
2.2.2 Share Certificates		-	-	-
2.2.3 Loans		600,156	-	600,156
2.2.4 Other Securities		-	-	-
III. BANKS	(5.1.3)	48,135	271,881	320,016
IV. DUE FROM MONEY MARKETS		-	376,334	376,334
4.1 Interbank Money Market		-	-	-
4.2 Istanbul Stock Exchange		-	376,334	376,334
4.3 Reverse Repurchase Agreements		-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(5.1.4)	184,756	581,407	766,163
5.1 Share Certificates		-	1,727	1,727
5.2 Public Sector Debt Securities		167,708	12,147	179,855
5.3 Other Securities		17,048	567,533	584,581
VI. LOANS AND RECEIVABLES	(5.1.5)	9,627,446	4,860,555	14,488,001
6.1 Loans and Receivables		9,329,948	4,860,555	14,190,503
6.1.1 Loans Utilized to the Bank's Risk Group		4,714	72	4,786
6.1.2 Public Sector Debt Securities		-	-	-
6.1.3 Others		9,325,234	4,860,483	14,185,717
6.2 Loans under Follow-Up		468,493	-	468,493
6.3 Specific Provisions (-)		170,995	-	170,995
VII. FACTORING RECEIVABLES		-	-	-
VIII. INVESTMENT HELD TO MATURITY (Net)	(5.1.6)	-	-	-
8.1 Public Sector Debt Securities		-	-	-
8.2 Other Securities		-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	4,897	-	4,897
9.1 Associates accounted for Under Equity Method		-	-	-
9.2 Unconsolidated Associates		4,897	-	4,897
9.2.1 Financial Associates		4,897	-	4,897
9.2.2 Non-Financial Associates		-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(5.1.9)	-	-	-
11.1 Joint Ventures accounted for Under Equity Method		-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-
11.2.1 Financial Joint Ventures		-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-
XII. LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-
12.1 Financial Lease Receivables		-	-	-
12.2 Operational Lease Receivables		-	-	-
12.3 Others		-	-	-
12.4 Unearned Income (-)		-	-	-
XIII. HEDGING PURPOSE DERIVATIVES	(5.1.11)	17,902	-	17,902
13.1 Fair Value Hedge		17,902	-	17,902
13.2 Cash Flow Hedge		-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	191,962	-	191,962
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	5,948	-	5,948
15.1 Goodwill		-	-	-
15.2 Others		5,948	-	5,948
XVI. INVESTMENT PROPERTIES (Net)	(5.1.14)	-	-	-
XVII. TAX ASSET		9,831	-	9,831
17.1 Current Tax Assets		327	-	327
17.2 Deferred Tax Assets	(5.1.15)	9,504	-	9,504
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.16)	23,795	-	23,795
18.1 Held for Sale		23,795	-	23,795
18.2 Discontinued Operations		-	-	-
XIX. OTHER ASSETS	(5.1.17)	54,254	21,276	75,530
TOTAL ASSETS		11,777,093	8,334,575	20,111,668

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FİBANKA A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2017**

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

LIABILITIES	Footnotes	CURRENT PERIOD (31/12/2018)		
		TL	FC	Total
I. DEPOSITS	(5.II.1)	6,314,662	4,998,479	11,313,141
II. FUNDS BORROWED	(5.II.3)	10,298	1,328,914	11,339,212
III. MONEY MARKET FUNDS		-	495,936	495,936
IV. SECURITIES ISSUED (Net)	(5.II.4)	503,729	1,338,856	1,842,585
4.1 Bills		480,459	-	480,459
4.2 Asset Backed Securities		23,270	-	23,270
4.3 Bonds		-	1,338,856	1,338,856
V. FUNDS		-	-	-
5.1 Borrower Funds		-	-	-
5.2 Other		-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	1,490,186	26,067	1,516,253
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		1,490,186	26,067	1,516,253
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-
VIII. FACTORING LIABILITIES		-	-	-
IX. LEASE LIABILITIES	(5.II.6)	-	463	463
9.1 Financial Lease		-	507	507
9.2 Operating Lease		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses (-)		-	44	44
VIII. PROVISIONS	(5.II.8)	109,751	-	109,751
10.1 Provisions for Restructuring		-	-	-
10.2 Reserve for Employee Benefits		23,499	-	23,499
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		86,252	-	86,252
XI. CURRENT TAX LIABILITIES	(5.II.9)	39,477	-	39,477
XII. DEFERRED TAX LIABILITIES		-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.10)	-	-	-
13.1 Held for Sale		-	-	-
13.2 Related to Discontinued Operations		-	-	-
XIV. SUBORDINATED DEBTS	(5.II.11)	-	1,596,143	1,596,143
14.1 Loans		-	-	-
14.2 Other Debt Instruments		-	1,596,143	1,596,143
XV. OTHER LIABILITIES	(5.II.5)	691,315	352,651	1,043,966
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1,348,458	(26,209)	1,322,249
16.1 Paid-in Capital		941,161	-	941,161
16.2 Capital Reserves		128,678	-	128,678
16.2.1 Equity Share Premium		128,678	-	128,678
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		-	-	-
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(6,106)	(26,209)	(32,315)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-
16.5 Profit Reserves		410,286	-	410,286
16.5.1 Legal Reserves		21,886	-	21,886
16.5.2 Statutory Reserves		-	-	-
16.5.3 Extraordinary Reserves		388,400	-	388,400
16.5.4 Other Profit Reserves		-	-	-
16.6 Profit or Loss		(125,619)	-	(125,619)
16.6.1 Prior Periods' Profit or Loss		(322,629)	-	(322,629)
16.6.2 Current Period Net Profit or Loss		197,010	-	197,010
16.7 Minority Interest	(5.II.13)	58	-	58
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,507,876	10,111,300	20,619,176

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FİBANKA A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2017**

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

LIABILITIES AND EQUITY	Footnotes	PRIOR PERIOD		
		(31/12/2017)		
		TL	FC	Total
I. DEPOSITS	(5.II.1)	6,371,720	5,896,185	12,267,905
1.1 Deposits of the Bank's Risk Group		460,861	248,535	709,396
1.2 Others		5,910,859	5,647,650	11,558,509
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.II.2)	742,447	7,143	749,590
III. FUNDS BORROWED	(5.II.3)	21,789	2,063,062	2,084,851
IV. MONEY MARKET FUNDS		3,503	476,377	479,880
4.1 Interbank Money Market		-	-	-
4.2 Istanbul Stock Exchange		3,503	-	3,503
4.3 Repurchase Agreements		-	476,377	476,377
V. SECURITIES ISSUED (Net)	(5.II.4)	1,255,066	-	1,255,066
5.1 Bills		1,255,066	-	1,255,066
5.2 Asset Backed Securities		-	-	-
5.3 Bonds		-	-	-
VI. FUNDS		-	-	-
6.1 Borrower Funds		-	-	-
6.2 Other		-	-	-
VII. SUNDRY CREDITORS	(5.II.5)	219,012	93,520	312,532
VIII. OTHER EXTERNAL RESOURCES	(5.II.5)	74,439	28,763	103,202
IX. FACTORING PAYABLES		-	-	-
X. LEASE LIABILITIES	(5.II.6)	-	469	469
10.1 Financial Lease Payables		-	526	526
10.2 Operating Lease Payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	57	57
XI. HEDGING PURPOSE DERIVATIVES	(5.II.7)	3,664	-	3,664
11.1 Fair Value Hedge		3,664	-	3,664
11.2 Cash Flow Hedge		-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-
XII. PROVISIONS	(5.II.8)	153,080	-	153,080
12.1 General Provisions		70,580	-	70,580
12.2 Restructuring Provisions		-	-	-
12.3 Reserve for Employee Benefits		21,393	-	21,393
12.4 Insurance Technical Provisions (Net)		-	-	-
12.5 Other Provisions		61,107	-	61,107
XIII. TAX LIABILITIES	(5.II.9)	42,256	-	42,256
13.1 Current Tax Liability		42,256	-	42,256
13.2 Deferred Tax Liability		-	-	-
XIV. SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.10)	-	-	-
14.1 Held for Sale		-	-	-
14.2 Discontinued Operations		-	-	-
XV. SUBORDINATED LOANS	(5.II.11)	-	1,194,561	1,194,561
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1,462,398	2,214	1,464,612
16.1 Paid-in capital		941,161	-	941,161
16.2 Capital reserves		110,929	2,214	113,143
16.2.1 Equity Share Premium		128,678	-	128,678
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Securities Revaluation Reserve		(13,113)	2,214	(10,899)
16.2.4 Revaluation Fund on Tangible Assets		-	-	-
16.2.5 Revaluation Fund on Intangible Assets		-	-	-
16.2.6 Revaluation Fund on Investment Properties		-	-	-
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		-	-	-
16.2.8 Hedging Fund (Effective Portion)		-	-	-
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-
16.2.10 Other Supplementary Capital		(4,636)	-	(4,636)
16.3 Profit reserves		243,284	-	243,284
16.3.1 Legal Reserves		13,535	-	13,535
16.3.2 Statutory Reserves		-	-	-
16.3.3 Extraordinary Reserves		229,749	-	229,749
16.3.4 Other Profit Reserves		-	-	-
16.4 Profit or loss		166,970	-	166,970
16.4.1 Prior Years' Profits or Losses		(158)	-	(158)
16.4.2 Current Period Net Profit or Loss		167,128	-	167,128
16.5 Minority Shares	(5.II.13)	54	-	54
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		10,349,374	9,762,294	20,111,668

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FİBANKA A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
AS OF 31 DECEMBER 2018**

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

	Footnotes	CURRENT PERIOD (31/12/2018)		
		TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		14,192,074	28,752,316	42,944,390
I. GUARANTEES AND WARRANTIES	(5. III. 1)	419,636	451,914	871,550
1.1. Letters of Guarantee		419,207	266,723	685,930
1.1.1. Guarantees Subject to State Tender Law		-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-
1.1.3. Other Letters of Guarantee		419,207	266,723	685,930
1.2. Bank Acceptances		429	128,996	129,425
1.2.1. Import Letter of Acceptance		429	128,996	129,425
1.2.2. Other Bank Acceptances		-	-	-
1.3. Letters of Credit		-	56,195	56,195
1.3.1. Documentary Letters of Credit		-	56,195	56,195
1.3.2. Other Letters of Credit		-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-
1.5. Endorsements		-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-
1.5.2. Other Endorsements		-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-
1.7. Factoring Guarantees		-	-	-
1.8. Other Guarantees		-	-	-
1.9. Other Collaterals		-	-	-
II. COMMITMENTS		2,090,036	1,909,177	3,999,213
2.1. Irrevocable Commitments	(5. III. 1)	2,090,036	1,909,177	3,999,213
2.1.1. Asset Purchase Commitments		1,168,457	1,909,177	3,077,634
2.1.2. Deposit Purchase and Sales Commitments		-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4. Loan Granting Commitments		615,901	-	615,901
2.1.5. Securities Issue Brokerage Commitments		-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-
2.1.7. Commitments for Cheque Payments		199,635	-	199,635
2.1.8. Tax and Fund Liabilities from Export Commitments		6,502	-	6,502
2.1.9. Commitments for Credit Card Limits		85,881	-	85,881
2.1.10. Commitments for Credit Cards and Banking Services Promotions		1	-	1
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13. Other Irrevocable Commitments		13,659	-	13,659
2.2. Revocable Commitments		-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-
2.2.2. Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5. III. 5)	11,682,402	26,391,225	38,073,627
3.1. Hedging Derivative Financial Instruments		503,405	427,169	930,574
3.1.1. Fair Value Hedges		503,405	427,169	930,574
3.1.2. Cash Flow Hedges		-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-
3.2. Trading Derivative Financial Instruments		11,178,997	25,964,056	37,143,053
3.2.1. Forward Foreign Currency Buy/Sell Transactions		1,468,168	3,893,850	5,362,018
3.2.1.1. Forward Foreign Currency Transactions-Buy		622,317	2,048,015	2,670,332
3.2.1.2. Forward Foreign Currency Transactions-Sell		845,851	1,845,835	2,691,686
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		7,002,428	17,823,279	24,825,707
3.2.2.1. Foreign Currency Swap-Buy		2,669,515	9,553,843	12,223,358
3.2.2.2. Foreign Currency Swap-Sell		4,282,913	7,743,346	12,026,259
3.2.2.3. Interest Rate Swap-Buy		25,000	263,045	288,045
3.2.2.4. Interest Rate Swap-Sell		25,000	263,045	288,045
3.2.3. Foreign Currency, Interest Rate and Securities Options		2,700,476	3,545,849	6,246,325
3.2.3.1. Foreign Currency Options-Buy		1,258,568	1,853,870	3,112,438
3.2.3.2. Foreign Currency Options-Sell		1,441,908	1,691,979	3,133,887
3.2.3.3. Interest Rate Options-Buy		-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-
3.2.3.5. Securities Options-Buy		-	-	-
3.2.3.6. Securities Options-Sell		-	-	-
3.2.4. Foreign Currency Futures		5,484	-	5,484
3.2.4.1. Foreign Currency Futures-Buy		5,484	-	5,484
3.2.4.2. Foreign Currency Futures-Sell		-	-	-
3.2.5. Interest Rate Futures		-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-
3.2.6. Other		2,441	701,078	703,519
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		119,227,962	57,297,849	176,525,811
IV. ITEMS HELD IN CUSTODY		1,499,164	299,350	1,798,514
4.1. Customer Fund and Portfolio Balances		260,501	-	260,501
4.2. Investment Securities Held in Custody		270,090	124,099	394,189
4.3. Cheques Received for Collection		469,250	161,039	630,289
4.4. Commercial Notes Received for Collection		141,021	14,212	155,233
4.5. Other Assets Received for Collection		-	-	-
4.6. Assets Received for Public Offering		-	-	-
4.7. Other Items Under Custody		358,302	-	358,302
4.8. Custodians		-	-	-
V. PLEDGES RECEIVED		117,728,798	56,998,499	174,727,297
5.1. Marketable Securities		245,559	330	245,889
5.2. Guarantee Notes		183,471	203,345	386,816
5.3. Commodity		-	-	-
5.4. Warranty		-	-	-
5.5. Immovables		9,339,825	8,405,100	17,744,925
5.6. Other Pledged Items		107,959,943	48,389,724	156,349,667
5.7. Pledged Items-Depository		-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		133,420,036	86,050,165	219,470,201

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
AS OF 31 DECEMBER 2017**

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

	Footnotes	PRIOR PERIOD (31/12/2017)		
		TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		15,098,165	26,819,511	41,917,676
I. GUARANTEES AND WARRANTIES	(5. III. 1)	759,810	1,271,184	2,030,994
1.1. Letters of Guarantee		759,390	294,942	1,054,332
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		759,390	294,942	1,054,332
1.2. Bank Acceptances		420	421,119	421,539
1.2.1. Import Letter of Acceptance		-	-	-
1.2.2. Other Bank Acceptances		420	421,119	421,539
1.3. Letters of Credit		-	555,123	555,123
1.3.1. Documentary Letters of Credit		-	-	-
1.3.2. Other Letters of Credit		-	555,123	555,123
1.4. Prefinancing Given as Guarantee		-	-	-
1.5. Endorsements		-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-
1.5.2. Other Endorsements		-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-
1.7. Factoring Guarantees		-	-	-
1.8. Other Guarantees		-	-	-
1.9. Other Collaterals		-	-	-
II. COMMITMENTS	(5. III. 1)	1,403,774	899,493	2,303,267
2.1. Irrevocable Commitments		1,403,774	899,493	2,303,267
2.1.1. Asset Purchase Commitments		737,529	899,493	1,637,022
2.1.2. Deposit Purchase and Sales Commitments		-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4. Loan Granting Commitments		323,365	-	323,365
2.1.5. Securities Issue Brokerage Commitments		-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-
2.1.7. Commitments for Cheque Payments		211,200	-	211,200
2.1.8. Tax and Fund Liabilities from Export Commitments		5,070	-	5,070
2.1.9. Commitments for Credit Card Limits		123,381	-	123,381
2.1.10. Commitments for Credit Cards and Banking Services		-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable		-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13. Other Irrevocable Commitments		3,229	-	3,229
2.2. Revocable Commitments		-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-
2.2.2. Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5. III. 5)	12,934,581	24,648,834	37,583,415
3.1. Hedging Derivative Financial Instruments		482,049	509,207	991,256
3.1.1. Fair Value Hedges		482,049	509,207	991,256
3.1.2. Cash Flow Hedges		-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-
3.2. Trading Derivative Financial Instruments		12,452,532	24,139,627	36,592,159
3.2.1. Forward Foreign Currency Buy/Sell Transactions		1,929,765	3,365,420	5,295,185
3.2.1.1. Forward Foreign Currency Transactions-Buy		918,657	1,731,510	2,650,167
3.2.1.2. Forward Foreign Currency Transactions-Sell		1,011,108	1,633,910	2,645,018
3.2.2. Swap Transactions Related to Foreign Currency and Interest		5,133,914	12,824,125	17,958,039
3.2.2.1. Foreign Currency Swap-Buy		2,340,868	6,587,892	8,928,760
3.2.2.2. Foreign Currency Swap-Sell		2,743,046	6,236,233	8,979,279
3.2.2.3. Interest Rate Swap-Buy		25,000	-	25,000
3.2.2.4. Interest Rate Swap-Sell		25,000	-	25,000
3.2.3. Foreign Currency, Interest Rate and Securities Options		5,310,753	7,874,718	13,185,471
3.2.3.1. Foreign Currency Options-Buy		2,654,127	3,936,025	6,590,152
3.2.3.2. Foreign Currency Options-Sell		2,656,626	3,938,693	6,595,319
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		78,100	75,364	153,464
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		99,748,531	41,498,940	141,247,471
IV. ITEMS HELD IN CUSTODY		1,464,887	288,177	1,753,064
4.1. Customer Fund and Portfolio Balances		128,611	-	128,611
4.2. Investment Securities Held in Custody		150,635	116,692	267,327
4.3. Cheques Received for Collection		737,227	91,680	828,907
4.4. Commercial Notes Received for Collection		170,178	79,805	249,983
4.5. Other Assets Received for Collection		-	-	-
4.6. Assets Received for Public Offering		-	-	-
4.7. Other Items Under Custody		278,236	-	278,236
4.8. Custodians		-	-	-
V. PLEDGES RECEIVED		98,283,644	41,210,763	139,494,407
5.1. Marketable Securities		86,637	150,865	237,502
5.2. Guarantee Notes		167,345	198,887	366,232
5.3. Commodity		-	-	-
5.4. Warranty		-	-	-
5.5. Immovables		9,477,490	5,736,845	15,214,335
5.6. Other Pledged Items		88,552,172	35,124,166	123,676,338
5.7. Pledged Items-Depository		-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		114,846,696	68,318,451	183,165,147

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

FİBANKKA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 DECEMBER 2018

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

INCOME AND EXPENSE ITEMS		Footnotes	CURRENT PERIOD (01/01/2018- 31/12/2018)
I.	INTEREST INCOME	(5.IV.1)	2,620,901
1.1	Interest on Loans		2,379,330
1.2	Interest on Reserve Deposits		31,645
1.3	Interest on Banks		144,851
1.4	Interest on Money Market Placements		5,312
1.5	Interest on Marketable Securities Portfolio		59,003
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		3,063
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		39,419
1.5.3	Financial Assets Measured at Amortized Cost		16,521
1.6	Financial Lease Income		-
1.7	Other Interest Income		760
II.	INTEREST EXPENSE		1,747,535
2.1	Interest on Deposits	(5.IV.2)	1,243,137
2.2	Interest on Funds Borrowed	(5.IV.2)	217,688
2.3	Interest on Money Market Placements		308
2.4	Interest on Securities Issued	(5.IV.2)	270,389
2.5	Other Interest Expenses		16,013
III.	NET INTEREST INCOME (I - II)		873,366
IV.	NET FEES AND COMMISSIONS INCOME		81,247
4.1	Fees and Commissions Received		122,980
4.1.1	Non-cash Loans		14,063
4.1.2	Other	(5.IV.12)	108,917
4.2	Fees and Commissions Paid		41,733
4.2.1	Non-cash Loans		168
4.2.2	Other	(5.IV.12)	41,565
V.	PERSONNEL EXPENSES (-)		232,653
VI.	DIVIDEND INCOME	(5.IV.3)	-
VII.	TRADING INCOME / LOSS (Net)	(5.IV.4)	7,431
7.1	Trading Gain / Loss on Securities		64,586
7.2	Gain / Loss on Derivative Financial Transactions		(130,355)
7.3	Foreign Exchange Gain / Loss		73,200
VIII.	OTHER OPERATING INCOME	(5.IV.5)	217,783
IX.	TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)		947,174
X.	EXPECTED CREDIT LOSS (-)	(5.IV.6)	486,904
XI.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	221,992
XII.	NET OPERATING INCOME / LOSS (IX-X-XI)		238,278
XIII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XIV.	INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD		-
XV.	GAIN / LOSS ON NET MONETARY POSITION		-
XVI.	PROFIT / LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	(5.IV.8)	238,278
XVII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(41,264)
17.1	Current Tax Provision		(117)
17.2	Deferred Tax Expense Effect (+)		(41,147)
17.3	Deferred Tax Income Effect (-)		-
XVIII.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVI±XVII)	(5.IV.10)	197,014
XIX.	INCOME FROM DISCONTINUED OPERATIONS		-
19.1	Income From Non-Current Assets Held for Sale		-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-
19.3	Income From Other Discontinued Operations		-
XX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-
20.1	Expenses on Non-current Assets Held for Sale		-
20.2	Losses from Sales of Associates, Subsidiaries and Joint Ventures		-
20.3	Expenses From Other Discontinued Operations		-
XXI.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIX-XX)		-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
22.1	Current Tax Provision		-
22.2	Deferred Tax Expense Effect (+)		-
22.3	Deferred Tax Income Effect (-)		-
XXIII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-
XXIV.	NET PROFIT / LOSS (XVIII+XXIII)	(5.IV.11)	197,014
24.1	Group Profit/Loss		197,010
24.2	Minority Interest		4
	Profit / Loss per Share(Per thousand share)		0.00209

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FİBANKKA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

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

INCOME AND EXPENSE ITEMS		Footnotes	PRIOR PERIOD (01/01/2017-31/12/2017)
I.	INTEREST INCOME	(5. IV. 1)	1,847,427
1.1	Interest on Loans		1,697,131
1.2	Interest on Reserve Deposits		19,714
1.3	Interest on Banks		76,141
1.4	Interest on Money Market Transactions		4,682
1.5	Interest on Securities Portfolio		49,451
1.5.1	Trading Securities		1,859
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-
1.5.3	Available for Sale Securities		47,592
1.5.4	Held to Maturity Securities		-
1.6	Interest on Financial Leases		-
1.7	Other Interest Income		308
II.	INTEREST EXPENSE		1,204,462
2.1	Interest on Deposits	(5. IV. 2)	926,880
2.2	Interest on Funds Borrowed	(5. IV. 2)	120,214
2.3	Interest Expense on Money Market Transactions		486
2.4	Interest on Securities Issued	(5. IV. 2)	142,885
2.5	Other Interest Expenses		13,997
III.	NET INTEREST INCOME (I - II)		642,965
IV.	NET FEES AND COMMISSIONS INCOME		45,492
4.1	Fees and Commissions Received		78,578
4.1.1	Non-cash Loans		11,294
4.1.2	Other	(5. IV. 12)	67,284
4.2	Fees and Commissions Paid		33,086
4.2.1	Non-cash Loans		189
4.2.2	Other	(5. IV. 12)	32,897
V.	DIVIDEND INCOME	(5. IV. 3)	-
VI.	TRADING INCOME / LOSS (Net)	(5. IV. 4)	2,825
6.1	Profit / Loss on Securities Trading		4,542
6.2	Profit / Loss on Derivative Financial Transactions		19,338
6.3	Foreign Exchange Gains / Losses		(21,055)
VII.	OTHER OPERATING INCOME	(5. IV. 5)	86,816
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		778,098
IX.	PROVISION FOR LOANS AND OTHER RECEIVABLES (-)	(5. IV. 6)	213,032
X.	OTHER OPERATING EXPENSES (-)	(5. IV. 7)	364,521
XI.	NET OPERATING PROFIT / LOSS (VII-IX-X)		200,545
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XIII.	INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD		-
XIV.	GAIN / LOSS ON NET MONETARY POSITION		-
XV.	P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(5. IV. 8)	200,545
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5. IV. 9)	(33,416)
16.1	Current Tax		(46,186)
16.2	Deferred Tax		12,770
XVII.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5. IV. 10)	167,129
XVIII.	PROFIT FROM DISCONTINUED OPERATIONS		-
18.1	Assets Held for Sale		-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-
18.3	Other		-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-
19.1	Assets Held for Sale		-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-
19.3	Other		-
XX.	P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
21.1	Current Tax		-
21.2	Deferred Tax		-
XXII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-
XXIII.	NET PROFIT / LOSS (XVII+XXII)	(5. IV. 11)	167,129
23.1	Group Profit/Loss		167,128
23.2	Minority Shares		1
	Earnings / Losses per Share(Per thousand share)		0.00177

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FİBABANKA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018

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

INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY	CURRENT PERIOD (01/01/2018 - 31/12/2018)
I. CURRENT PERIOD INCOME/LOSS	197,014
II. OTHER COMPREHENSIVE INCOME	(16,780)
2.1 Not Reclassified Through Profit or Loss	(16,780)
2.1.1 Property and Equipment Revaluation Increase/Decrease	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-
2.1.3 Defined Benefit Pension Plan Remeasurements Gain/Loss	-
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(21,042)
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	4,262
2.2 Reclassified Through Profit or Loss	-
2.2.1 Foreign Currency Conversion Differences	-
2.2.2 Valuation and/or Reclassification Income/Expense of Financial Assets Measured at Fair Value Through Other Comprehensive Income	-
2.2.3 Cash Flow Hedge Income/Loss	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	-
III. TOTAL COMPREHENSIVE INCOME/LOSS (I+II)	180,234

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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FİBANKKA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017

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

INCOME AND EXPENSES RECOGNIZED UNDER SHAREHOLDERS' EQUITY	PRIOR PERIOD (01/01/2017 - 31/12/2017)
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILBLE FOR SALE	15,694
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 the Fair Value)	-
VI. PROFIT/LOSS ON NET FOREIGN HEDGE DERIVATIVE FINANCIAL ASSETS(Effective Portion)	-
VII. THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN ACCOUNTING POLICY	-
VIII. OTHER INCOME AND EXPENSES RECOGNISED IN EQUITY IN ACCORDANCE WITH TAS	(2,041)
IX. DEFFERED TAX EFFECT OF REVALUATION	(1,931)
X. NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY(I+II+...+IX)	11,722
XI. PROFIT/LOSS FOR THE PERIOD	163,128
11.1 Net Change in Fair Value of Marketable Securities(Transfer to Profit/Loss)	(4,000)
11.2 The Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.3 The Portion of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.4 Other	167,128
XII. TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD (X+XI)	174,850

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FİBANKA A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD 1 JANUARY- 31 DECEMBER 2018**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss			Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss			Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity Excluding Minority Interests	Minority Interests	Total Equity
					1	2	3	4	5	6						
CURRENT PERIOD (31/12/2018)																
I. Balances at beginning of the period	941,161	128,678	-	-	-	(4,636)	(10,899)	-	-	-	243,284	(158)	167,128	1,464,558	54	1,464,612
II. Correction made as per TAS 8 (*)	-	-	-	-	-	-	-	-	-	-	-	(322,597)	-	(322,597)	-	(322,597)
2.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	(322,597)	-	(322,597)	-	(322,597)
III. Adjusted balances at beginning of the period (I+II)	941,161	128,678	-	-	-	(4,636)	(10,899)	-	-	-	243,284	(322,755)	167,128	1,141,961	54	1,142,015
IV. Total Comprehensive Income	-	-	-	-	-	(1,109)	(15,671)	-	-	-	-	-	197,010	180,230	4	180,234
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	167,002	126	(167,128)	-	-	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	167,002	(167,002)	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	167,128	(167,128)	-	-	-
Balances at the end of the period (III+IV+.....+X+XI)	941,161	128,678	-	-	-	(5,745)	(26,570)	-	-	-	410,286	(322,629)	197,010	1,322,191	58	1,322,249

1. Tangible and Intangible Asset Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurement of Defined Benefit Plans

3. Other (Other comprehensive income of Associates and Joint Ventures Accounted for Using Equity Method That Will Not Be Reclassified To Profit or Loss and Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss)

4. Exchange Differences on Conversion

5. Accumulated Gains(Losses) due to revolution and/or reclassification of financial assets measured at fair value through other comprehensive income

6. Other (Accumulated gains or losses on Cash flow hedge , other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss)

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FİBABANKA A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD 1 JANUARY- 31 DECEMBER 2017**

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

CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-in Capital	Paid-in Capital Inflation Adjustments	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Marketable Securities Revaluation Reserves	Tangible and Intangible Assets Revaluation Reserves	Bonus Shares from Equity Participations	Hedging Funds	Accumulated Rev. Reserve on Assets Held for Sale	Total Equity Excluding Minority Interests	Minority Interests	Total Equity
PRIOR PERIOD (31/12/2017)																			
I. Prior Period Ending Balance		941,161	-	128,678	-	7,790	-	120,579	(3,003)	114,996	(239)	(20,254)	-	-	-	-	1,289,708	53	1,289,761
Changes during the period																			
II. Increase/Decrease due to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	9,355	-	-	-	-	9,355	-	9,355
IV. Hedge Funds(Effective Portios)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares From Investments in Associates, Subsidiaries and Joint-Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The Effect of Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The Effect of Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change In Equities Of Subsidiaries On The Euity of the Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid-in Capital Inflation Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	(1,633)	-	-	-	-	-	-	-	(1,633)	-	(1,633)
XVII. Net Profit/Loss for the Period		-	-	-	-	-	-	-	-	167,128	81	-	-	-	-	-	167,128	1	167,129
XVIII. Profit Distribution		-	-	-	-	5,745	-	109,170	-	(114,996)	-	-	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	5,745	-	109,170	-	-	(114,915)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(114,996)	114,996	-	-	-	-	-	-	-	-
Ending Balance (I+II+III+...+XVI+XVII+XVIII)		941,161	-	128,678	-	13,535	-	229,749	(4,636)	167,128	(158)	(10,899)	-	-	-	-	1,464,558	54	1,464,612

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY- 31 DECEMBER 2018**

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

		Footnotes	CURRENT PERIOD (01/01/2018 - 31/12/2018)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities		(78,030)
1.1.1	Interest received (+)		2,590,911
1.1.2	Interest paid (-)		1,691,601
1.1.3	Dividend received (+)		-
1.1.4	Fees and commissions received (+)		120,560
1.1.5	Other income (+)		148,530
1.1.6	Collections from previously written off loans and other receivables (+)		4,800
1.1.7	Payments to personnel and service suppliers (-)		401,278
1.1.8	Taxes paid (-)		32,475
1.1.9	Other (+/-)	(5.VI.3)	(817,477)
1.2	Changes in Operating Assets and Liabilities		444,185
1.2.1	Net (increase) / decrease in financial assets at fair value through profit or loss (+/-)		597,196
1.2.2	Net (increase) / decrease in due from banks (+/-)		940,948
1.2.3	Net (increase) / decrease in loans (+/-)		47,568
1.2.4	Net (increase) / decrease in other assets (+/-)		(154,303)
1.2.5	Net increase / (decrease) in bank deposits (+/-)	(5.VI.3)	29,784
1.2.6	Net increase / (decrease) in other deposits (+/-)		(1,043,345)
1.2.7	Net increase / (decrease) in financial liabilities at fair value through profit or loss (+/-)		198,175
1.2.8	Net increase / (decrease) in funds borrowed (+/-)		(742,776)
1.2.9	Net increase / decrease in matured payables (+/-)		-
1.2.10	Net increase / (decrease) in other liabilities (+/-)	(5.VI.3)	570,938
I.	Net cash provided from banking operations (+/-)		366,155
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities (+/-)		(395,201)
2.1	Cash paid for the acquisition of associates, subsidiaries, entities and joint ventures		21,500
2.2	Cash obtained from the disposal of associates, subsidiaries, entities and joint ventures		-
2.3	Cash paid for the acquisition of tangible and intangible asset (-)		204,399
2.4	Cash obtained from the disposal of tangible and intangible asset (+)		-
2.5	Cash paid for the acquisition of financial assets at fair value through other comprehensive income (-)		-
2.6	Cash obtained from the disposal of financial assets at fair value through other comprehensive income (+)		59,424
2.7	Cash paid for the acquisition of financial assets at amortised cost (-)		193,392
2.8	Cash obtained from disposal of financial assets at amortised cost (+)		-
2.9	Other (+/-)	(5.VI.3)	(35,334)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided from financing activities (+/-)		587,519
3.1	Cash obtained from funds borrowed and securities issued (+)		776,839
3.2	Cash used for repayment of funds borrowed and securities issued (-)		189,320
3.3	Equity instruments issued (+)		-
3.4	Dividends paid (-)		-
3.5	Payments for financial leases (-)		-
3.6	Other (+/-)		-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		233,413
V.	Net increase/(decrease) in cash and cash equivalents(I+II+III+IV)		791,886
VI.	Cash and cash equivalents at beginning of period (+)	(5.VI.1)	1,296,272
VII.	Cash and cash equivalents at end of period (V+VI)	(5.VI.1)	2,088,158

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately

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

FİBANKKA A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY- 31 DECEMBER 2017**

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

		Footnotes	PRIOR PERIOD (01/01/2017 - 31/12/2017)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities		382,039
1.1.1	Interest received (+)		1,749,197
1.1.2	Interest paid (-)		1,147,006
1.1.3	Dividend received (+)		-
1.1.4	Fees and commissions received (+)		78,563
1.1.5	Other income (+)		141,941
1.1.6	Collections from previously written off loans and other receivables (+)		2,844
1.1.7	Payments to personnel and service suppliers (-)		326,753
1.1.8	Taxes paid (-)		68,633
1.1.9	Other (+/-)	(5.VI.3)	(48,114)
1.2	Changes in Operating Assets and Liabilities		(931,236)
1.2.1	Net (increase) / decrease in trading securities (+/-)		47,924
1.2.2	Net (increase) / decrease in fair value through profit/(loss) financial assets (+/-)		(600,156)
1.2.3	Net (increase) / decrease in due from banks and other financial institutions (+/-)		(316,874)
1.2.4	Net (increase) / decrease in loans (+/-)		(3,169,601)
1.2.5	Net (increase) / decrease in other assets (+/-)	(5.VI.3)	6,319
1.2.6	Net increase / (decrease) in bank deposits (+/-)		121,072
1.2.7	Net increase / (decrease) in other deposits (+/-)		2,484,531
1.2.8	Net increase / (decrease) in funds borrowed (+/-)		545,345
1.2.9	Net increase / (decrease) in due payables (+/-)		-
1.2.10	Net increase / (decrease) in other liabilities (+/-)	(5.VI.3)	(49,796)
I.	Net cash provided from banking operations		(549,197)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities (+/-)		94,881
2.1	Cash paid for acquisition of investments, associates and subsidiaries		4,897
2.2	Cash obtained for acquisition of investments, associates and subsidiaries		-
2.3	Purchases of property and equipment (-)		13,714
2.4	Disposals of property and equipment (+)		4,914
2.5	Cash paid for purchase of financial assets available- for sale (-)		95,050
2.6	Cash obtained from sale of financial assets available- for sale (+)		208,641
2.7	Cash paid for purchase of investment securities (-)		-
2.8	Cash obtained from sale of investment securities (+)		-
2.9	Other (+)	(5.VI.3)	(5,013)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided from financing activities (+/-)		1,051,326
3.1	Cash obtained from funds borrowed and securities issued (+)		871,173
3.2	Cash used for repayment of funds borrowed and securities issued (-)		617,130
3.3	Issued equity instruments (+)		797,283
3.4	Dividends paid (-)		-
3.5	Payments for financial leases (-)		-
3.6	Other (+/-)		-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		(5,432)
V.	Net increase in cash and cash equivalents(I+II+III+IV)		591,578
VI.	Cash and cash equivalents at beginning of period	(5.VI.1)	704,694
VII.	Cash and cash equivalents at end of period	(5.VI.1)	1,296,272

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

FİBANKKA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED PROFIT DISTRIBUTION TABLE

FOR THE PERIODS ENDED 31 DECEMBER 2018 AND 2017

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

	CURRENT PERIOD (*) (01/01/2018-31/12/2018)	PRIOR PERIOD (01/01/2017-31/12/2017)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	-	-
1.2 TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1 Corporate Tax (Income Tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	-	-
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 STATUTORY RESERVES (-)	-	-
1.11 EXTRAORDINARY RESERVES	-	-
1.12 OTHER RESERVES	-	-
1.13 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1 To owners of ordinary shares	-	-
2.2.2 To owners of privileged shares	-	-
2.2.3 To owners of preferred shares	-	-
2.2.4 To profit sharing bonds	-	-
2.2.5 To holders of profit and loss sharing certificates	-	-
2.3 DIVIDENDS TO PERSONNEL (-)	-	-
2.4 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
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 2018**

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

SECTION THREE

ACCOUNTING PRINCIPLES

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

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

Explanations about Leases Standard TFRS 16

“TFRS 16 Leases” standard came out on official gazette numbered 29826 on the date of 16 April 2018, to be implemented in accounting period after the date of 31 December 2018. According to this standard, difference between operational lease and financial lease disappeared so that all leasing transactions will be recognized as right-of-use assets and corresponding liability.

The standard will be effective from the periods beginning on or after 1 Jan, 2019 and the Bank’s adoption process regarding the mentioned amendments continues as of the reporting date. The Bank does not expect any significant impact on financials.

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 XXVI below.

In accordance with the transition rules of TFRS 9, the prior period financial statements and notes are not restated. Accounting policies and valuation principles used for the years 2018 and 2017 are presented separately in the notes.

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

1. Usage strategy of the financial instruments

The major factor in managing interest rate and liquidity risk at the balance sheet is parallel movement of assets and liabilities.

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

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2018

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

2. Foreign currency transactions

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

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

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

	31 December 2018	31 December 2017
US Dollar	5.2609	3.7719
Euro	6.0280	4.5155

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

As of 31 December 2018, net foreign exchange profit included in the income statement is TL 73,200 (1 January - 31 December 2017: TL 21,055 loss).

III. Explanations on consolidated subsidiaries

Fiba Portföy Yönetimi A.Ş. (“Fiba Portföy”); the subsidiary of the Bank was consolidated by using full consolidation method in the consolidated financial statements dated 31 December 2018. Fibabanka A.Ş. and Fiba Portföy Yönetimi A.Ş. together are referred to as “the Group” in the report.

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

The objective of Fiba Portföy is to manage portfolios consisting of financial assets as a representative by entering into portfolio management contracts in accordance with CMB laws and relevant regulation and also to perform capital markets operations. Besides, Fiba Portföy can manage the portfolios of local and foreign investment funds, investment trusts, local/foreign real persons, brokerage companies and other similar legal entities within the context of the related regulation as portfolio management activities.

On the condition that, the requirements of the Capital Markets regulations are fulfilled and necessary approvals and licences from the Capital Markets Board are obtained; Fiba Portföy can also perform investment advisory services, market consultancy in Borsa İstanbul A.Ş. Emerging Companies Market, and intermediary services for the trading of investment fund certificates. The Bank owns 99% of the equity of Fiba Portföy whose headquarters is located in Istanbul.

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

IV. Explanations on forward transactions, options and derivative instruments

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

The Parent Bank’s derivative instruments held for trading are classified as “Derivative Financial Assets Measured at Fair Value through Profit and Loss” or “Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income” in accordance with TFRS 9 and derivative instruments for hedging purpose are classified, measured and accounted in accordance with TAS 39 “Financial Instruments: Recognition and Measurement”, respectively.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2018**

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

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

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

Explanations on derivative financial instruments held for hedging

The Parent Bank enters into cross currency interest rate swap transactions in order to hedge the change in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in 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 at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities at Fair Value Through Profit or Loss", respectively depending on the fair values being positive or negative. Fair value changes are recorded under income statement.

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

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

VI. Explanations on fee and commission income and expenses

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

VII. Explanations on financial assets

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2018**

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

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

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

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

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

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

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

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

Equity securities, which are classified as financial assets measured at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

3. Financial assets measured at amortized cost

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

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

The Bank has classified financial assets at fair value through other comprehensive income amounting to TL 153,266 which were previously classified as available-for-sale financial assets to “Financial assets measured at amortized cost” as of January 2018.

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VIII. Explanations on expected credit loss

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

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 September 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisioning for impairment as set out in accordance with the related legislation of BRSA has been changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

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

Stage 1

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

Stage 2

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

Stage 3

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

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

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

Exposure at Default: Expresses the exposure amount when debtor defaults. It accounts along with the maturity of the borrower.

The amount of additional risk that may occur in case of default is added to the amount of risk and included in the calculations by using the credit conversion rates (CCR) for irrevocable commitments.

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

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

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

While macroeconomic information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomic variables are taken into consideration. The main macroeconomic indicators that make up these estimation models are the Gross Domestic Product (GDP) and the unemployment rate.

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VIII. Explanations on expected credit loss (continued)

Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

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

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

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

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

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

IX. Explanations on offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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

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

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

A tangible asset (or a disposal group) classified as “asset held for sale” is measured at the lower of the carrying value or fair value less costs to sell. Assets held for sale are not depreciated and presented in the financial statements separately. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively marketed at a price consistent with its fair value.

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

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

The Group does not have any discontinued operations.

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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:

Tangible Assets	Estimated Useful Lives (Years)	Depreciation Rates (%)
Safe boxes	50	2
Vehicles	5	20
Real estate	50	2
Other tangible assets	4-20	5-25

XIV. Explanations on leasing transactions

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

XV. Explanations on provisions and contingent liabilities

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

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

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XVI. Explanations on contingent assets

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

XVII. Explanations on liabilities for employee benefits

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

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

Calculation is based on discount rate of 13.50%, inflation rate of 6.00% and real rate of rise in salary of 0.00%.

Effective as of 31 December 2018, ceiling salary amount is considered as 5,434.42 TL (full TL).

Individuals' earliest retirement age is considered as retirement age.

CSO 1980 mortality table is used for the death probabilities of male and female employees.

There is no employee foundation, fund or similar institutions.

XVII. Explanations on taxation

1. Current Tax

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

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

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

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

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

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2. Deferred Tax

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

In accordance with the provisional article, added to Corporate Tax Law, corporate tax, which is 20% for the year 2017, shall be applied as 22% for the profit of company belonging to 2018, 2019 and 2020 fiscal periods. In accordance with this provisional article, 22% tax rate has been calculated for periods, in which the deferred tax assets and liabilities emerges and liabilities are met, while it is calculated by 20% for 2021 and following periods.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax asset was not computed over general loan loss and free provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

On the other hand deferred tax calculation has started to be applied over all temporary expected credit losses as per TFRS 9 articles from 1 January 2018. The Bank calculates deferred tax for the possible risk provisions, as well.

As of 31 December 2018, the deferred tax asset is TL 79,351 (31 December 2017: TL 9,504 the deferred tax asset). The deferred tax asset is calculated as the net of taxable and deductible temporary differences.

Deferred tax income/(expense) is recognized within "Deferred Tax expense effect" in the income statement; deferred tax expense for the current period is TL 41,147 (1 January - 31 December 2017: TL 12,770 income). 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 4,262 income (1 January -31 December 2017: TL 1,931 expense). Details regarding the deferred tax asset during TFRS 9 transition are explained in Note XXIV "Explanation on TFRS 9 Financial instruments standard"

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

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

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

XIX. Additional explanations on borrowings

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

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

XX. Explanations on share certificates issued

None.

XXI. Explanations on bank acceptances and bills of guarantee

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2018

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XXII. Explanation on government incentives

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

XXIII. Explanations on segment reporting

The Bank serves 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 banking services. Fiba Portföy, a subsidiary of the Bank, operates in the field of portfolio management and its operating results and assets and liabilities are reported under "Treasury and Head Office Department".

	Retail Banking	Commercial & Corporate Banking	Treasury & Headquarters	Total Operations of the Group
Current Period- 1 January - 31 December 2018				
Operating Income	291,997	612,016	275,814	1,179,827
Operating Profit	(126,624)	267,152	97,750	238,278
Taxation				(41,264)
Net profit/loss for Current Period- 31 December 2018				197,014
Segment Assets	3,528,275	10,541,060	6,549,841	20,619,176
Total Assets				20,619,176
Segment Liabilities	8,020,416	2,653,055	8,623,456	19,296,927
Shareholders' Equity				1,322,249
Total Liabilities				20,619,176
Prior Period - 1 January - 31 December 2017				
Operating Income	282,051	467,774	28,273	778,098
Operating Profit	(49,010)	290,755	(41,200)	200,545
Taxation				(33,416)
Net profit/loss for Prior Period- 31 December 2017				167,129
Segment Assets	4,202,600	10,588,059	5,321,009	20,111,668
Total Assets				20,111,668
Segment Liabilities	7,354,825	4,316,449	6,975,782	18,647,056
Shareholders' Equity				1,464,612
Total Liabilities				20,111,668

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2018

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XXIV. Explanations on TFRS 9 financial instruments standard

Explanations on the effect of the Group's application of TFRS 9 is shown below.

a. Classification and measurement of financial assets

	Before TFRS 9		In scope of TFRS 9	
	Measurement base	Book value	Measurement base	Book value
Financial assets		31 December 2017		1 January 2018
Cash and Balances with the Central Bank	Amortized cost	2,487,256	Amortized cost	2,487,256
Banks and Money Markets	Amortized cost	696,029	Amortized cost	696,029
Securities	Fair value through profit or loss	55,376	Fair value through profit or loss	55,376
Securities	Fair value through other comprehensive income	766,163	Fair value through other comprehensive income	612,897
Securities	Amortized cost	--	Amortized cost	169,084
Derivative Financial Assets	Fair value through profit or loss	688,501	Fair value through profit or loss	688,501
Loans (Gross)	Amortized cost	15,259,252	Amortized cost	15,259,252

b. Reconciliation of statement of financial position balances from TAS 39 to TFRS 9

Financial assets	Book value before TFRS 9 December 31, 2017	Reclassifications	Remeasurements	Book value after TFRS 9 January 1, 2018
Fair value through other comprehensive income				
Balance before reclassification (available for sale)	766,163	--	--	--
Valuation difference on available for sale fin. asset				
Reclassified as financial asset measured at amortized cost	--	(153,266)	--	--
Balance after reclassification	--	--	--	612,897
Measured at amortized cost				
Balance before classification (held-to-maturity)	--	--	--	--
Reclassified to fair value through other comprehensive income	--	153,266	15,818	--
Balance after reclassification	--	--	--	169,084

FİBABANKA A.Ş. AND ITS SUBSIDIARY

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XXIV. Explanations on TFRS 9 financial instruments standard (continued)

c. Reconciliation of the opening balances of expected credit losses as per TFRS 9

The table below shows the reconciliation of the provision for impairment of the Group as of 31 December 2017 and the provision for the expected credit loss model as measured in accordance with TFRS 9 as of 1 January 2018.

	Book Value Before TFRS 9 December 31, 2017	Remeasurements	Book Value After TFRS 9 January 1, 2018
Loans	231,288	419,865	651,153
Stage 1	51,700	58,030	109,730
Stage 2	8,593	184,135	192,728
Stage 3	170,995	177,700	348,695
Financial Assests (*)	3,412	261	3,673
Non-Cash Loans (**)	11,337	9,203	20,540
Stage 1 and 2	6,875	8,370	15,245
Stage 3	4,462	833	5,295
Total	246,037	429,329	675,366

(*) Within the scope of TFRS 9, provisions for securities, banks and money market receivables, measured at amortised cost and fair value through other comprehensive income.

(**) Before TFRS 9, the expected credit losses for stage 1 and 2 non-cash loans are classified under "12.1 General Provision" and expected credit losses for stage 3 non-cash loans are classified under "12.5. Other Provisions". In accordance with TFRS 9, the expected credit loss provisions for stage 1,2,3 non-cash loans are reported under "10.4 Other Provisions".

d. TFRS 9 transition effects on equity

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period financials in accordance with TFRS 9 and if the previous period financials are not restated, the difference between the book value of 1 January 2018 at the date of application should be reflected into the opening balance of equity. The explanations about the transition effects of TFRS 9 presented under "Prior Periods' Income or (Loss)" in the equity under the scope of this article are given below.

Negative difference of TL 429,329 between the provision for impairment of the previous period of Group and the expected credit loss that is calculated in accordance with TFRS 9 as of 1 January 2018 is classified as "Prior Periods' Income or (Loss)" under shareholders' equity.

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on 20 September 2017, for general provisions (TFRS 9 expected credit loss provisions for Stage 1 and Stage 2), recognition of deferred tax assets has started as of 1 January 2018. Within this scope, deferred tax assets amounting to TL 67,455 have been reflected into the opening financials of 1 January 2018 and the related amount has been classified under "Prior Periods' Income or (Loss)" under shareholders' equity. For the specific provisions (TFRS 9 expected credit loss provisions for Stage 3), which have been recognized due to TFRS 9 transition, deferred tax income amounting to TL 39,277 is also classified under "Prior Periods' Income or (Loss)" in equity as of 1 January 2018.

XXV. Explanations on prior period accounting policies not valid for the current period

TFRS 9 standard came into effect instead of TAS 39 standard as of 1 January 2018. Accounting policies that have lost their validity with the transition of TFRS 9 are given below:

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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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*

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

The Group has determined a portion of its extended credits as financial assets fair value through profit or loss, mentioned in TAS 39 standard. The aforementioned loans have been demonstrated on credits line under "Financial assets at Fair value through profit or loss (net)".

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 Bank does not have any held to maturity investments as of 31 December 2017.

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.

The Group classifies its loans and receivables to related groups by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 26333 dated November 1, 2006 and other regulations and makes special or general provisions according to group, in which the loans and receivables are tracked. On the other hand, deferred tax asset is not allocated over the amount of general loan loss provisions for possible losses in accordance with the circular of BRSA dated 8 December 2004 no. BRSA.DZM.2/13/1-a-3.

XXVI. 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 2018, the Group’s total capital has been calculated as TL 3,215,203 and the capital adequacy ratio is 19.47% (As of 31 December 2017, the Bank’s total capital amounted to TL 2,687,385 and the capital adequacy ratio was 16.09%).

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

	Current Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	941,161	--
Share Premium	128,678	
Reserves	410,286	
Other comprehensive income according to TAS	--	
Profit	197,014	
Current period profit	197,014	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Minority Shares	--	
Tier I Capital Before Deductions	1,677,139	
Deductions From Tier I Capital	--	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	--	--
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-) (**)	42,904	--
Improvement costs for operational leasing (-)	12,259	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	35,001	--
Excess amount arising from deferred tax assets from temporary differences	13,000	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--
Gains and losses due to changes in own credit risk on fair valued liabilities	--	--

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

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	Current Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding 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	--	
Total Deductions From Common Equity Tier I Capital	103,164	
Total Common Equity Tier I Capital	1,573,975	
ADDITIONAL TIER I CAPITAL	--	
Preferred stock not included in Tier I capital and the related share premiums	--	
Debt instruments and the related issuance premiums defined by the BRSA	--	
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	
Shares of third parties on Additional Tier I Capital	--	
Shares of third parties on Additional Tier I Capital (Temporary Article 3)	--	
Additional Core Capital before Deductions	--	
Deductions from Additional Core Capital	--	
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	--
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--

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	Current Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	--	
Total Deductions from Additional Tier I Capital	--	
Total Additional Tier I Capital	--	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,573,975	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,563,671	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Shares of third parties on Additional Tier I Capital	--	
Shares of third parties on Additional Tier I Capital (Temporary Article 3)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	77,804	
Tier II Capital before Deductions	1,641,475	
Deductions from Tier II Capital	--	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	--
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	245	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
Total Deductions from Tier II Capital	245	
Total Tier II Capital	1,641,230	
Total Equity (Total Tier I and Tier II Capital)	3,215,205	

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	Current Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	--	
Other items to be defined by the BRSA (-)	2	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
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 (-)	--	--
EQUITY	3,215,203	
Total Capital (Total of Tier I Capital and Tier II Capital)	3,215,203	--
Total Risk Weighted Assets	16,514,413	--
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	9.53	--
Tier I Capital Adequacy Ratio (%)	9.53	--
Capital Adequacy Ratio (%)	19.47	--
BUFFERS		
Total Additional Core Capital Requirement Ratio (a+b+c)	1.95	--
a)Capital Conservation Buffer Requirement (%)	1.88	--
b)Bank-specific Counter-Cyclical Buffer Requirement(%)	0.07	--
c)Systemically Important Banks Buffer Requirement Ratio (%)	--	--

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	Current Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to risk weighted assets	3.53	--
Amounts lower than Excesses as per Deduction Rules	--	--
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital	--	--
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	--	--
Remaining mortgage servicing rights	--	--
Net deferred tax assets arising from temporary differences	--	--
Limits for Provisions Used in Tier II Capital Calculation	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	288,131	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	77,804	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, limited by 0.6% risk weighted assets	--	--
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)	--	--
Upper limit for Additional Tier I Capital items subject to Temporary Article 4	--	-
Amount of Additional Tier I Capital items subject to Temporary Article 4 that exceeds upper limit	--	-
Upper limit for Additional Tier II Capital items subject to Temporary Article 4	--	-
Amount of Additional Tier II Capital items subject to Temporary Article 4 that exceeds upper limit	--	-

* The amounts to be considered under the transitional provisions.

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	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	941,161	--
Share premium	128,678	
Reserves	243,284	
Other comprehensive income according to TAS	2,214	
Profit	167,129	
Current period profit	167,129	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Minortiy Shares	11	
Tier I Capital Before Deductions	1,482,477	
Deductions From Tier I Capital	--	
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 (-)	17,908	--
Improvement costs for operational leasing (-)	10,257	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,758	--
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	--	--
Gains and losses due to changes in own credit risk on fair valued liabilities	--	--

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	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	
Excess amount arising from mortgage servicing rights	--	
Excess amount arising from deferred tax assets from temporary differences (-)	--	
Other items to be defined by the BRSA	--	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	
Total Deductions From Common Equity Tier I Capital	32,923	
Total Common Equity Tier I Capital	1,449,554	
ADDITIONAL TIER I CAPITAL	--	
Preferred stock not included in Tier I capital and the related share premiums	--	
Debt instruments and the related issuance premiums defined by the BRSA	--	
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	
Shares of third parties on Additional Tier I Capital	--	
Shares of third parties on Additional Tier I Capital (Temporary Article 3)	--	
Additional Core Capital before Deductions	--	
Deductions from Additional Core Capital	--	
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	--
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--

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	Prior Period (31/12/2017) 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 (-)	--	
Items to be Deducted from Tier I Capital during the Transition Period		
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 (-)	1,190	--
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 (-)	--	
Total Deductions from Additional Tier I Capital	--	
Total Additional Tier I Capital	--	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,448,364	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,169,289	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Shares of third parties on Additional Tier I Capital	--	
Shares of third parties on Additional Tier I Capital (Temporary Article 3)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	70,580	
Tier II Capital before Deductions	1,239,869	
Deductions from Tier II Capital	--	
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	814	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
Total Deductions from Tier II Capital	814	
Total Tier II Capital	1,239,055	
Total Equity (Total Tier I and Tier II Capital)	2,687,419	

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	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
Total Tier I Capital and Tier II Capital (Total Equity)	--	
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	--	
Other items to be defined by the BRSA (-)	34	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
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 (-)	--	--
EQUITY		
Total Capital (Total of Tier I Capital and Tier II Capital)	2,687,385	--
Total Risk Weighted Assets	16,698,036	--
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	8.68	--
Tier I Capital Adequacy Ratio (%)	8.67	--
Capital Adequacy Ratio (%)	16.09	--
BUFFERS		
Total Additional Core Capital Requirement Ratio (a+b+c)	1.27	
a)Capital Conservation Buffer Requirement (%)	1.25	--
b)Bank-specific Counter-Cyclical Buffer Requirement(%)	0.02	--
c)Systemically Important Banks Buffer Requirement Ratio (%)	--	--

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	Prior Period (31/12/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to risk weighted assets	2.68	--
Amounts lower than Excesses as per Deduction Rules	--	--
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital	--	--
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	--	--
Remaining mortgage servicing rights	--	--
Net deferred tax assets arising from temporary differences	--	--
Limits for Provisions Used in Tier II Capital Calculation	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	70,580	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	70,580	--
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	--	--
Debt Instruments Covered by Temporary Article 4 (effective between 1/1/2018-1/1/2022)	--	--
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--

* The amounts to be considered under the transitional provisions.

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

The difference between "Equity" in equity table and "Shareholder's Equity" in the unconsolidated balance sheet mainly arises from the subordinated bonds, general provisions and TFRS 9 transition effect. In the calculation of Total Capital, general provision up to 1.25% of credit risk is taken into consideration as Tier II Capital.

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

Debt Instruments included in shareholder's equity calculation:

Issuer	Fibabanka A.Ş.
Code of debt instrument (CUSIP, ISIN etc.)	XS1386178237
Regulation of debt instrument	BRSB's "Regulation on Equities of Banks" dated 1 November 2006" and English Law
Consideration Status in Shareholders' Equity Calculation	
Situation of being subject to practice of being taken into consideration with 10% deduction after 1/1/2015	No
Eligible at unconsolidated / consolidated	Unconsolidated and Consolidated
Type of debt instrument	Subordinated Bond
Recognized amount in shareholders' equity calculation (As of the most recent reporting date - Thousand TL)	1,563,671
Nominal value of debt instrument (Thousand TL)	1,578,270
Related account of debt instrument	Subordinated Debt Instruments
Issuing date of debt instrument	24/03/16-10/05/17
Maturity structure of debt instrument (Demand/Time)	Time
Initial term of of debt instrument	11 years
Issuer call subject to prior BRSB approval	Yes
Optional call date, reimbursement amount	24/11/2022; \$ 300 million
Subsequent call date, if any	None

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Interest/Dividend Payments

Fixed or floating interest/dividend payments	Floating interest
Interest rate or index value of interest rate	7.75% (5-years mid-swap rate + 5.758%) till call date and then; 5-years mid-swap rate+5.758%
Whether there is any restriction to stop dividend payments or not	None
Feature of being fully optional, partially optional or obligatory	Obligatory
Whether there is any stimulant to repayment like interest rate hike or not	None
Feature of being cumulative or noncumulative	--
Feature of being convertible bonds	
If there is convertible bonds, trigger incidents cause this conversion	--
If there is convertible bonds, feature of full or partially conversion	--
If there is convertible bonds, rate of conversion	--
If there is convertible bonds, feature of conversion -obligatory or optional-	--
If there is convertible bonds, types of convertible instruments	--
If there is convertible bonds, exporter of convertible debt instruments	--
Feature of value reduction	
If there is a feature of value reduction, trigger incidents cause this reduction	--
If there is a feature of value reduction, feature of full or partially reduction of value	--
If there is a feature of value reduction, feature of being constant of temporary	--
If there is a feature of value reduction, mechanism of value incrementation	--
Claiming rank in case of winding up (Instrument that is just above debt instrument)	--
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.
The conditions not met which were defined by 7th or 8th of the 7th or 8th articles of Shareholders' Equity of Banks Regulation	--

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Explanations on TFRS 9 Transition Process

	T	T-1	T-2	T-3	T-4
EQUITY ITEMS					
Common Equity	1,573,975	1,495,965	1,417,955	1,339,944	1,261,934
Common Equity if transition process not implemented ^a	1,261,934	1,261,934	1,261,934	1,261,934	1,261,934
Tier 1 Capital	1,573,975	1,495,965	1,417,955	1,339,944	1,261,934
Tier 1 Capital if transition process not implemented ^b	1,261,934	1,261,934	1,261,934	1,261,934	1,261,934
Total Capital	3,215,203	3,187,353	3,159,502	3,084,470	3,006,460
Equity if transition process not implemented ^c	3,006,460	3,006,460	3,006,460	3,006,460	3,006,460
TOTAL RISK WEIGHTED AMOUNTS					
Total Risk Weighted Amounts	16,514,413	16,514,413	16,514,413	16,514,413	16,514,413
CAPITAL ADEQUACY RATIO					
Common Equity Adequacy Ratio (%)	9.53	9.06	8.59	8.11	7.64
Common Equity Ratio if transition process not implemented ^ç (%)	7.64	7.64	7.64	7.64	7.64
Tier 1 Capital Adequacy Ratio (%)	9.53	9.06	8.59	8.11	7.64
Tier 1 Capital Adequacy Ratio if transition process not implemented ^ç (%)	7.64	7.64	7.64	7.64	7.64
Capital Adequacy Ratio (%)	19.47	19.30	19.13	18.68	18.21
Capital Adequacy Ratio if transition process not implemented ^ç (%)	18.21	18.21	18.21	18.21	18.21
LEVERAGE					
Leverage Ratio Total Risk Amount	26,118,463	26,118,463	26,418,463	26,118,463	26,118,463
Leverage (%)	6.03	5.73	5.43	5.13	4.83
Leverage Ratio if transition process not implemented ^d (%)	4.83	4.83	4.83	4.83	4.83

^a Common Equity if “Provisional Article 5 of the Regulation on Banks’ Own Funds” not implemented

^b Tier 1 Capital if “Provisional Article 5 of the Regulation on Banks’ Own Funds” not implemented

^c Equity if “Provisional Article 5 of the Regulation on Banks’ Own Funds” not implemented

^ç Capital Adequacy Ratio calculated with Equity Items if “Provisional Article 5 of the Regulation on Banks’ Own Funds” not implemented

^d Leverage Ratio calculated with Equity Items if “Provisional Article 5 of the Regulation on Banks’ Own Funds” not implemented

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II. Explanations on Consolidated credit risk

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

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

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

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

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

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

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

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

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

As per Customer Group Concentration, Top 20 corporate debtor's / risk group's credit risk sum shall not exceed 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 55% and 65% of the total cash loan portfolio, respectively (31 December 2017: 49% and 57%, respectively).

The Bank's largest 100 and 200 non-cash loan customers compose 78% and 89% of the total non-cash loan portfolio, respectively (31 December 2017: 75% and 85%, respectively).

The Bank's largest 100 and 200 cash and non-cash loan customers represent 53% and 64% of the total "on and off balance sheet" assets, respectively (31 December 2017: 46% and 56%, respectively).

Expected credit loss for total credit risk of the Parent Bank amounts to TL 288,131(Stage 1 and Stage 2) (31 December 2017: TL 70,580).

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II. Explanations on Consolidated credit risk (continued)

	Current Period Risk Amount *	Average Risk Amount**
Exposure Categories		
Conditional and Unconditional Exposures to Central Governments or Central Banks	2,101,754	2,921,495
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	3,232,664	2,466,803
Conditional and Unconditional Exposures to Corporates	9,407,193	9,648,683
Conditional and Unconditional Retail Exposures	3,774,842	4,406,467
Conditional and Unconditional Exposures Secured by Real Estate Property	1,829,885	1,969,665
Past Due Receivables	287,004	232,015
Receivables Defined in High Risk Category by BRSA	43,854	33,484
Exposures in the Form of Collective Investment Undertakings	40,619	34,729
Other Receivables	949,654	714,872
Total	21,667,469	22,438,213

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

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

	Prior Period Risk Amount *	Average Risk Amount**
Exposure Categories		
Conditional and Unconditional Exposures to Central Governments or Central Banks	2,559,571	2,469,760
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	2,445,146	2,802,123
Conditional and Unconditional Exposures to Corporates	10,592,691	8,548,960
Conditional and Unconditional Retail Exposures	4,146,170	3,568,310
Conditional and Unconditional Exposures Secured by Real Estate Property	1,962,827	2,260,820
Past Due Receivables	219,982	174,589
Receivables Defined in High Risk Category by BRSA	80,106	18,821
Exposures in the Form of Collective Investment Undertakings	24,631	33,054
Other Receivables	478,587	481,122
Total	22,509,711	20,357,559

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

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

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II. Explanations on Consolidated credit risk (continued)

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
Current Period *											
Domestic	3,129,295	--	1,712,610	8,757,942	3,050,196	1,729,963	287,004	43,828	40,619	949,654	19,701,111
EU Countries	--	--	1,489,035	182,977	29	353	--	--	--	--	1,672,394
OECD Countries **	--	--	5,544	--	133	--	--	--	--	--	5,677
Off-Shore Banking Region	--	--	--	240,528	--	--	--	--	--	--	240,528
USA, Canada	--	--	18,664	21,314	--	--	--	--	--	--	39,978
Other Countries	--	--	6,811	--	25	919	--	26	--	--	7,781
Associates, Subsidiaries and Joint -Ventures	--	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities***	--	--	--	--	--	--	--	--	--	--	--
Total	3,129,295	--	3,232,664	9,202,761	3,050,383	1,731,235	287,004	43,854	40,619	949,654	21,667,469

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

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

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

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to administrative units and noncommercial enterprises	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Collective investment undertakings	Other receivables	Total
Prior Period *											
Domestic	4,183,915	--	1,200,733	9,737,093	3,115,960	1,824,008	219,982	79,213	24,631	478,587	20,864,122
EU Countries	--	--	1,199,546	111,276	24	--	--	--	--	--	1,310,846
OECD Countries **	--	--	8,436	--	--	--	--	--	--	--	8,436
Off-Shore Banking Region	--	--	--	--	--	--	--	--	--	--	--
USA, Canada	--	--	33,632	22,310	5	--	--	--	--	--	55,497
Other Countries	--	--	2,799	265,517	819	332	--	893	--	--	270,360
Associates, Subsidiaries and Joint -Ventures	--	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities***	--	--	--	--	--	--	--	--	--	--	--
Total	4,183,915	--	2,445,146	10,136,196	3,116,808	1,824,340	219,982	80,106	24,631	478,587	22,509,711

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

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

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

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II. Explanations on Consolidated credit risk (continued)

2. Risk profile by sectors or counterparties

Current Period	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
Agricultural	94,084	--	--	110,342	155,073	74,353	13,773	828	--	--	431,603	16,850	448,453
Farming and Stockbreeding	81,826	--	--	100,704	138,040	72,745	13,344	825	--	--	393,514	13,970	407,484
Forestry	11,214	--	--	9,638	15,247	1,608	353	3	--	--	35,183	2,880	38,063
Fishing	1,044	--	--	--	1,786	--	76	--	--	--	2,906	--	2,906
Manufacturing	356,820	--	--	2,622,702	600,714	201,768	75,224	1,841	--	--	2,573,796	1,285,273	3,859,069
Mining and Quarrying	16,794	--	--	347,531	44,149	1,314	10,535	2	--	--	337,331	82,994	420,325
Production	336,053	--	--	1,485,441	542,219	199,307	64,357	1,703	--	--	1,763,631	865,449	2,629,080
Electricity, Gas and Water	3,973	--	--	789,730	14,346	1,147	332	136	--	--	472,834	336,830	809,664
Construction	76,674	--	--	1,953,331	1,168,476	677,812	40,973	3,605	--	--	2,410,533	1,510,338	3,920,871
Services	2,036,468	--	2,689,293	3,482,484	714,778	688,797	135,569	36,717	--	949,654	5,397,785	5,335,975	10,733,760
Wholesale and Retail Trade	216,827	--	--	653,753	436,657	84,083	37,854	1,664	--	--	1,056,753	374,085	1,430,838
Accommodation and Dining	69,927	--	--	679,251	65,331	416,388	54,705	34,879	--	--	418,825	901,656	1,320,481
Transportation and Telecom.	39,394	--	--	531,038	64,713	41,797	4,055	132	--	--	249,477	431,652	681,129
Financial Institutions	1,627,508	--	2,689,293	777,599	24,326	1,418	19	28	--	949,654	2,865,769	3,204,076	6,069,845
Real Estate and Rental Services	7,249	--	--	368,150	22,587	17,934	32,407	1	--	--	138,150	310,178	448,328
Self-Employment Services	2,249	--	--	--	14,642	441	2,927	13	--	--	20,272	--	20,272
Educational Services	21,979	--	--	312,523	23,305	117,862	81	--	--	--	366,027	109,723	475,750
Health and Social Services	51,335	--	--	160,170	63,217	8,874	3,521	--	--	--	282,512	4,605	287,117
Other*	565,249	--	543,371	1,033,902	411,342	88,505	21,465	863	40,619	--	1,701,948	1,003,368	2,705,316
Total*	3,129,295	--	3,232,664	9,202,761	3,050,383	1,731,235	287,004	43,854	40,619	949,654	12,515,665	9,151,804	21,667,469

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

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

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II. Explanations on Consolidated credit risk (continued)

2. Risk profile by sectors or counterparties (continued)

Prior Period	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
Agricultural	117,566	--	--	117,875	200,397	108,999	3,345	676	--	--	500,838	48,020	548,858
Farming and Stockbreeding	100,431	--	--	96,774	187,264	106,681	3,023	676	--	--	451,509	43,340	494,849
Forestry	13,025	--	--	20,871	11,639	2,145	297	--	--	--	45,909	2,068	47,977
Fishing	4,110	--	--	230	1,494	173	25	--	--	--	3,420	2,612	6,032
Manufacturing	570,171	--	--	3,196,938	716,650	201,770	67,433	66,980	--	--	3,055,580	1,764,362	4,819,942
Mining and Quarrying	26,493	--	--	151,397	28,571	898	11,929	666	--	--	129,444	90,510	219,954
Production	531,293	--	--	2,501,582	675,930	199,093	55,424	66,308	--	--	2,390,084	1,639,546	4,029,630
Electricity, Gas and Water	12,385	--	--	543,959	12,149	1,779	80	6	--	--	536,052	34,306	570,358
Construction	96,965	--	--	2,125,170	941,880	694,718	61,665	7,861	--	--	2,327,418	1,600,841	3,928,259
Services	3,055,395	--	2,403,086	3,591,601	879,540	675,203	61,713	3,179	--	478,587	4,099,824	7,048,480	11,148,304
Wholesale and Retail Trade	380,841	--	--	712,093	544,733	129,295	43,336	2,201	--	--	1,475,387	337,112	1,812,499
Accommodation and Dining	122,386	--	--	835,172	82,445	426,001	9,007	66	--	--	331,078	1,143,999	1,475,077
Transportation and Telecom.	54,539	--	--	485,999	83,784	80,055	6,303	2	--	--	222,256	488,426	710,682
Financial Institutions	2,376,140	--	2,403,086	499,478	24,638	1,113	53	893	--	478,587	1,118,135	4,665,853	5,783,988
Real Estate and Rental Services	12,287	--	--	350,472	29,786	16,250	1,348	--	--	--	99,554	310,589	410,143
Self-Employment Services	7,020	--	--	696	7,193	809	145	4	--	--	15,867	--	15,867
Educational Services	31,281	--	--	292,746	19,865	8,984	1	4	--	--	272,323	80,558	352,881
Health and Social Services	70,901	--	--	414,945	87,096	12,696	1,520	9	--	--	565,224	21,943	587,167
Other*	343,818	--	42,060	1,104,612	378,341	143,650	25,826	1,410	24,631	--	1,305,779	758,569	2,064,348
Total*	4,183,915	--	2,445,146	10,136,196	3,116,808	1,824,340	219,982	80,106	24,631	478,587	11,289,439	11,220,272	22,509,711

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

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

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II. Explanations on Consolidated credit risk (Continued)

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

Exposure Categories / Current Period*	Term to Maturity				
	Up to 1 Month	1 -3 Months	3 -6 Months	6-12 Months	Over 1 year
Conditional and Unconditional Exposures to Central Governments or Central Banks	1,112,278	2,594	73,433	74,255	1,266,301
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--	--	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	2,065,807	15,095	131,350	65,223	955,180
Conditional and Unconditional Exposures to Other Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to SME Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to Corporates	1,907,526	1,008,988	1,509,616	994,991	3,772,725
Conditional and Unconditional Retail Exposures	456,625	443,621	630,324	496,462	908,759
Conditional and Unconditional Exposures Secured by Real Estate Property	105,457	60,680	90,437	228,891	1,245,004
Past Due Receivables	--	--	--	--	--
Receivables Defined in High Risk Category by BRSA	36,826	1,415	548	781	4,284
Exposures in the Form of Bonds Secured by Mortgages	--	--	--	--	--
Short term Exposures to Banks, Brokerage Houses and Corporates	--	--	--	--	--
Exposures in the Form of Collective Investment Undertakings	--	--	--	--	--
Other Receivables	40,183	--	--	--	--
Total**	5,724,702	1,532,393	2,435,708	1,860,603	8,152,253

* Items with determined maturities are classified according to remaining maturities

** Items without determined maturities are not included; TL 600,434 central bank receivables, TL 138,332 cash and equivalents, TL 17,176 credit card limits, TL 147,033 non-cash loan limits and payment commitments, TL 731,212 other receivables, TL 287,004 overdue receivables, 40,619 investment funds.

Exposure Categories / Prior Period*	Term to Maturity				
	Up to 1 Month	1 -3 Months	3 -6 Months	6-12 Months	Over 1 year
Conditional and Unconditional Exposures to Central Governments or Central Banks	1,862,857	217	17,658	63,734	1,722,483
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--	--	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	1,259,636	34,110	116,045	97,710	937,637
Conditional and Unconditional Exposures to Other Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to SME Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to Corporates	866,231	1,169,998	1,588,526	1,876,363	4,624,538
Conditional and Unconditional Retail Exposures	355,316	336,654	666,311	635,202	1,055,694
Conditional and Unconditional Exposures Secured by Real Estate Property	79,927	63,318	101,055	147,239	1,431,291
Past Due Receivables	--	--	--	--	--
Receivables Defined in High Risk Category by BRSA	58,972	1,159	1,132	609	18,234
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	18,936	--	--	--	--
Total**	4,501,875	1,605,456	2,490,727	2,820,857	9,789,877

* Items with determined maturities are classified according to remaining maturities

** Items without determined maturities are not included; TL 516,966 central bank receivables, TL 118,112 cash and equivalents, TL 24,677 credit card limits, TL 97,252 non-cash loan limits and payment commitments, TL 299,299 other receivables, TL 219,982 overdue receivables, 24,631 investment funds.

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II. Explanations on Consolidated credit risk (continued)

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

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

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

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

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

4. Exposures by risk weights

Risk Weights Current Period									Deductions from Equity	Total
	%0	%10	%20	%35	%50	%75	%100	%150		
Exposures Before Credit Risk Mitigation	2,212,880	--	1,582,308	--	1,942,229	4,309,154	11,478,624	142,274	--	21,667,469
Exposures After Credit Risk Mitigation	3,997,529	--	1,401,604	257,814	2,779,452	3,048,853	10,039,943	142,274	--	21,667,469

Risk Weights Prior Period									Deductions from Equity	Total
	%0	%10	%20	%35	%50	%75	%100	%150		
Exposures Before Credit Risk Mitigation	2,688,710	--	755,813	--	1,743,001	4,869,317	12,362,737	90,133	--	22,509,711
Exposures After Credit Risk Mitigation	4,585,051	--	279,435	450,827	2,915,947	3,115,787	11,072,531	90,133	--	22,509,711

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II. Explanations on Consolidated credit risk (continued)

5. Information by major sectors and type of counterparties

As per TFRS;

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

Credit Impaired (Stage3); includes financial assets whose probability of default is considered to be 100%. The life time expected credit losses are recognized for impaired loans.

Current Period	Loans		Provisions
	Impaired		
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Expected Credit Losses (TFRS 9)
Major Sector / Counterparties			
Agriculture	117,581	28,954	24,907
Farming and Stockbreeding	84,806	20,209	14,369
Forestry	30,972	8,419	10,223
Fishery	1,803	326	315
Manufacturing	212,166	132,476	89,951
Mining and Quarrying	55,125	51,428	25,448
Production	138,816	80,439	58,596
Electricity, Gas and Water	18,225	609	5,907
Construction	292,345	87,393	77,341
Services	698,835	305,229	184,011
Wholesale and Retail Trade	242,642	132,174	100,186
Accommodation and Dining	93,911	109,878	25,194
Transportation and Telecommunication	172,576	13,042	35,811
Financial Institutions	6,551	54	953
Real Estate and Rental Services	119,667	41,351	15,565
Self-Employment Services	9,780	2,348	2,641
Educational Services	19,193	1,132	1,304
Health and Social Services	34,515	5,250	2,357
Other	366,356	67,811	89,123
Total	1,687,283	621,863	465,333

Prior Period	Loans			Provisions(**)
Major Sector / Counterparties	Impaired Loans	Past Due Loans	Value Adjustments(*)	
Agriculture	16,358	45,900	287	8,622
Farming and Stockbreeding	5,942	40,784	259	2,301
Forestry	9,358	5,108	30	5,290
Fishery	1,058	8	-	1,031
Manufacturing	103,548	48,598	297	43,377
Mining and Quarrying	46,310	16,225	92	13,105
Production	57,085	32,269	204	30,179
Electricity, Gas and Water	153	104	1	93
Construction	87,757	90,617	561	33,115
Services	138,152	304,356	2,031	48,453
Wholesale and Retail Trade	104,752	105,634	729	39,112
Accommodation and Dining	11,995	53,397	455	2,790
Transportation and Telecommunication	9,564	107,550	604	2,758
Financial Institutions	28	7,097	18	14
Real Estate and Rental Services	1,770	11,631	61	401
Self-Employment Services	794	3,607	34	472
Educational Services	5,116	1,780	17	1,311
Health and Social Services	4,133	13,660	113	1,595
Other	122,678	107,779	1,498	37,428
Total	468,493	597,250	4,676	170,995

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

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

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6. Information on movements in value adjustments and provisions

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Closing Balance
Current Period					
Specific Provisions(Stage 3)	348,695	367,753	--	(420,613)	295,835
General Provisions (Stage 1 and 2)	302,458	102,777	(131,291)	--	273,944

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

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Closing Balance
Prior Period					
Specific Provisions	84,170	184,444	(3,684)	(93,935)	170,995
General Provisions	121,287	--	(50,707)	--	70,580

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

7. Exposures subject to countercyclical capital buffer

Current Period

Country	RWAs of Banking Book for Private Sector Credit Exposures	RWAs of Trading Book	Total
Turkey	13,250,256	279,170	13,529,426
Russia	5,726	--	5,726
Malta	82,837	--	82,837
Marshall Islands	240,528	--	240,528
England	40,550	330,849	371,399
Germany	1,593	49,031	50,624
France	2,122	3,034	5,156
Other	13,975	605	14,580
Total	13,637,587	662,689	14,300,276

Prior Period

Country	RWAs of Banking Book for Private Sector Credit Exposures	RWAs of Trading Book	Total
Turkey	14,078,411	436,482	14,514,893
England	8,113	276,604	284,717
Russia	267,583	16	267,599
Malta	100,890	-	100,890
Holland	6,950	10,740	17,690
USA	13,737	-	13,737
Germany	826	9,070	9,896
Switzerland	879	1,196	2,075
Other	4,288	435	4,723
Total	14,481,677	734,543	15,216,220

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II. Explanations on Consolidated credit risk (continued)

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

Details of collaterals of standard and close monitoring loans granted to individuals and corporates are as follows:

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Cash loans granted to individuals and corporates				
Secured Loans:	12,287,279	13,748,310	1,680,504	941,037
Secured by Cash Collateral	405,626	11,316	--	--
Secured by Mortgages	2,381,771	3,216,496	869,669	518,603
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)	9,499,882	10,520,498	810,835	422,434
Non-Secured Loans	94,772	79,747	6,779	21,565
Total	12,382,051	13,828,057	1,687,283	962,602

Details of collaterals of non-cash loans granted to individuals and corporates are as follows:

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Non-cash loans granted to individuals and corporates				
Secured Loans:	804,578	1,984,510	28,522	18,602
Secured by Cash Collateral	5,602	3,771	--	--
Secured by Mortgages	61,256	36,291	5,497	3,122
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)	737,720	1,944,448	23,025	15,480
Non-Secured Loans	38,450	27,882	--	--
Total	843,028	2,012,392	28,522	18,602

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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 2018, the Group's net long position is TL 193,087 (31 December 2017: TL 92,480 net short position) resulting from short position on the balance sheet amounting to TL 2,327,850 (31 December 2017: TL 1,050,041 short position) and long position on the off-balance amounting to TL 2,520,937 (31 December 2017: TL 957,561 long position). The Group uses "Standard Method" in legal reporting to measure the foreign exchange risk.

The announced foreign exchange buying rates of the Bank at 31 December 2018 and the previous five working days in full TL are as follows:

US Dollar purchase rate as at the balance sheet date	TL 5.2609
Euro purchase rate as at the balance sheet date	TL 6.0280

Date	USD	EUR
25 December 2018	5.2926	6.0291
26 December 2018	5.3034	6.0419
27 December 2018	5.2832	6.0185
28 December 2018	5.2889	6.0245
31 December 2018	5.2609	6.0280

The simple averages of USD and EUR FX rates are TL 5.3061 and TL 6.0387 (full TL), respectively during December 2018.

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III. Explanations on consolidated currency risk (continued)

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	376,547	743,568	240,794	1,360,909
Due From Banks	41,326	185,729	7,050	234,105
Financial Assets at Fair Value through Profit/Loss (*)	836	4,479	--	5,315
Money Market Placements	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	116,427	580,512	--	696,939
Loans and Receivables (**)	3,725,226	1,549,107	36,554	5,310,887
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	--	--	--	--
Financial Assets Measured at Amortized Cost	174,168	--	--	174,168
Derivative Financial Assets Hedging Purposes	--	--	--	--
Tangible Assets	--	--	--	--
Intangible Assets	--	--	--	--
Other Assets (***)	961	308	--	1,269
Total Assets	4,435,491	3,063,703	284,398	7,783,592
Liabilities				
Bank Deposits	46,154	458,824	8,348	513,326
Foreign Currency Deposits	553,442	3,871,753	59,958	4,485,153
Money Market Borrowings	143,947	351,989	--	495,936
Funds Provided from Other Financial Institutions	465,813	859,077	4,024	1,328,914
Securities Issued (****)	--	2,934,999	--	2,934,999
Sundry Creditors	14,004	307,356	282	321,642
Derivative Fin. Liabilities for Hedging Purposes	--	--	--	--
Other Liabilities (*****)	23,866	7,606	--	31,472
Total Liabilities	1,247,226	8,791,604	72,612	10,111,442
Net Balance Sheet Position	3,188,265	(5,727,901)	211,786	(2,327,850)
Net Off-Balance Sheet Position	(3,178,584)	5,939,735	(240,214)	2,520,937
Financial Derivative Assets (*****)	4,413,738	10,667,639	329,291	15,410,668
Financial Derivative Liabilities (*****)	7,592,322	4,727,904	569,505	12,889,731
Non-Cash Loans (*****)	247,145	204,723	47	451,915
Prior Period				
Total Assets	4,823,784	3,401,621	477,491	8,702,896
Total Liabilities	2,001,186	7,692,376	59,375	9,752,937
Net Balance Sheet Position	2,822,598	(4,290,755)	418,116	(1,050,041)
Net Off-Balance Sheet Position	(2,895,496)	4,249,171	(396,114)	957,561
Financial Derivative Assets (*****)	4,356,736	8,723,477	172,731	13,252,944
Financial Derivative Liabilities (*****)	7,252,232	4,474,306	568,845	12,295,383
Non-Cash Loans (*****)	409,758	861,425	--	1,271,183

(*) The balance does not include accruals of trading derivative financial assets amounting to TL 26,033.

(**) The balance includes foreign currency indexed loans and accruals amounting to TL 247,055.

(***) The balance does not include TL 16,571 of prepaid expenses.

(****) Securities issued as subordinated debt classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(*****) The balance does not include accruals of derivative financial liabilities amounting to TL 26,067.

(*****) In the current period, foreign currency purchase commitments within the financial derivative assets amounted to TL 912,202 (31 December 2017: TL 488,310), foreign currency sale commitments within the derivative financial liabilities amounted to TL 996,974 (31 December 2017: TL 411,183).

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

The following table demonstrates prospective increase and decrease in equities and profit/loss as of 31 December 2018 and 2017 (excluding tax effect) in case of a 10% decrease of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, are constant.

	Current Period		Prior Period	
	Profit/loss	Equity	Profit/Loss	Equity
USD	21,183	18,373	(4,158)	(4,215)
EURO	968	1,158	(7,290)	(7,012)
Other FC	(2,843)	(2,843)	2,200	2,200
Total (Net)	19,308	16,688	(9,248)	(9,027)

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IV. Explanations on consolidated interest rate risk

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

Standard method and Asset-Liability risk measurement methods are used to measure the 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
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,031,089	--	--	--	--	733,473	1,764,562
Banks	724,480	--	--	--	--	241,334	965,814
Financial Assets Measured at Fair Value Through Profit or Loss	153,978	60,461	242,369	1,096,763	2,992	--	1,556,563
Interbank Money Market Placements	306,208	--	--	--	--	--	306,208
Financial Assets Measured at Fair Value through Other Comprehensive Income	--	--	179,034	525,659	326	2,713	707,732
Loans (*)	3,036,288	3,849,812	2,920,235	3,762,600	500,399	52,083	14,121,417
Financial Assets Measured at Amortized Cost	20,635	--	--	104,133	238,331	--	363,099
Other Assets (**)	--	--	--	--	--	833,781	833,781
Total Assets	5,272,678	3,910,273	3,341,638	5,489,155	742,048	1,863,384	20,619,176
Liabilities							
Bank Deposits	538,394	12,950	--	--	--	88,411	639,755
Other Deposits	5,636,092	3,164,948	1,121,893	46,253	--	704,200	10,673,386
Interbank Money Market Received	16,694	434,228	45,014	--	--	--	495,936
Sundry Creditors	--	--	--	--	--	699,090	699,090
Marketable Securities Issued (***)	--	--	--	--	--	--	--
Funds Borrowed from Other Financial Institutions	204,462	365,965	--	2,868,301	--	--	3,438,728
Other Liabilities (****)	195,549	627,885	515,778	--	--	--	1,339,212
Other Liabilities (****)	106,774	52,553	114,431	1,241,850	645	1,816,816	3,333,069
Total Liabilities	6,697,965	4,658,529	1,797,116	4,156,404	645	3,308,517	20,619,176
Balance Sheet Long Position	--	--	1,544,522	1,332,751	741,403	--	3,618,676
Balance Sheet Short Position	(1,425,287)	(748,256)	--	--	--	(1,445,133)	(3,618,676)
Off-Balance Sheet Long Position	--	--	--	288,045	--	20,330,867	20,618,912
Off-Balance Sheet Short Position	--	--	--	(288,045)	--	(20,244,305)	(20,532,350)
Total Position	(1,425,287)	(748,256)	1,544,522	1,332,751	741,403	(1,358,571)	86,562

(*) Non-performing loans net-off related provision for expected loss of stage 3 loans an expected losses for stage 1 and stage 2 are presented in "non-interest bearing" column.

(**) Non-interest bearing column includes TL 26,397 associations, TL 257,069 tangible assets, TL 35,001 intangible assets, TL 79,351 tax asset, TL 215,235 assets held for sale and 224,324 TL other assets.

(***) Securities issued as subordinated debt classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(****) Non-interest bearing column includes 1,322,249 TL shareholders' equity, 348,966 TL other liabilities, 463 TL finance lease liabilities, 109,751 TL provisions and 39,477 TL tax liabilities.

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IV. Explanations on consolidated interest rate risk (continued)

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

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,759,977	--	--	--	--	727,279	2,487,256
Banks	238,557	2	--	--	--	81,457	320,016
Financial Assets at Fair Value Through Profit or Loss	98,620	26,213	95,483	520,559	3,002	--	743,877
Interbank Money Market Placements	376,334	--	--	--	--	--	376,334
Financial Assets Available-for-Sale Loans	--	4,860	179,757	522,484	57,335	1,727	766,163
Loans	1,770,612	3,826,951	3,024,129	5,317,896	851,071	297,498	15,088,157
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--
Other Assets (*)	--	--	10,373	7,529	--	311,963	329,865
Total Assets	4,244,100	3,858,026	3,309,742	6,368,468	911,408	1,419,924	20,111,668
Liabilities							
Bank Deposits	464,105	3,219	--	--	--	134,145	601,469
Other Deposits	7,009,999	3,061,759	763,994	27,149	--	803,535	11,666,436
Interbank Money Market Received	169,882	309,998	--	--	--	--	479,880
Sundry Creditors	--	--	--	--	--	312,532	312,532
Marketable Securities Issued	346,570	423,478	485,018	--	--	--	1,255,066
Funds Borrowed from Other Financial Institutions	242,040	1,243,539	635,733	2,837	--	--	2,124,149
Other Liabilities(**)	93,299	62,015	104,261	1,647,371	1,571	1,763,619	3,672,136
Total Liabilities	8,325,895	5,104,008	1,989,006	1,677,357	1,571	3,013,831	20,111,668
Balance Sheet Long Position	--	--	1,320,736	4,691,111	909,837	--	6,921,684
Balance Sheet Short Position	(4,081,795)	(1,245,982)	--	--	--	(1,593,907)	(6,921,684)
Off-Balance Sheet Long Position	--	--	--	25,000	--	19,573,772	19,598,772
Off-Balance Sheet Short Position	--	--	--	(25,000)	--	(19,596,665)	(19,621,665)
Total Position	(4,081,795)	(1,245,982)	1,320,736	4,691,111	909,837	(1,616,800)	(22,893)

(*) Non-interest bearing column includes TL 4,897 investments in associates, TL 191,962 tangible assets, TL 5,948 intangible assets, TL 9,831 tax assets, TL 23,795 non-current assets held for sale and TL 75,530 other assets.

(**) Non-interest bearing column includes TL 1,464,612 shareholders' equity, TL 103,202 other liabilities, TL 469 finance lease liabilities, TL 153,080 provisions and TL 42,256 tax liabilities.

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IV. Explanations on consolidated interest rate risk (continued)

Average interest rates applied to financial instruments

Current Period End	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	2.00	--	13.00
Banks	--	--	--	23.89
Financial Assets at Fair Value Through Profit/ Loss	2.04	5.34	--	24.37
Interbank Money Market Placements	--	--	--	24.81
Financial Assets Measured at Fair Value through Other Comprehensive Income	3.43	5.39	--	8.38
Loans	6.25	7.91	--	24.82
Financial Assets Measured at Amortized	--	--	-	8.96
Liabilities				
Bank Deposits	--	2.45	--	22.46
Other Deposits	1.66	4.65	--	23.96
Interbank Money Market Received	0.80	4.53	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued (*)	--	6.95	--	24.76
Funds Borrowed from Other Financial Institutions	3.15	4.00	--	10.76

(*) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are also included.

Prior Period End	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	1.25	--	4.00
Banks	0.02	1.50	--	12.75
Financial Assets at Fair Value Through Profit/ Loss	2.00	5.29	--	14.70
Interbank Money Market Placements	0.05	1.65	--	--
Financial Assets Available-for-Sale	3.43	4.42	--	10.15
Loans	5.97	6.65	--	16.96
Investment Securities Held-to-Maturity	--	--	--	--
Liabilities				
Bank Deposits	--	1.65	--	12.52
Other Deposits	1.59	3.99	--	14.38
Interbank Money Market Received	0.24	2.50	--	11.63
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	7.75	--	14.00
Funds Borrowed from Other Financial Institutions	1.95	2.87	--	6.63

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IV. Explanations on consolidated interest rate risk (continued)

Interest rate risk on banking book

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

Current Period	Shock Applied (+/- x bps)	Gains/ Losses	Gains/ Equity - Losses/Equity
TRY	500	32,101	1.00%
TRY	-400	(37,396)	(1.16)%
USD Dollar	200	67,941	2.11%
USD Dollar	-200	(74,103)	(2.30) %
EURO	200	(104,903)	(3.26) %
EURO	-200	116,840	3.63%
Total (For Positive Shocks)		(4,861)	(0.15) %
Total (For Negative Shocks)		5,341	0.17%

Prior Period	Shock Applied (+/- x bps)	Gains/ Losses	Gains/ Equity - Losses/Equity
TRY	500	(234,042)	(8.69)%
TRY	-400	215,506	8.01%
USD Dollar	200	59,703	2.22%
USD Dollar	-200	(66,610)	(2.47)%
EURO	200	(113,460)	(4.21)%
EURO	-200	125,825	4.67%
Total (For Positive Shocks)		(287,799)	(10.69)%
Total (For Negative Shocks)		274,721	10.20%

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

The Group has no position risk of equity shares as of 31 December 2018 (31 December 2017: None).

VI. Explanations on liquidity risk and liquidity coverage ratio

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

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

In the context of TL and foreign currencies liquidity management, the Parent 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 Group, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 7 month maturity period. The Group intends to eliminate liquidity mismatch shifting focus to long-term funding alternatives. Such decisions of the risk of incompatibility are taken by ALCO. The Group 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. By this way, the Bank's funding structure is closely monitored and actions are taken on behalf of existing risk management.

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

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks"; published in the Official Gazette numbered 28948, dated 21 March 2014; liquidity ratio is required to be 70% for foreign currency assets/liabilities and 90% for total assets/liabilities in the calculation of the banks' weekly and monthly reporting effective from 1 January 2018.

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VI. Explanations on consolidated liquidity risk and liquidity coverage ratio (continued)

Current Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS				
1	Total high-quality liquid assets (HQLA)		2,322,797	1,927,058
CASH OUTFLOWS				
2	Deposits from natural persons and retail deposits		7,924,770	3,313,684
3	Stable deposits		835,698	--
4	Less stable deposits		7,089,072	3,313,684
5	Unsecured funding except for retail deposits and deposits from natural persons, of which:		3,617,698	1,883,101
6	Operational deposits		--	--
7	Non-Operational deposits		1,610,328	629,850
8	Other unsecured funding		2,007,371	1,253,251
9	Secured funding			180,956
10	Other cash outflows		1,934,670	614,893
11	Outflows related to derivative exposures and other collateral requirements		181,696	108,093
12	Outflows related to restructured financial instruments		--	--
13	Payment commitments granted for debts to financial markets and other off-balance sheet commitments		1,752,974	506,800
14	Other revocable off-balance sheet commitments and other contractual obligations		--	--
15	Other irrevocable or conditionally revocable off-balance sheet obligations		33,761	114
16	TOTAL CASH OUTFLOWS		3,742,758	2,068,208
CASH INFLOWS				
17	Secured receivables		35,060	35,060
18	Unsecured receivables		3,228,841	800,885
19	Other cash inflows		185,124	148,742
20	TOTAL CASH INFLOWS		3,449,025	984,687
21	TOTAL HQLA		2,322,797	1,927,058
22	TOTAL NET CASH OUTFLOWS		1,342,278	1,185,302
23	LIQUIDITY COVERAGE RATIO (%)		173.05	162.58

(*) The average of last three months' weekly liquidity coverage ratios.

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VI. Explanations on consolidated liquidity risk and liquidity coverage ratio (continued)

Prior Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS				
1	Total high-quality liquid assets (HQLA)		2,623,588	2,262,538
CASH OUTFLOWS				
2	Deposits from natural persons and retail deposits		6,839,933	2,924,789
3	Stable deposits		537,717	--
4	Less stable deposits		6,302,217	2,924,789
5	Unsecured funding except for retail deposits and deposits from natural persons, of which:		5,473,096	3,004,980
6	Operational deposits		--	--
7	Non-Operational deposits		3,609,484	1,954,320
8	Other unsecured funding		1,863,612	1,050,660
9	Secured funding			221,196
10	Other cash outflows		2,538,173	1,170,439
11	Outflows related to derivative exposures and other collateral requirements		297,303	262,503
12	Outflows related to restructured financial instruments		--	--
13	Payment commitments granted for debts to financial markets and other off-balance sheet commitments		2,240,870	907,935
14	Other revocable off-balance sheet commitments and other contractual obligations		--	--
15	Other irrevocable or conditionally revocable off-balance sheet obligations		20,539	6
16	TOTAL CASH OUTFLOWS		4,465,101	2,506,851
CASH INFLOWS				
17	Secured receivables		128,670	40,290
18	Unsecured receivables		1,707,408	281,147
19	Other cash inflows		94,176	69,111
20	TOTAL CASH INFLOWS		1,930,254	390,548
21	TOTAL HQLA		2,623,588	2,262,538
22	TOTAL NET CASH OUTFLOWS		2,782,618	1,957,893
23	LIQUIDITY COVERAGE RATIO (%)		94.28	115.56

(*) The average of last three months' weekly liquidity coverage ratios.

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VI. Explanations on consolidated liquidity risk and liquidity coverage ratio (continued)

The period table below shows consolidated liquidity coverage ratios of the last 3 months of 2018.

Current Period	TL+FC	FC
31 October 2018	182.64%	165.49%
30 November 2018	186.21%	180.03%
31 December 2018	153.56%	155.49%
Average	174.14%	167.00%

Prior Period	TL+FC	FC
31 October 2017	101.68%	128.97%
30 November 2017	92.67%	84.53%
31 December 2017	89.54%	160.33%

The Bank implements the calculation in accordance with the Regulation of Liquidity Coverage Ratio Calculation of Banks dated 21 March 2014 and numbered 28948 published in the Official Gazette. As per the related regulation high quality liquid assets are mainly securities portfolio, cash assets and reserve requirements. The important factors affecting the results of the liquidity coverage ratio are the changes in the remaining maturities of the items and changes in the amounts of deposits and money market transactions, the remaining maturities of which are less than 30 days. Deposits form a significant portion of the Bank's sources of funds, on the other hand bonds issued, money market borrowings, funds provided from abroad are other important sources of funding.

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. In accordance with the Banking Regulation and Supervision Agency's decision no 7940 dated 07/09/2018, guarantees received for derivative transactions are not included in the calculation of liquidity adequacy ratio, effective from 31 July 2018 until 31 December 2018.

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VI. Explanations on consolidated liquidity risk and liquidity coverage ratio (continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period End	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated	Total
Assets								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	730,345	1,034,217	--	--	--	--	--	1,764,562
Banks	241,334	724,480	--	--	--	--	--	965,814
Financial Assets at Fair Value Through Profit or Loss	--	132,355	59,946	242,606	1,118,663	2,993	--	1,556,563
Interbank Money Market Placements	--	306,208	--	--	--	--	--	306,208
Financial Assets Available-for-Sale	2,713	--	--	176,921	525,659	2,439	--	707,732
Loans (*)	--	3,026,588	2,307,003	4,841,401	3,606,316	288,026	52,083	14,121,417
Investment Securities Held-to-Maturity	--	--	--	--	104,133	258,966	--	363,099
Other Assets (**)	--	--	--	--	--	--	833,781	833,781
Total Assets	974,392	5,223,848	2,366,949	5,260,928	5,354,771	552,424	885,864	20,619,176
Liabilities								
Bank Deposits	88,411	538,394	12,950	--	--	--	--	639,755
Other Deposits	704,200	5,636,092	3,164,948	1,121,893	46,253	--	--	10,673,386
Funds Borrowed from Other Financial Institutions	--	195,820	201,458	750,416	191,518	--	--	1,339,212
Interbank Money Market Received	--	16,694	434,228	45,014	--	--	--	495,936
Marketable Securities Issued (***)	--	204,462	365,965	--	1,304,630	1,563,671	--	3,438,728
Sundry Creditors	--	699,090	--	--	--	--	--	699,090
Other Liabilities (****)	--	450,474	56,489	123,767	1,259,180	906	1,442,253	3,333,069
Total Liabilities	792,611	7,741,026	4,236,038	2,041,090	2,801,581	1,564,577	1,442,253	20,619,176
Net Liquidity Surplus / (Gap)	181,781	(2,517,178)	(1,869,089)	3,219,838	2,553,190	(1,012,153)	(556,389)	--
Net Off-Balance Sheet Position								
Derivative Financial Assets	--	7,823,307	1,934,703	2,438,061	6,878,019	5,260	--	19,079,350
Derivative Financial Liabilities	--	7,834,715	1,958,537	2,310,580	6,884,835	5,610	--	18,994,277
Non-Cash Loans	--	63,245	70,059	379,523	77,337	281,386	--	871,550
Prior Period								
Total Assets	711,878	4,214,406	2,046,612	6,030,023	6,032,390	466,898	609,461	20,111,668
Total Liabilities	937,680	8,561,103	4,079,306	2,671,767	1,045,061	1,197,246	1,619,505	20,111,668
Net Liquidity Gap	(225,802)	(4,346,697)	(2,032,694)	3,358,256	4,987,329	(730,348)	(1,010,044)	--
Net Off-Balance Sheet Position								
Derivative Financial Assets	--	6,049,366	3,193,912	4,726,102	4,774,285	37,720	--	18,781,385
Derivative Financial Liabilities	--	6,097,653	3,199,338	4,722,283	4,743,504	39,251	--	18,802,029
Non-Cash Loans	--	174,790	355,796	768,245	189,571	542,592	--	2,030,994

(*) Non-performing loans net-off related provision for expected loss of stage 3 loans and expected losses for stage 1 and stage 2 are presented in "unallocated" column.

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

(***) Securities issued as subordinated debt classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are also included.

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

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VI. Explanations on consolidated liquidity risk and liquidity coverage ratio (continued)

Contractual maturity analysis of liabilities according to remaining maturities

31 December 2018	Carrying Values	Gross Nominal Outflows	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposit	639,755	640,648	88,411	538,943	13,294	--	--	--
Other Deposit	10,673,386	10,907,453	704,198	5,661,669	3,237,711	1,244,665	59,210	--
Money Market Funds	495,936	498,649	--	16,710	436,497	45,014	--	--
Securities Issued	1,842,585	2,176,361	--	212,480	346,140	39,139	1,578,602	--
Funds Borrowed	1,339,212	1,584,779	--	199,722	204,774	878,979	301,303	--
Subordinated Debts	1,596,143	2,674,528	--	--	60,592	60,592	484,738	2,068,606
Total	16,587,017	18,481,990	792,609	6,629,524	4,299,008	2,268,389	2,423,853	2,068,606

31 December 2017	Carrying Values	Gross Nominal Outflows	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposit	601,469	601,712	134,145	464,255	3,312	--	--	--
Other Deposit	11,666,434	11,797,526	803,535	7,034,113	3,104,501	823,508	31,869	--
Money Market Funds	479,880	480,893	--	169,989	310,904	--	--	--
Securities Issued	1,255,066	1,287,720	--	348,760	432,100	506,860	--	--
Funds Borrowed	2,084,851	2,146,784	--	56,125	208,881	1,352,416	502,626	26,736
Subordinated Loans	1,194,561	2,083,766	--	--	45,747	45,788	366,046	1,626,185
Total	17,282,261	18,398,401	937,680	8,073,242	4,105,445	2,728,572	900,541	1,652,921

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

	Current Period (**)	Prior Period (**)
1 Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*)	43,219,725	46,647,375
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	(18,554,523)	(19,594,616)
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	24,665,202	27,052,759

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

(**) Represents three-months average amounts.

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VII. Explanations on consolidated leverage ratio

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

	Current Period(*)	Prior Period(*)
Balance sheet assets		
1	19,226,259	20,674,614
2	(399,762)	(33,211)
3	18,826,497	20,641,403
Derivative financial instruments and credit derivatives		
4	534,882	791,132
5	383,359	331,754
6	918,241	1,122,886
Securities or commodity financing transactions (SCFT)		
7	607,250	569,650
8	--	--
9	607,250	569,650
Off-balance sheet transactions		
10	4,313,214	4,718,820
11	--	--
12	4,313,214	4,718,820
Capital and total risks		
13	1,593,770	1,427,291
14	24,665,202	27,052,759
Leverage ratio		
15	6.48	5.29

(*)Represents three-month average amounts.

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

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

	Carrying Value	Fair Value
Current Period		
Financial Assets	16,464,270	16,169,009
Interbank Money Market Placements	306,208	306,208
Banks	965,814	965,814
Financial Assets Measured at FVTOCI	707,732	707,732
Financial Assets Measured at Amortized Cost	363,099	332,491
Loans	14,121,417	13,856,764
Financial Liabilities	16,790,171	16,790,171
Bank Deposits	639,755	639,755
Other Deposits	10,673,386	10,673,386
Funds Borrowed from Other Financial Institutions	1,339,212	1,339,212
Marketable Securities Issued(*)	3,438,728	3,438,728
Sundry Creditors	699,090	699,090

(*) Securities issued as subordinated debt classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are also included.

Fair values of financial assets measured at FVTOCI and measured at amortized cost are calculated by market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

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

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

Current Period	Level 1 TL	Level 2 TL	Level 3 TL
Financial Assets			
Financial Assets Measured at Fair Value through Profit and Loss	75,807	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	705,019	2,713	--
Derivative Financial Assets	--	1,480,756	--
Loans Measured at Fair Value through Profit and Loss	--	1,516,819	--
Total	780,826	3,000,288	-
Financial Liabilities			
Derivative Financial Liabilities	--	1,516,253	--
Total	--	1,516,253	--

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

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

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

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VII. Explanations on presentation of financial assets and liabilities at their fair values (continued)

	Carrying Value	Fair Value
Prior Period		
Financial Assets	16,550,670	16,636,606
Interbank Money Market Placements	376,334	376,334
Banks	320,016	320,016
Financial Assets Available-for-Sale	766,163	766,163
Financial Assets Measured at Amortized Cost	--	--
Loans	15,088,157	15,174,093
Financial Liabilities	17,114,915	17,114,915
Bank Deposits	601,469	601,469
Other Deposits	11,666,436	11,666,436
Funds Borrowed from Other Financial Institutions	3,279,412	3,279,412
Marketable Securities Issued	1,255,066	1,255,066
Sundry Creditors	312,532	312,532

Fair values of financial assets available-for-sale 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

Prior Period	Level 1 TL	Level 2 TL	Level 3 TL
Financial Assets			
Financial Assets at Fair Value through Profit and Loss	55,376	688,501	--
Financial Assets Available for Sale	764,436	1,727	--
Total	819,812	690,228	--
Financial Liabilities			
Financial Liabilities at Fair Value through Profit and Loss	--	749,590	--
Total	--	749,590	--

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 securitization positions as of balance sheet date.

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XI. Explanations on risk management objectives and policies

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

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

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

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

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

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

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

Notes and explanations in this section have been prepared in accordance with the “Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. As the Bank uses the standard approach for the calculation of capital adequacy, the following tables those have to be disclosed in accordance with the Communiqué on an annual basis were not presented by the Bank as of 31 December 2018:

- 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
-

a. Overview of Risk Weighted Amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	13,596,968	14,457,046	1,087,757
2	Of which standardised approach (SA)	13,596,968	14,457,046	1,087,757
3	Of which internal rating-based (IRB) approach	--	--	--
4	Counterparty credit risk	850,549	1,003,732	68,044
5	Of which standardised approach for counterparty credit risk (SA-CCR)	850,549	1,003,732	68,044
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	40,619	24,631	3,250
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	911,638	323,000	72,931
17	Of which standardised approach (SA)	911,638	323,000	72,931
18	Of which internal model approaches (IMM)	--	--	--
19	Operational risk	1,114,639	889,626	89,171
20	Of which basic indicator approach	1,114,639	889,626	89,171
21	Of which standardised approach	--	--	--
22	Of which advanced measurement approach	--	--	--
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	--	--	--
24	Floor adjustment	--	--	--
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	16,514,413	16,698,035	1,321,153

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

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

Current Period (*)	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk(**)	Securitisation exposures	Subject to market risk (***)	
Assets						
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances With Central Bank of Turkey	1,764,562	1,764,562	--	--	--	--
Banks	965,814	965,814	--	--	--	--
Money Markets Placements	306,208	306,208	--	--	--	--
Financial Assets Measured at Fair Value Through Profit or Loss	75,807	36,722	--	--	75,807	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	707,732	707,732	642,482	--	--	--
Financial Assets Measured at amortized cost	363,099	363,099	90,935	--	--	--
Derivative financial assets	1,480,756	--	446,187	--	1,480,756	--
Non-performing Financial Assets	(3,961)	(3,961)	--	--	--	--
Loans (net)	14,121,417	14,121,415	--	--	--	2
Assets Held for Sale and Assets of Discontinued Operations(net)	215,235	215,235	--	--	--	--
Investment in Associates (net)	4,897	4,897	--	--	--	--
Investment in Subsidiaries (net)	21,500	21,500	--	--	--	--
Joint-Ventures (net)	--	--	--	--	--	--
Tangible Assets (net)	257,069	244,758	--	--	--	12,059
Intangible Assets (net)	35,001	--	--	--	--	35,001
Investment Property (net)	--	--	--	--	--	--
Tax Asset	79,716	79,716	--	--	--	--
Other Assets	224,324	224,324	--	--	--	--
Total Assets	20,619,176	19,059,943	1,179,604		1,551,565	47,062
Liabilities						
Deposits	11,313,141	--	--	--	--	11,313,141
Funds Borrowed	1,339,212	--	--	--	--	1,339,212
Money Market Funds	495,936	--	495,936	--	--	495,936
Securities Issued	1,842,585	--	--	--	--	1,842,585
Funds	--	--	--	--	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--	--	--
Derivative financial liabilities	1,516,253	--	--	--	1,516,253	1,516,253
Factoring Payables	--	--	--	--	--	--
Lease Payables	463	--	--	--	--	463
Provisions	109,751	--	--	--	--	109,751
Tax Liability	39,477	--	--	--	--	39,477
Liabilities for Assets Held for Sale and Assets of Discontinued Operations (net)	--	--	--	--	--	--
Subordinated Debts	1,596,143	--	--	--	--	1,596,143
Other liabilities	1,043,966	--	--	--	--	1,043,966
Shareholders' Equity	1,322,249	--	--	--	--	1,322,249
Total Liabilities	20,619,176	--	495,936	--	1,516,253	20,619,176

(*) Refers to the Bank's unconsolidated financial statements.

(**) Disclosed based on gross amounts of the securities.

(***) Disclosed based on gross position amounts subject to general market risk and specific risk.

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

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

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		Subject to credit risk	Subject to counterparty credit risk(**)	Securitisation exposures	Subject to market risk (***)	Not subject to capital requirements or subject to deduction from capital
Prior Period (*)						
Assets						
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances With Central Bank of Turkey	2,487,256	2,487,256	--	--	--	--
Financial Assets Held for Trading	743,877	34,511	685,927	--	743,877	--
Financial Assets at Fair Value Through Profit or Loss	600,156	600,156	--	--	--	--
Banks	320,016	320,016	--	--	--	--
Interbank Money Markets Placements	376,334	376,334	--	--	--	--
Financial Assets at Fair Value Through Profit or Loss (net)	766,163	766,163	579,403	--	--	--
Loans	14,488,001	14,487,966	--	--	--	35
Factoring Receivables	--	--	--	--	--	--
Investment Held-to-Maturity (net)	--	--	--	--	--	--
Investment in Associates (net)	4,897	4,897	--	--	--	--
Investment in Subsidiaries (net)	--	--	--	--	--	--
Investment in Joint-Ventures (net)	--	--	--	--	--	--
Lease Receivables	--	--	--	--	--	--
Derivative Financial Assets Held for Risk	17,902	--	17,902	--	--	--
Tangible Assets (net)	191,962	181,705	--	--	--	10,257
Intangible Assets (net)	5,948	--	--	--	--	5,948
Investment Property (net)	--	--	--	--	--	--
Tax Asset	9,831	9,831	--	--	--	--
Assets Held for Sale and Assets of Discontinued Operations (net)	23,795	23,795	--	--	--	--
Other Assets	75,530	75,530	--	--	--	--
Total Assets	20,111,668	19,368,160	1,283,232	--	743,877	16,240
Liabilities						
Deposits	12,267,905	--	--	--	--	12,267,905
Derivative Financial Liabilities Held for Trading	749,590	--	--	--	749,590	749,590
Funds Borrowed	2,084,851	--	--	--	--	2,084,851
Interbank Money Markets	479,880	--	476,378	--	3,502	479,880
Securities Issued	1,255,066	--	--	--	--	1,255,066
Funds	--	--	--	--	--	--
Miscellaneous Payables	312,532	--	--	--	--	312,532
Other External Fundings Payable	103,202	--	--	--	--	103,202
Factoring Payables	--	--	--	--	--	--
Lease Payables	469	--	--	--	--	469
Derivative Financial Liabilities Held for Risk Management	3,664	--	--	--	--	--
Provisions	153,080	--	--	--	--	153,080
Tax Liability	42,256	--	--	--	--	42,256
Liabilities for Assets Held for Sale and Assets of Discontinued Operations (net)	--	--	--	--	--	--
Subordinated Debts	1,194,561	--	--	--	--	1,194,561
Shareholders' Equity	1,464,612	--	--	--	--	1,464,612
Total Liabilities	20,111,668	--	476,378	--	753,092	20,108,004

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

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

	Current Period	Total	Credit risk	Subject to the securitization	Counterparty credit risk	Market risk(*)
1	Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial Statements"	20,572,114	19,059,943	--	1,179,604	1,551,565
2	Carrying value of liabilities that are subjected to counterparty credit risk as per TAS	--	--	--	495,936	1,516,253
3	Total Net Amount	20,572,114	19,059,943	--	683,668	35,312
4	Off-balance sheet amounts(**)	24,038,869	4,871,866	--	19,167,003	19,167,003
5	Valuation differences	--	--	--	--	--
6	Differences due to different netting rules	--	--	--	--	(18,290,677)
7	Differences due to consideration of provisions	--	--	--	--	--
8	Differences resulted from the BRSA's applications	--	--	--	(18,752,631)	--
9	Differences due to risk mitigation	--	--	--	495,936	--
10	Risk Amounts	44,610,983	23,931,809	--	1,593,976	911,638

(*)Risk amounts include financial instruments in trading accounts as per to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and market risk due to calculated capital requirement for currency risk.

(**)Off-balance sheet amounts subject to capital adequacy ratio calculation

	Prior Period	Total	Credit risk	Subject to the securitization	Counterparty credit risk	Market risk(*)
1	Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial Statements"	20,095,428	19,368,160	--	1,283,232	743,877
2	Carrying value of liabilities that are subjected to counterparty credit risk as per TAS	--	--	--	476,378	753,092
3	Total Net Amount	20,095,428	19,368,160	--	806,854	(9,215)
4	Off-balance sheet amounts(**)	23,013,143	4,335,157	--	18,677,986	18,677,986
5	Valuation differences	--	--	--	--	--
6	Differences due to different netting rules	--	--	--	(18)	(18,345,771)
7	Differences due to consideration of provisions	--	--	--	--	--
8	Differences resulted from the BRSA's applications	--	--	--	(18,366,104)	--
9	Differences due to risk mitigation	--	--	--	476,378	--
10	Risk Amounts	43,108,571	23,703,317	--	1,595,096	323,000

(*)Risk amounts include financial instruments in trading accounts as per to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and market risk due to calculated capital requirement for currency risk.

(**)Off-balance sheet amounts subject to capital adequacy ratio calculation.

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

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

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

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

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

Information on Credit Risk

General Qualitative Information on Credit Risk:

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

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

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

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

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General Qualitative Information on Credit Risk (continued):

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

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

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

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

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

Credit Quality of Assets

Current Period		Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared		Allowances/ amortisation and impairments	Net value (a+b+c)
		Defaulted	Non-defaulted		
1	Loans	621,863	14,069,334	569,780	14,121,417
2	Debt securities	--	1,143,925	3,961	1,139,964
3	Off balance sheet exposures	14,768	4,855,995	19,084	4,851,679
4	Total	636,631	20,069,254	592,825	20,113,060

Prior Period		Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared		Allowances/ amortisation and impairments	Net value (a+b-c)
		Defaulted	Non-defaulted		
1	Loans	468,493	14,790,659	170,995	15,088,157
2	Debt securities	--	819,812	--	819,812
3	Off balance sheet exposures	4,135	4,330,126	1,677	4,332,584
4	Total	472,628	19,940,597	172,672	20,240,553

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General Qualitative Information on Credit Risk (continued):

Credit Quality of Assets

Changes in stock of default loans and debt securities

		Current Period	Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	468,493	212,639
2	Loans and debt securities defaulted since the last reporting period	896,886	426,021
3	Receivables back to non-defaulted status	--	--
4	Amounts written off(*)	442,120	93,935
5	Other changes (**)	301,396	76,232
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	621,863	468,493

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

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

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

Breakdown by geographical area:

Loans and Other Receivables	Current Period	Prior Period
Domestic	13,663,328	14,411,839
European Union (EU) Countries	143,054	100,840
OECD Countries	--	--
Off-Shore Banking Regions	240,528	--
USA, Canada	21,314	11,317
Other Countries	1,110	266,663
Total	14,069,334	14,790,659

Sectoral Breakdown:

Loans and Other Receivables	Current Period	Prior Period
Agriculture	406,009	553,037
Farming and Stockbreeding	288,025	414,750
Forestry	115,111	132,337
Fishery	2,873	5,950
Manufacturing	3,070,790	3,037,887
Mining and Quarrying	814,717	726,698
Production	1,452,693	1,763,479
Electricity, Gas and Water	803,380	547,710
Construction	2,627,124	2,619,255
Services	6,163,805	7,012,967
Wholesale and Retail Trade	1,885,956	2,442,467
Accommodation and Dining	1,152,852	1,409,774
Transportation and Telecommunication	657,432	719,631
Financial Institutions	561,826	357,013
Real Estate and Rental Services	417,420	404,058
Self-Employment Services	470,911	406,111
Educational Services	699,346	538,367
Health and Social Services	318,062	735,546
Others	1,801,606	1,567,513
Total	14,069,334	14,790,659

Breakdown by outstanding maturity:

	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 years and over	Total
Current Period	3,026,588	2,307,003	4,841,401	3,606,316	288,026	14,069,334
Prior Period	1,660,339	2,015,567	5,746,428	4,963,581	404,744	14,790,659

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

Current Period	Non-performing loans	Specific Provisions	Write-offs
Domestic	621,863	295,835	442,120
European Union (EU) Countries	--	--	--
OECD Countries	--	--	--
Off-Shore Banking Regions	--	--	--
USA, Canada	--	--	--
Other Countries	--	--	--
Total	621,863	295,835	442,120

Prior Period	Non-performing loans	Specific Provisions	Write-offs
Domestic	468,493	170,995	93,935
European Union (EU) Countries	--	--	--
OECD Countries	--	--	--
Off-Shore Banking Regions	--	--	--
USA, Canada	--	--	--
Other Countries	--	--	--
Total	468,493	170,995	93,935

Current Period	Non-performing loans	Specific Provisions	Write-offs
Agriculture	28,954	15,723	16,735
Farming and Stockbreeding	20,209	9,999	9,585
Forestry	8,419	5,474	6,091
Fishery	326	250	1,059
Manufacturing	132,476	65,851	176,869
Mining and Quarrying	51,428	15,700	122,057
Production	80,439	49,875	53,626
Electricity, Gas and Water	609	276	1,186
Construction	87,393	46,234	64,340
Services	305,229	121,960	126,195
Wholesale and Retail Trade	132,174	79,215	104,128
Accommodation and Dining	109,878	20,697	2,285
Transportation and Telecommunication	13,042	8,677	6,795
Financial Institutions	54	39	761
Real Estate and Rental Services	41,351	8,943	391
Self-Employment Services	2,348	1,878	173
Educational Services	1,132	781	4,664
Health and Social Services	5,250	1,730	6,998
Others	67,811	46,067	57,981
Total	621,863	295,835	442,120

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Exposures provisioned against by major regions and sectors and write-offs (continued):

Prior Period	Non-performing loans	Specific Provisions	Write-offs(*)
Agriculture	16,358	8,622	2,072
Farming and Stockbreeding	5,942	2,301	1,155
Forestry	9,358	5,290	863
Fishery	1,058	1,031	54
Manufacturing	103,548	43,377	28,504
Mining and Quarrying	46,310	13,105	14,848
Production	57,085	30,179	5,579
Electricity, Gas and Water	153	93	8,077
Construction	87,757	33,115	11,672
Services	138,152	48,453	39,331
Wholesale and Retail Trade	104,752	39,112	33,399
Accommodation and Dining	11,995	2,790	1,988
Transportation and Telecommunication	9,564	2,758	106
Financial Institutions	28	14	2,489
Real Estate and Rental Services	1,770	401	243
Self-Employment Services	794	472	318
Educational Services	5,116	1,311	335
Health and Social Services	4,133	1,595	453
Others	122,678	37,428	12,356
Total	468,493	170,995	93,935

Aging analysis:

Days past due	Current Period	Prior Period
0-30	13,430,906	14,497,297
31-60	419,880	158,059
61-90	218,548	135,303
90+	621,863	468,493
Total	14,691,197	15,259,152

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

Current Period	Performing loans	Loans under follow-up	Non-performing loans
Provisioned	--	--	4,411
Not provisioned (*)	57,796	412,242	--
Total	57,796	412,242	4,411

(*) The Bank calculates Stage 1 provisions for performing loans and Stage 2 provisions for loans under follow-up.

Prior Period	Performing loans	Loans under follow-up	Non-performing loans
Provisioned	--	--	287
Not provisioned (*)	12,728	537,992	--
Total	12,728	537,992	287

(*) General provisions are allocated for those loans.

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Credit risk mitigation techniques-Overview

Current Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	11,255,357	3,170,005	2,142,464	1,027,541	1,027,541	--	--
2	Debt securities	1,139,964	--	--	--	--	--	--
3	Total	12,365,321	3,170,005	2,142,464	1,027,541	1,027,541	--	--
4	Of which defaulted	208,740	117,288	117,288	--	--	--	--

Prior Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	11,624,385	3,463,772	1,839,428	1,624,344	1,624,344	--	--
2	Debt securities	819,812	--	--	--	--	--	--
3	Total	12,444,197	3,463,772	1,839,428	1,624,344	1,624,344	--	--
4	Of which defaulted	254,902	42,596	42,596	--	--	--	--

Credit risk exposure and credit risk mitigation techniques

Current Period		Exposures before CCF and CRM		Exposures after-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 and RWA density	
						RWA	RWA density
1	Exposures to sovereigns and their central banks	2,101,754	--	3,129,295	--	170,450	5.4%
2	Exposures to regional and local governments	--	--	--	--	--	0.0%
3	Exposures to 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	3,211,158	40,442	3,211,158	21,506	950,580	29.4%
7	Exposures to corporates	9,085,125	562,649	8,880,693	322,068	8,795,135	95.6%
8	Retail exposures	3,522,110	827,975	2,797,651	252,732	2,286,640	75.0%
9	Exposures secured by residential property	361,124	2,189	349,714	742	182,877	52.2%
10	Exposures secured by commercial property	1,430,988	50,203	1,343,748	37,031	878,543	63.6%
11	Past-due items	287,004	--	287,004	--	291,549	101.6%
12	Exposures in high-risk categories	39,100	9,508	39,100	4,754	58,266	132.9%
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0.0%
14	Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	0.0%
15	Exposures in the form of collective investment undertakings(*)	40,619	--	40,619	--	40,619	100.0%
16	Other exposures	849,402	3,378,901	849,402	100,252	645,617	68.0%
17	Equity share investments	--	--	--	--	--	0.0%
18	Total	20,928,384	4,871,867	20,928,384	739,085	14,300,276	66.0%

*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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Credit risk exposure and credit risk mitigation techniques

Prior Period		Exposures before CCF and CRM		Exposures after -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	2,559,571	--	4,183,915	--	116,429	2.8%
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	2,422,476	39,652	2,422,476	22,670	901,705	36.9%
7	Exposures to corporates	9,441,066	1,629,510	8,984,571	1,151,625	10,121,108	99.9%
8	Retail exposures	3,864,150	717,758	2,834,788	282,020	2,336,840	75.0%
9	Exposures secured by residential property	551,336	10,405	531,845	5,041	243,848	45.4%
10	Exposures secured by commercial property	1,387,945	27,975	1,268,949	18,505	811,226	63.0%
11	Past-due items	219,982	--	219,982	--	238,353	108.4%
12	Exposures in high-risk categories	78,877	2,458	78,877	1,229	84,999	106.1%
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(*)	24,631	--	24,631	--	24,631*	100.0%
16	Other exposures	403,896	1,907,399	403,896	74,691	337,081	70.4%
17	Equity share investments	--	--	--	--	--	0.0%
18	Total	20,953,930	4,335,157	20,953,930	1,555,781	15,216,220	67.6%

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Exposures by asset classes and risk weights

	Risk Class/ Risk Weight (Current Period)	%0	%10	%20	%35(*)	%50	%50(*)	%75	%100	%150	%200	Total risk amount(**)
1	Exposures to sovereigns and their central banks	2,788,396	--	--	--	340,899	--	--	--	--	--	3,129,295
2	Exposures to regional and local 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	495,940	--	1,401,604	--	1,329,722	--	--	5,398	--	--	3,232,664
7	Exposures to corporates	407,626	--	--	--	--	--	--	8,795,135	--	--	9,202,761
8	Retail exposures	1,530	--	--	--	--	--	3,048,853	--	--	--	3,050,383
9	Exposures secured by residential property	--	--	--	257,814	--	--	--	92,642	--	--	350,456
10	Exposures secured by commercial property	--	--	--	--	--	1,004,471	--	376,308	--	--	1,380,779
11	Past-due items	--	--	--	--	99,767	--	--	78,380	108,857	--	287,004
12	Exposures in high-risk categories	--	--	--	--	4,593	--	--	5,844	33,417	--	43,854
13	Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14	Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of collective investment undertakings(***)	--	--	--	--	--	--	--	40,619	--	--	40,619
16	Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17	Other exposures	304,037	--	--	--	--	--	--	645,617	--	--	949,654
18	Total	3,997,529	--	1,401,604	257,814	1,774,981	1,004,471	3,048,853	10,039,943	142,274	--	21,667,469

(*) Collateralized by real estate mortgages

(**) After CCF and CRM

(***)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

	Risk Class/ Risk Weight (Prior Period)	%0	%10	%20	%35(*)	%50	%50(*)	%75	%100	%150	%200	Total risk amount(**)
1	Exposures to sovereigns and their central banks	3,951,058	--	--	--	232,857	--	--	--	--	--	4,183,915
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	476,378	--	279,435	--	1,687,029	--	--	2,304	--	--	2,445,146
7	Exposures to corporates	15,088	--	--	--	--	--	--	10,121,108	--	--	10,136,196
8	Retail exposures	1,021	--	--	--	--	--	3,115,787	--	--	--	3,116,808
9	Exposures secured by residential property	--	--	--	450,827	--	--	--	86,059	--	--	536,886
10	Exposures secured by commercial property	--	--	--	--	--	952,456	--	334,998	--	--	1,287,454
11	Past-due items	--	--	--	--	42,447	--	--	98,346	79,189	--	219,982
12	Exposures in high-risk categories	--	--	--	--	1,158	--	--	68,004	10,944	--	80,106
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(***)	--	--	--	--	--	--	--	24,631	--	--	24,631
16	Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17	Other exposures	141,506	--	--	--	--	--	--	337,081	--	--	478,587
18	Total	4,585,051	--	279,435	450,827	1,963,491	952,456	3,115,787	11,072,531	90,133	--	22,509,711

(*) 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 consolidated credit risk mitigation techniques

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

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

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

Exposure Categories * Current Period	Amount	Financial Collaterals	Other/Physical Collaterals**	Guarantees and Credit Derivatives
Receivables from Central Governments	3,129,295	--	--	1,027,541
Receivables, Coins, Purchased Cheques from Regional or Local Governments and CBT Banks	--	--	--	--
Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--
Receivables from Multilateral Development Banks	--	--	--	--
Receivables from International Organisations	--	--	--	--
Receivables from Banks and Brokerage Houses	3,232,664	495,940	--	--
Corporate Receivables	9,202,761	409,625	--	--
Retail Receivables	3,050,383	2,332	--	--
Receivables that are Collateralized by Residential Property	1,731,235	--	1,262,285	--
Past due Receivables	287,004	--	75,736	--
Receivables Defined in High Risk Category by BRSA	43,854	--	--	--
Securities Collateralised by Mortgages	--	--	--	--
Short-term Receivables from Banks, Brokerage Houses and Corporates	--	--	--	--
Investments Similar to Collective Investment Funds	40,619	--	--	--
Other Receivables	949,654	--	--	--
Total	21,667,469	907,897	1,338,021	1,027,541

(*) Non-cash risks presented above after credit conversion.

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

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Information on consolidated credit risk mitigation techniques (continued)

Exposure Categories * Prior Period	Amount	Financial Collaterals	Other/Physical Collaterals**	Guarantees and Credit Derivatives
Receivables from Central Governments	4,183,915	--	--	1,624,344
Receivables, Coins, Purchased Cheques from Regional or Local Governments and CBT Banks	--	--	--	--
Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--
Receivables from Multilateral Development Banks	--	--	--	--
Receivables from International Organisations	--	--	--	--
Receivables from Banks and Brokerage Houses	2,445,146	476,378	--	--
Corporate Receivables	10,136,196	15,088	--	--
Retail Receivables	3,116,808	1,021	--	--
Receivables that are Collateralized by Residential Property	1,824,340	--	1,403,283	--
Past due Receivables	219,982	--	42,723	--
Receivables Defined in High Risk Category by BRSA	80,106	--	--	--
Securities Collateralised by Mortgages	--	--	--	--
Short-term Receivables from Banks, Brokerage Houses and Corporates	--	--	--	--
Investments Similar to Collective Investment Funds	24,631	--	--	--
Other Receivables	478,587	--	--	--
Total	22,509,711	492,487	1,446,006	1,624,344

(*) Non-cash risks presented above after credit conversion.

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

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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 after-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	446,187	414,372	--	1.4	860,559	568,885
2	Internal Model Method (for derivative instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	733,417	93,804
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	--	--	--	--	--	--
6	Total	446,187	414,372	--	--	1,593,976	662,689

Prior Period		Replacement Cost	Potential Credit Exposure	EEPE(Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD after -CRM	RWA
1	Standardised Approach - CCR (for derivatives)	703,811	311,882	--	1.4	1,015,693	713,938
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)	--	--	--	--	579,403	20,605
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	--	--	--	--	--	--
6	Total	703,811	311,882	--	--	1,595,096	734,543

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Capital requirement for credit valuation adjustment (CVA)

Current Period		EAD after-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	860,559	187,860
4	Total subject to the CVA capital obligation	860,559	187,860

Prior Period		EAD after-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	1,015,693	269,189
4	Total subject to the CVA capital obligation	1,015,693	269,189

CCR exposures by risk class and risk weights - standardised approach

Current Period									Total credit risk
	0%	10%	20%	50%	75%	100%	150%	Other	
Exposures to sovereigns and their central banks	3,175	--	--	2,367	--	--	--	--	5,542
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	495,940	--	135,438	642,254	--	--	--	--	1,273,632
Exposures to corporates	--	--	--	--	--	310,945	--	--	310,945
Retail exposures	728	--	--	--	3,129	--	--	--	3,857
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Past-due items	--	--	--	--	--	--	--	--	--
Exposures in high-risk categories	--	--	--	--	--	--	--	--	--
Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Short term exposures to banks, brokerage houses and corporates	--	--	--	--	--	--	--	--	--
Exposures in the form of collective investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Other Exposures	--	--	--	--	--	--	--	--	--
Other Assets	--	--	--	--	--	--	--	--	--
Total	499,843	--	135,438	644,621	3,129	310,945	--	--	1,593,976

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CCR exposures by risk class and risk weights - standardised approach (continued)

Prior Period	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Exposures to sovereigns and their central banks	--	--	--	--	--	--	--	--	--
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to administrative bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	476,378	--	150,628	522,483	--	16	--	--	1,149,505
Exposures to corporates	--	--	--	--	--	438,928	--	--	438,928
Retail exposures	1,021	--	--	--	5,642	--	--	--	6,663
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	--	--	--	--	--	--	--	--	--
Total	477,399	--	150,628	522,483	5,642	438,944	--	--	1,595,096

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Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral Received		Collateral Given		Collateral Received	Collateral Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	--	--	--	--	--	--
Cash-foreign currency	728	--	--	--	495,940	--
Domestic sovereign debts	--	--	--	--	--	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	733,417
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
Total	728	--	--	--	495,940	733,417

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral Received		Collateral Given		Collateral Received	Collateral Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	--	--	--	--	--	--
Cash-foreign currency	1,021	--	--	--	476,378	--
Domestic sovereign debts	--	--	--	--	--	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	579,403
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
Total	1,021	--	--	--	476,378	579,403

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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. Market risk caused by mismatches of asset-liability maturities is also monitored through GAP reports.

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

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

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

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Market risk under standardised approach

RWA	Current Period	Prior Period
Outright products		
1 Interest rate risk (general and specific)	820,250	296,137
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	80,313	23,563
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	11,075	3,300
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	911,638	323,000

1. Quantitative information on counterparty risk

The counterparty risk amount is calculated in accordance with fair value measurement methodology stated in Appendix 2 and section 3 of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The replacement costs of the contracts with positive value are obtained by evaluating the contracts according to their fair value. The potential credit risk amount is calculated by multiplying contract or transaction amounts with certain ratios determined in accordance with days to maturity and contract type. The total of replacement cost and potential credit risk make up counterparty risk amount. Counterparty credit risk mitigation considers only cash collaterals.

Current Period	Value	Risk Weights					Total RWA
		0%	20%	50%	75%	100%	
Interest-Rate Contracts (*)	--	--	--	--	--	--	--
Foreign-Exchange-Rate Contracts (**)	414,373	3,903	49,849	221,140	1,755	137,726	259,582
Commodity Contracts	--	--	--	--	--	--	--
Equity-Shares Related Contracts	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Gross Positive Fair Values	446,186	--	2,475	269,119	1,374	173,218	309,303
Netting Benefits	--	--	--	--	--	--	--
Net Current Exposure Amount	--	--	--	--	--	--	--
Collaterals Received	728	--	--	--	--	--	--
Net Derivative Position (***)	860,559	3,903	52,324	490,259	3,129	310,944	568,885

(*) Repo transactions

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

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

Prior Period	Value	Risk Weights					Total RWA
		0%	20%	50%	75%	100%	
Interest-Rate Contracts (*)	--	--	--	--	--	--	--
Foreign-Exchange-Rate Contracts (**)	311,882	656	32,510	143,673	3,169	131,874	212,589
Commodity Contracts	--	--	--	--	--	--	--
Equity-Shares Related Contracts	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Gross Positive Fair Values	703,811	365	15,093	378,810	2,473	307,070	501,349
Netting Benefits	--	--	--	--	--	--	--
Net Current Exposure Amount	--	--	--	--	--	--	--
Collaterals Received	1,021	--	--	--	--	--	--
Net Derivative Position (***)	1,015,693	1,021	47,603	522,483	5,642	438,944	713,938

(*) Repo transactions

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

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

FİBANKA A.Ş. AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2018**

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Explanations on consolidated operational risk

The value at operational risk is calculated according to the “basic indicator approach”. Value at operational risk amount is calculated by using the last 3 years’ (2017, 2016, 2015) 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 89,171 (31 December 2017:TL 71,170) represents also the minimum capital requirement to recover the risk amount.

Current Period	31/12/2015	31/12/2016	31/12/2017	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	444,760	622,298	716,364	594,474	15	89,171
Value at Operational Risk (Total*12.5)						1,114,639

Prior Period	31/12/2014	31/12/2015	31/12/2016	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	356,345	444,760	622,298	474,467	15	71,170
Value at Operational Risk (Total*12.5)						889,626

FİBABANKA A.Ş. AND ITS SUBSIDIARY

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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	
	TL	FC
Cash in TL /Foreign Currency	37,341	100,990
Balances with the Central Bank of Turkey	366,313	1,259,918
Other	--	--
Total	403,654	1,360,908

	Prior Period	
	TL	FC
Cash in TL /Foreign Currency	28,792	89,320
Balances with the Central Bank of Turkey	246,809	2,122,335
Other	--	--
Total	275,601	2,211,655

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

	Current Period	
	TL	FC
Unrestricted Demand Deposits	80,959	511,053
Unrestricted Time Deposits	285,354	--
Restricted Time Deposits	--	748,865
Total	366,313	1,259,918

	Prior Period	
	TL	FC
Unrestricted Demand Deposits	240,425	270,157
Unrestricted Time Deposits	6,384	--
Restricted Time Deposits	--	1,852,178
Total	246,809	2,122,335

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 1.5% - 8% for TL liabilities and at the rates 4% - 20% for FC liabilities depending on maturities of liabilities. According to the Central Bank of Turkey's press announcement No. 2014-72 dated 21 October 2014, the Reserve Deposits as from November 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 2015 are paid interest on the portion held in USD.

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2. Information on financial assets at fair value through profit or loss

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

	Current Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	21,934	--
Total	21,934	--
	Prior Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	18,295	--
Total	18,295	--

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 sheet dates.

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

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

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2.3 Positive differences relating to derivative financial assets

	Current Period	
	TL	FC
Forward Transactions	98,585	--
Swap Transactions	1,015,077	--
Futures Transactions	--	--
Options	341,061	26,033
Other	--	--
Total	1,454,723	26,033
	Prior Period	
	TL	FC
Forward Transactions	53,648	--
Swap Transactions	414,489	--
Futures Transactions	--	--
Options	213,887	6,477
Other	--	--
Total	682,024	6,477

3. Information on Banks

3.1 Information on banks

	Current Period	
	TL	FC
Banks		
Domestic	731,428	339
Foreign	281	233,766
Foreign head-offices and branches	--	--
Total	731,709	234,105
	Prior Period	
	TL	FC
Banks		
Domestic	46,264	193,540
Foreign	1,871	78,341
Foreign head-offices and branches	--	--
Total	48,135	271,881

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3.2 Due from foreign banks

	Unrestricted Balances		Restricted Balances	
	Current Period	Prior Period	Current Period	Prior Period
US Countries	9,578	7,135	199,352	32,629
US, Canada	18,664	33,632	--	--
OECD Countries*	649	1,236	210	2,527
Offshore Banking Areas	--	--	--	--
Other	5,594	3,053	--	--
Total	34,485	45,056	199,562	35,156

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

4. Information on Financial Assets Valued at Fair value Through Other Comprehensive Income

4.1 Financial assets valued at fair value through other comprehensive income subject to repurchase agreements and provided as collateral/blocked

	Current Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	10,793	642,487
Other	--	--
Total	10,793	642,487

	Prior Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	167,674	579,405
Other	--	--
Total	167,674	579,405

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4.2 Details of financial assets valued at fair value through other comprehensive income

	Current Period
Debt instruments	733,302
Quoted on Stock Exchange	733,302
Unquoted on Stock Exchange	--
Share certificates	2,713
Quoted on Stock Exchange	2,713
Unquoted on Stock Exchange	--
Impairment provision (-)	28,283
Total	707,732

Details of financial assets available-for-sale

	Prior Period
Debt instruments	774,052
Quoted on Stock Exchange	774,052
Unquoted on Stock Exchange	--
Share certificates	1,727
Quoted on Stock Exchange	1,727
Unquoted on Stock Exchange	--
Impairment provision (-)	9,616
Total	766,163

5. Information on loans

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

	Current Period	
	Cash	Non-Cash
Direct Loans to Shareholders	--	--
Corporate Shareholders	--	--
Individual Shareholders	--	--
Indirect Loans to Shareholders	--	--
Loans to Employees	4,695	--
Total	4,695	--
	Prior Period	
	Cash	Non-Cash
Direct Loans to Shareholders	--	--
Corporate Shareholders	--	--
Individual Shareholders	--	--
Indirect Loans to Shareholders	--	--
Loans to Employees	4,872	--
Total	4,872	--

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5.2 Information on Loans under Close Monitoring that are restructured with Standard Loans and Close Monitoring Loans

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	12,382,051	1,275,041	311,109	101,133
Working Capital Loans	47,226	--	75,474	--
Export Loans	121,878	5,435	2,457	--
Import Loans	--	--	--	--
Loans to Financial Sector	548,130	765	636	--
Consumer Loans	1,005,032	77,338	5,139	11
Credit Cards	73,832	22,963	--	--
Others	10,585,953	1,168,540	227,403	101,122
Specialization Loans	--	--	--	--
Other Receivables	--	--	--	--
Total(*)	12,382,051	1,275,041	311,109	101,133

(*) Factoring receivables amounting to TL 14,311 are also included.

Current Period	Standard Loans	Loans Under Close Monitoring
12-month Expected Credit Losses	104,477	--
Significant Increase in Credit Risk	--	169,498
Total	104,477	169,498

Current Period	Standard Loans	Loans Under Close Monitoring
Number of Extensions	57,796	311,109
1 or 2 times	57,796	308,825
3, 4 or 5 times	--	2,284
Over 5 times	--	--

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of Extensions	12,728	409,217
1 or 2 times	12,728	406,481
3, 4 or 5 times	--	2,736
Over 5 times	--	--

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5.2 Information on Loans under Close Monitoring that are restructured with Standard Loans and Close Monitoring Loans(continued)

Current Period	Standard Loans	Loans Under Close Monitoring
Extension Periods	57,796	311,109
0-6 months	--	37,751
6 -12 months	--	48,814
1 - 2 years	--	100,768
2 - 5 years	50,090	106,824
5 years and over	7,706	16,952

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extension Periods	12,728	409,217
0-6 months	359	31,093
6 -12 months	--	31,187
1 - 2 years	--	114,262
2 - 5 years	5,916	122,345
5 years and over	6,453	110,330

The overdue analysis of close monitoring loans

Current Period	Commercial Loans	Consumer Loans	Total
1-30 days	386,041	10,253	396,294
31-60 days	389,118	30,760	419,878
61-90 days	194,827	23,645	218,472
Total	969,986	64,658	1,034,644

Prior Period	Commercial Loans	Consumer Loans	Total
1-30 days	144,593	9,031	153,624
31-60 days	133,293	24,766	158,059
61-90 days	117,932	17,371	135,303
Total	395,818	51,168	446,986

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Maturity analysis of cash loans

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
Current Period				
Short Term loans and Other Receivables	5,642,228	--	376,925	64,040
Loans	5,642,228	--	376,925	64,040
Specialized Loans	--	--	--	--
Other Loans	--	--	--	--
Medium and Long-term Loans and Other Receivables	6,739,824	57,796	1,310,357	348,203
Loans	6,739,824	57,796	1,310,357	348,203
Specialized Loans	--	--	--	--
Other Loans	--	--	--	--

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5.3

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

	Short-Term	Medium or Long Term	Total
Consumer Loans-TL	316,066	704,346	1,020,412
Real Estate Loans	176	375,792	375,968
Vehicle Loans	6	2,425	2,431
General Purpose Loans	315,884	326,129	642,013
Other	--	--	--
Consumer Loans-Indexed to FC	--	39,689	39,689
Real Estate Loans	--	38,733	38,733
Vehicle Loans	--	--	--
General Purpose Loans	--	956	956
Other	--	--	--
Consumer Loans-FC	--	981	981
Real Estate Loans	--	981	981
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Individual Credit Cards-TL	7,457	--	7,457
With Installment	1,046	--	1,046
Without Installment	6,411	--	6,411
Individual Credit Cards-FC	58	--	58
With Installment	--	--	--
Without Installment	58	--	58
Loans Given to Employees-TL	284	3,495	3,779
Real Estate Loans	--	831	831
Vehicle Loans	--	--	--
General Purpose Loans	284	2,664	2,948
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Personnel Credit Cards - TL	914	--	914
With Installment	252	--	252
Without Installment	662	--	662
Personnel Credit Cards - FC	2	--	2
With Installment	--	--	--
Without Installment	2	--	2
Overdraft Loans-TL (Real Persons)	22,659	--	22,659
Overdraft Loans-FC (Real Persons)	--	--	--
Total	347,440	748,511	1,095,951

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5.4 Information on commercial loans with installments and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	778,363	2,264,637	3,043,000
Real Estate Loans	--	2,432	2,432
Vehicle Loans	1,524	42,872	44,396
General Purpose Loans	776,839	2,219,333	2,996,172
Other	--	--	--
Installment Commercial Loans - Indexed to FC	--	143,653	143,653
Real Estate Loans	--	278	278
Vehicle Loans	--	21,782	21,782
General Purpose Loans	--	121,593	121,593
Other	--	--	--
Installment Commercial Loans - FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Corporate Credit Cards - TL	88,365	--	88,365
With Installment	10,414	--	10,414
Without Installment	77,951	--	77,951
Corporate Credit Cards - FC	--	--	--
With Installment	--	--	--
Without Installment	--	--	--
Overdraft Loans-TL (Legal Entities)	106,796	--	106,796
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	973,524	2,408,290	3,381,814

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5.5 Allocation of loans by customers

	Current Period
Public Sector	--
Private Sector	14,069,334
Total (*)	14,069,334

(*) Factoring receivables amounting to TL 14,311 are also included.

	Prior Period
Public Sector	--
Private Sector	14,790,659
Total	14,790,659

5.6 Allocation of Domestic and Foreign Loans

	Current Period
Domestic Loans	13,663,328
Foreign Loans	406,006
Total (*)	14,069,334

(*) Factoring receivables amounting to TL 14,311 are also included.

	Prior Period
Domestic Loans	14,411,839
Foreign Loans	378,820
Total	14,790,659

5.7 Loans granted to subsidiaries and associates

None (31 December 2017: None).

5.8 Provisions provided against loans

	Current Period
Loans and Receivables with Limited Collectability	107,976
Loans and Receivables with Doubtful Collectability	66,127
Uncollectible Loans and Receivables	121,732
Total	295,835

	Prior Period
Loans and Receivables with Limited Collectability	26,022
Loans and Receivables with Doubtful Collectability	44,497
Uncollectible Loans and Receivables	100,476
Total	170,995

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5.9 Information on non-performing loans (Net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period	89	4,308	14
Gross Amounts before Provisions	--	--	--
Restructured Loans and Other Receivables	89	4,308	14
Prior Period	187	80	20
Gross Amounts before Specific Provisions	--	--	--
Restructured Loans and Other Receivables	187	80	20

5.9.2 Movement on non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Balances at the End of Prior Period(*)	177,201	125,408	151,717
Additions (+)	871,791	17,764	7,331
Transfers from Other Categories of Non-Performing Loans (+)	--	621,662	274,889
Transfers to Other Categories of Non-Performing Loans (-)	622,107	274,445	--
Collections (-)	120,774	134,116	46,504
Write-offs (-)	--	--	--
Sold (-) (*)	102,290	188,726	136,938
Corporate and Commercial Loans	102,122	181,652	124,871
Consumer Loans	11	2,025	7,458
Credit Cards	157	5,049	4,609
Other	--	--	--
Balances at End of the Period	203,821	167,547	250,495
Provisions (-) (*)	107,976	66,127	121,732
Net Balance on Balance Sheet	95,845	101,420	128,763

(*) In 2018 the loan amounting to TL 427,954 has been written off from assets by transferring to asset management companies.

The financial asset amounting TL 14,167 which was classified as 1.6 Non-performing financial asset during TFRS transition has been written off from assets by transferring to an asset management company.

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5.9.3 Information on expected credit losses

	Stage 1	Stage 2	Stage 3
Beginning of period (1 January 2018)	109,730	192,728	348,695
Loans and movements added during the period	22,533	15,561	18,912
Loans and movements moved out during the period	(17,612)	(35,619)	(12,412)
Movements of Stage 1 and Stage 2			
Stage 1 Loans in two periods	6,997	--	--
Transfers from Stage 1 to Stage 2	(14,956)	107,879	--
Stage 2 Loans in two periods	--	20,278	--
Transfers from Stage 2 to Stage 1	1,285	(1,212)	--
Movements of Stage 3			
Transfers from Stage 1 to Stage 3 (*)	(3,165)	--	125,657
Transfers from Stage 2 to Stage 3	--	(130,484)	140,528
Stage 3 Loans in two periods (amount and parameter change)	--	--	(22,552)
Write-offs	--	--	--
Sold	--	--	(302,993)
Period end (31 December 2018)	104,447	169,497	295,835

(*)The mentioned customers are in Stage 1 at the end of 2017 and they have passed to Stage 3 during the year.

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Balance as of the Period End	50,101	46,335	40,260
Provisions (-)	12,756	5,526	9,989
Net Balance on Balance Sheet	37,345	40,809	30,271
Prior Period			
Balance as of the Period End	16,634	8,047	34,217
Provisions (-)	1,239	2,794	16,851
Net Balance on Balance Sheet	15,395	5,253	17,366

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	95,845	101,420	128,763
Loans Granted to Real Persons and Legal Entities (Gross)(*)	203,821	167,547	250,495
Provisions (-) (*)	107,976	66,127	121,732
Loans Granted to Real Persons and Legal Entities (Net)	95,845	101,420	128,763
Banks (Gross)			
Provisions (-)			
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
Prior P eriod (Net)	151,179	80,911	65,408
Loans Granted to Real Persons and Legal Entities (Gross)	177,201	125,408	165,884
Provisions (-)	26,022	44,497	100,476
Loans Granted to Real Persons and Legal Entities (Net)	151,179	80,911	65,408
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

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5.10 Information on interest accruals, valuation differences and related provisions calculated for non-performing loans

The Bank does not calculate interest accruals for non-performing loans.

5.11 Explanations about policy of cancelling from Credit

In the event that the conditions stated in the law related to the unworthiness of the receivable arise, 100% provisions are set aside for all of these loans and the loans are written off from the assets by the board decision.

6. Information on financial assets measured at amortized cost

6.1 Information on securities subject to repurchase agreement and given as collateral or blocked

	Current Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	188,931	90,518
Other	--	--
Total	188,931	90,518

The Group does not have any held to maturity investments as of 31 December 2017.

6.2 Information on government securities in financial assets measured at amortized cost

	Current Period	
	TL	FC
Government Bond	188,931	174,168
Treasury Bill	--	--
Other Debt Securities	--	--
Total	188,931	174,168

The Group does not have any held to maturity investments as of 31 December 2017.

6.3 Information on financial assets measured at amortized cost

	Current Period
Debt instruments	363,099
Quoted on Stock Exchange	363,099
Unquoted on Stock Exchange	--
Share certificates	--
Quoted on Stock Exchange	--
Unquoted on Stock Exchange	--
Impairment provision (-)	--
Total	363,099

The Group does not have any held to maturity investments as of 31 December 2017.

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6.4 Information on the movement of financial assets measured at amortized cost during the period

	Current Period
Balance at the beginning of period	--
Foreign Exchange Difference in Monetary Assets	--
Purchases during the year (*)	363,099
Disposals through Sales and Redemptions	--
Impairment provision (-)	--
Total	363,099

(*)During IFRS 9 transaction, the financial assets amounting to TL 169,084 have been classified as "Financial Assets Measured at Amortized Cost" from "Financial Assets Measured at Fair Value Through Other Comprehensive Income".

The Group does not have any held to maturity investments as of 31 December 2017.

7. Information on associates

The Group has TL 4,897 investment in an associate as of 31 December 2018 (31 December 2017: TL 4,897).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)
Kredi Garanti Fonu A.Ş.	Ankara	1.54%	1.54%

8. Information on consolidated subsidiaries

The Group has TL 5,445 investment in a financial subsidiary as of 31 December 2018 (31 December 2017: TL 5,445).

Company Name	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		Company's Fair Value
					Period Profit/Loss	Prior Period Profit/Loss	
6,435	5,823	252	896	--	355	127	--

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

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8. Information on consolidated subsidiaries (continued)

Information on capital adequacy of major subsidiary

Current Period	Fiba Portföy Yönetimi A.Ş.
Core Capital	5,823
Paid-in Capital	5,500
Inflation Adjustments to Paid-in Capital	--
Share Premium	--
Reserves	--
Current Period's Profit and Prior Periods' Profit	355
Current Period's Losses and Prior Periods' Losses	(32)
Leasehold Improvements on Operational Leases (-)	--
Intangible Assets (-)	--
Goodwill (Net) (-)	--
Supplementary Capital	--
Capital	5,823
Deductions From Capital	--
Net Available Equity	5,823

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

8.1 Information on the subsidiaries which are not subject to consolidation

The Bank has TL 21,500 investment in a non-financial subsidiary as of 31 December 2018 (31 December 2017: None).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)
Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş.	İstanbul	100%	100%

Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş., was established with the purpose of providing entrepreneurship, creation of new business fields and technologies, investment in financial technology companies, mobile payment, income expenditure follow-up and money transfer consultancy services.

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8.2 Movement of consolidated investment in subsidiaries

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

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

Investment valuation of consolidated subsidiaries

	Current Period	Prior Period
Valued at cost	5,445	5,445
Valued at fair	--	--

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

Quoted consolidated investments in subsidiaries

None.

Consolidated subsidiaries disposed in the current period

None.

Consolidated subsidiaries acquired in the current period

None.

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

The Group does not have any investments in entities under common control as of 31 December 2018.

10. Information on lease receivables

The Group does not have any lease receivables as of 31 December 2018.

11. Information on derivative financial assets held for hedging purposes

Current Period		
Derivative financial assets held for hedging	TL	FC
Fair Value Hedge	--	--
Cash Flow Hedge	--	--
Foreign Net Investment Hedge	--	--
Total	--	--
Prior Period		
Derivative financial assets held for hedging	TL	FC
Fair Value Hedge	17,902	--
Cash Flow Hedge	--	--
Foreign Net Investment Hedge	--	--
Total	17,902	--

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12. Information on tangible assets

Current Period	Buildings	Vehicles	Other Tangible Assets*	Total
Cost				
Beginning Balance, 1 January 2018	171,563	79	75,758	247,400
Additions	51,534	--	26,567	78,101
Disposals	--	--	13,728	13,728
Ending Balance, 31 December 2018	223,097	79	88,598	311,774
Accumulated Depreciation				
Beginning Balance, 1 January 2018	(4,683)	(38)	(50,718)	(55,439)
Depreciation	(1,813)	(61)	(10,895)	(12,769)
Disposals	(45)	--	13,548	13,503
Ending Balance, 31 December 2018	(6,542)	(99)	(48,064)	(54,705)
Net Book Value, 31 December 2018	216,555	(20)	40,553	257,069

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

Prior Period	Buildings	Vehicles	Other Tangible Assets*	Total
Cost				
Beginning Balance , 1 January 2017	171,403	79	66,034	237,516
Additions	160	--	13,561	13,721
Disposals	--	--	3,837	3,837
Ending Balance, 31 December 2017	171,563	79	75,758	247,400
Accumulated Depreciation				
Beginning Balance , 1 Ocak 2017	(6,078)	(22)	(45,211)	(51,311)
Depreciation	(1,693)	(16)	(9,335)	(11,052)
Disposals	(3,088)	--	3,837	6,295
Ending Balance, 31 December 2017	(4,683)	(38)	(50,685)	(55,438)
Net Book Value, 31 December 2017	166,880	41	25,073	191,962

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

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

12.1.1 Conditions for allocating/releasing any impairment

None.

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

None.

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

None.

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13. Information on intangible assets

13.1 Useful lives and depreciation rates

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

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

13.2 Depreciation methods

Depreciation is calculated by the straight line method.

13.3 Balances at beginning and end of the current period

	Current Period		Prior Period	
	Gross book Value	Accumulated value Depreciation	Gross book Value	Accumulated value Depreciation
Intangible Assets (*)	90,570	55,569	55,343	49,395

(*)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	55,343	50,396
Additions	35,334	5,012
Disposal	107	(65)
Ending Balance, 31 December	90,570	55,343
Accumulated Depreciation		
Beginning Balance, 1 January	(49,395)	(46,417)
Amortisation Expense	(107)	(3,043)
Disposal	(6,281)	65
Ending Balance, 31 December	(55,569)	(49,395)
Net Book Value, 31 December	35,001	5,948

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13.5 Details for any individually material intangible assets

None

13.6 Intangible assets capitalised under government incentives at fair values

None.

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

None

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

None

13.9 *Commitments to acquire intangible assets*

None.

13.10 Disclosure on revalued intangible assets

None.

13.11 Research and development costs expensed during current period

None.

13.12 Goodwill

None.

14. Information on investment properties

None.

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15. Information on deferred tax asset

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

As of 31 December 2018, the deferred tax assets amounting to TL 79,351 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2017: TL 9,504 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 Loss	105,405	23,190
Financial Assets Valuation	(108,312)	(26,047)
Unearned Commission Income/Prepaid Commission Expenses	20,772	4,570
Retirement Pay and Unused Vacation Provision	23,498	4,944
Tangible Assets Base Differences	(17,859)	(3,572)
Provisions	353,131	75,366
Other	4,182	900
Deferred Tax Asset/(Liability)	380,817	79,351
Prior Period		
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Assets Valuation	18,621	3,830
Unearned Commission Income/ Prepaid Commission Expenses	13,633	3,000
Retirement Pay and Unused Vacation Provision	21,392	4,332
Tangible Assets Base Differences	(9,885)	(1,977)
Other	1,321	319
Deferred Tax Asset/(Liability)	45,082	9,504

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

	1 January-31 December 2018	1 January-31 December 2017
Deferred Tax Asset, 1 January	9,504	(1,335)
Deferred Tax Income / (Expense)	(41,147)	12,770
Deferred Tax Recognized Directly Under Equity	110,994	(1,931)
Deferred Tax Asset/(Liability) , Period End Balance	79,351	9,504

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

None (31 December 2017: None).

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

None.

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

As of 31 December 2018, the Bank has TL 215,235 assets held for sale (31 December 2017: TL 23,795).

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 2018, total prepaid expenses are TL 30,557 (31 December 2017: TL 30,026).

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II. Explanations and disclosures related to consolidated liabilities

1. Information on deposits

1.1 Information on maturity structure of deposits

Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	96,239	--	738,810	1,592,139	1,257,139	478,607	321,611	--	4,484,545
Foreign Currency Deposits	395,655	--	883,617	2,656,753	216,034	123,331	197,448	--	4,472,838
Residents in Turkey	370,154	--	875,647	2,648,053	215,735	122,674	73,312	--	4,305,575
Residents Abroad	25,501	--	7,970	8,700	299	657	124,136	--	167,263
Public Sector Deposits	459	--	--	293	--	--	--	--	752
Commercial Deposits	197,420	--	341,316	690,084	169,870	90,089	124,025	--	1,612,804
Other Ins. Deposits	2,057	--	4,354	29,074	16,278	95	38,221	--	90,079
Precious Metal Deposits	12,368	--	--	--	--	--	--	--	12,368
Interbank Deposits	88,410	--	465,589	82,830	2,926	--	--	--	639,755
Central Bank of Turkey	--	--	273,793	--	--	--	--	--	273,793
Domestic Banks	14,938	--	157,837	--	2,926	--	--	--	175,701
Foreign Banks	37,903	--	33,959	82,830	--	--	--	--	154,692
Special Finan.Inst.	35,569	--	--	--	--	--	--	--	35,569
Other	--	--	--	--	--	--	--	--	--
Total	792,608	--	2,433,686	5,051,173	1,662,247	692,122	681,305	--	11,313,141

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
Saving Deposits	74,866	--	409,940	2,067,120	617,183	184,848	150,372	--	3,504,329
Foreign Currency Deposits	339,684	--	682,479	3,935,109	205,144	67,655	141,318	--	5,371,389
Residents in Turkey	326,480	--	615,344	3,917,385	203,702	66,362	51,847	--	5,181,120
Residents Abroad	13,204	--	67,135	17,724	1,442	1,293	89,471	--	190,269
Public Sector Deposits	43,974	--	--	--	--	--	--	--	43,974
Commercial Deposits	338,631	--	84,534	1,443,834	202,249	207,845	349,379	--	2,626,472
Other Ins. Deposits	1,524	--	6,081	63,930	30,265	25	13,589	--	115,414
Precious Metal Deposits	4,858	--	--	--	--	--	--	--	4,858
Interbank Deposits	134,144	--	387,573	72,246	7,506	--	--	--	601,469
Central Bank of Turkey	--	--	--	--	--	--	--	--	--
Domestic Banks	126	--	369,537	--	7,506	--	--	--	377,169
Foreign Banks	17,375	--	18,036	72,246	--	--	--	--	107,657
Special Finan.Inst.	116,643	--	--	--	--	--	--	--	116,643
Other	--	--	--	--	--	--	--	--	--
Total	937,681	--	1,570,607	7,582,239	1,062,347	460,373	654,658	--	12,267,905

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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	Current Period
Saving Deposits	1,208,164	3,253,366
Foreign Currency Saving Deposits	391,384	2,840,835
Other Deposits in the Form of Saving Deposits	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--
Total	1,599,548	6,094,201

	Under the Guarantee of Deposit Insurance	Exceeding the Limit of Deposit Insurance
	Prior Period	Prior Period
Saving Deposits	1,151,935	2,336,011
Foreign Currency Saving Deposits	304,051	2,457,726
Other Deposits in the Form of Saving Deposits	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--
Total	1,455,986	4,793,737

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.

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

	Current Period	
Deposits and Accounts in Branches Abroad	--	
Deposits of Ultimate Shareholders and Their Close Families	37,448	
Deposits of Chairman and Members of the Board of Directors and their Close Families	21,379	
Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004.	--	
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	--	
	Prior Period	
Deposits and Accounts in Branches Abroad	--	
Deposits of Ultimate Shareholders and Their Close Families	33,853	
Deposits of Chairman and Members of the Board of Directors and their Close Families	13,094	
Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004.	--	
Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	--	

2. Information on derivative financial liabilities held for trading

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

	Current Period	
Trading Purpose Derivative Financial Liabilities	TL	FC
Forward Transactions	101,503	--
Swap Transactions	846,126	--
Futures Transactions	--	--
Options	340,718	26,067
Other	--	--
Total	1,288,347	26,067
	Priod Period	
Trading Purpose Derivative Financial Liabilities	TL	FC
Forward Transactions	43,928	--
Swap Transactions	484,580	--
Futures Transactions	--	--
Options	213,939	7,143
Other	--	--
Total	742,447	7,143

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3. Information on banks and other financial institutions

3.1 Information on banks and other financial institutions

	Current Period	
	TL	FC
From Central Bank of Turkey	--	--
From Domestic Banks and Institutions	10,298	255,075
From Foreign Banks, Institutions and Funds	--	1,073,839
Total	10,298	1,328,914

	Prior Period	
	TL	FC
From Central Bank of Turkey	--	--
From Domestic Banks and Institutions	21,789	176,532
From Foreign Banks, Institutions and Funds	--	1,886,530
Total	21,789	2,063,062

3.2 Maturity analysis of borrowings

	Current Period	
	TL	FC
Short Term	10,298	66,671
Medium and Long Term	--	1,262,243
Total	10,298	1,328,914

	Prior Period	
	TL	FC
Short Term	20,868	177,567
Medium and Long Term	921	1,885,495
Total	21,789	2,063,062

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

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

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4. Informations related with issued instruments

Current Period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	519,481	--	--	1,304,630
Book Value	503,729	--	--	1,338,856
Prior Period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	1,287,720	--	--	--
Book Value	1,255,066	--	--	--

5. Sundry Creditors and Other Liabilities

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

6. Criteria used in the determination of lease installments 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	194	171	150	125
Between 1-4 Years	313	292	376	344
More than 4 Years	--	--	--	--
Total	507	463	526	469

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.

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7. Information on derivative financial liabilities for hedging purposes

Derivative financial liability held for hedging	Current Period	
	TL	FC
Fair Value Hedge	201,839	--
Cash Flow Hedge	--	--
Foreign Net Investment Hedge	--	--
Total	201,839	--

Derivative financial liability held for hedging	Prior Period	
	TL	FC
Fair Value Hedge	3,664	--
Cash Flow Hedge	--	--
Foreign Net Investment Hedge	--	--
Total	3,664	--

8. Information on provisions

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

The foreign exchange losses on foreign currency indexed loans are netted off from the loans on the balance sheet. There are no foreign exchange losses on the foreign currency indexed loans as of 31 December 2018 (31 December 2017: 359 TL).

8.2 The specific provisions provided for unindemnified non cash loans

As of 31 December 2018, the specific provision provided for unindemnified non cash loans is 5,215 TL (31 December 2017: 1,677 TL).

8.3 Explanation on other provisions

8.3.1 Provisions for possible losses

	Current Period	Prior Period
Provisions for possible losses	65,000	55,500

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

None

8.3.3 Explanations on reserves for employee benefits

As of 31 December 2018, reserves for employee benefits amounting to TL 23,498 (31 December 2017: TL 21,393) comprise of TL 11,187 reserve for employee termination benefits (31 December 2017: TL 11,497), TL 3,407 unused vacation pay liability (31 December 2017: TL 2,835) and TL 8,904 personnel premium accrual (31 December 2017: TL 7,061).

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9. Explanations on Tax Liability

9.1 Explanations on current tax liability

9.1.1 Explanations on tax provision

As of 31 December 2018, the Group's current tax liability is TL 39,477 (31 December 2017: TL 42,256).

9.1.2 Information on taxes payable

	Current Period
Corporate taxes payable	--
Taxation on securities	14,434
Property tax	366
Banking and Insurance Transaction Tax (BITT)	15,284
Taxes on foreign exchange transactions	--
Value added taxes payable	815
Income tax ceased from wages	3,800
Other	660
Total	35,359

	Prior Period
Corporate taxes payable	5,897
Taxation on securities	16,662
Property tax	374
Banking and Insurance Transaction Tax (BITT)	11,501
Taxes on foreign exchange transactions	--
Value added taxes payable	324
Income tax ceased from wages	3,458
Other	369
Total	38,585

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9.1.3 Information on premium

	Current Period
Social Security Premiums- Employee	1,741
Social Security Premiums- Employer	2,010
Bank Social Aid Pension Fund Premium- Employee	--
Bank Social Aid Pension Fund Premium- Employer	--
Pension Fund Membership Fees and Provisions- Employee	--
Pension Fund Membership Fees and Provisions- Employer	--
Unemployment Insurance- Employee	121
Unemployment Insurance- Employer	246
Other	--
Total	4,118
	Prior Period
Social Security Premiums- Employee	1,561
Social Security Premiums- Employer	1,784
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	108
Unemployment Insurance- Employer	217
Other	--
Total	3,670

9.2 Explanations on deferred tax liabilities

There are no deferred tax liabilities after netting of deferred tax assets (31 December 2017: None).

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

None (31 December 2017: None).

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11. Explanations on subordinated loans

	Current Period	
	TL	FC
Debt instruments subject to common equity	--	--
Subordinated loans	--	--
Subordinated debt instruments	--	--
Debt instruments subject to Tier 2 equity	--	--
Subordinated loans	--	--
Subordinated debt instruments	--	1,596,143
Total	--	1,596,143

	Prior Period	
	TL	FC
Domestic Banks	--	--
Domestic Other Institutions	--	--
Foreign Banks	--	39,298
Foreign Other Institutions	--	1,155,263
Total	--	1,194,561

12. Information on shareholders' equity

12.1 Paid-in capital

	Current Period	Prior Period
Common Stock	941,161	941,161
Preferred Stock	--	--

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

Registered share capital system is not applied.

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

None.

12.4 Information on share capital increases from revaluation funds

None.

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

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

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

None.

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12.7 Information on privileges given to stocks representing the capital

The Bank does not have any preferred shares.

12. Information on shareholders' equity (continued)

12.8 Common stock issue premiums, shares and equity instruments

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

	Current Period	Prior Period
Number of Shares (Thousand)	26,230,098	26,230,098
Number of Privileged Shares	--	--
Share Premium	128,678	128,678
Share Cancellation Profits	--	--
Other Equity Instruments	--	--

12.9 Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates, and Entities Under Common Control (Joint Ventures)	--	--	--	--
Securities Valuation Difference	(363)	(26,209)	(13,113)	2,214
Exchange Difference	--	--	--	--
Total	(363)	(26,209)	(13,113)	2,214

12.10 Information on revaluation reserve

None.

12.11 Bonus shares of subsidiaries, associates and joint ventures

None.

12.12 Information on legal reserves

	Current Period	Prior Period
1st Legal Reserves	21,886	13,535
Other Reserves	--	--

12.13 Information on extraordinary reserves

	Current Period	Prior Period
Reserves allocated by the General Assembly	388,400	229,749
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Capital Exchange Differences	--	--

13. Information on minority shares

	Current Period	Prior Period
Balance at Beginning of Period	54	53
Profit Share of Affiliates Net Profits	4	1
Prior Period Dividend Payment	--	--
Increase/(Decrease) in Minority Interest due to Sales	--	--
Other	--	--
Balance at End of Period	58	54

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

1. Information on consolidated off-balance sheet commitments

1.1 Nature and amount of irrevocable loan commitments

	Current Period	Prior Period
Asset Sale and Purchase Commitments	3,077,634	1,637,022
Credit Card Limit Commitments	85,881	123,381
Credit Card and Bank Trans. Promo. Guarantee	1	-
Commitments for Credit Allocation with the Guarantee of Usage	615,901	323,365
Export Commitments	6,502	5,070
Commitment for Cheques	199,635	211,200
Other Irrevocable Commitments	13,659	3,229
Total	3,999,213	2,303,267

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

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

	Current Period	Prior Period
Letters of Guarantee TL	419,207	759,390
Letters of Guarantee FC	266,723	294,942
Letters of Credit	56,195	555,123
Bills of Exchange and Acceptances	129,425	421,539
Total	871,550	2,030,994

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Revocable Letters of Guarantee	1,811	46,899
Irrevocable Letters of Guarantee	623,944	889,934
Letters of Guarantee Given in Advance	36,898	60,718
Letters of Guarantee Given to Customs	2,209	13,536
Other Letters of Guarantee	21,068	43,245
Total	685,930	1,054,332

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2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	14,403	25,171
With Original Maturity of 1 Year or Less Than 1 Year	--	2,428
With Original Maturity of More Than 1 Year	14,403	22,743
Other Non-Cash Loans	857,147	2,005,823
Total	871,550	2,030,994

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

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	5,776	1.38	5,960	1.32	4,020	0.53	49,380	3.88
Farming and Stockbreeding	487	0.12	--	-	1,419	0.19	13,809	1.09
Forestry	5,289	1.26	5,960	1.32	2,601	0.34	35,571	2.80
Fishing	--	--	--	--	--	--	--	--
Manufacturing	47,787	11.39	234,802	51.96	86,821	11.43	813,995	64.03
Mining and Quarrying	4,758	1.13	3,109	0.69	9,773	1.29	23,677	1.86
Production	32,731	7.80	231,693	51.27	48,479	6.38	786,348	61.86
Electricity, Gas and Water	10,298	2.45	--	--	28,569	3.76	3,970	0.31
Construction	112,749	26.87	83,024	18.37	313,081	41.21	68,818	5.41
Services	203,698	48.54	121,142	26.81	272,323	35.84	196,198	15.43
Wholesale and Retail Trade	47,848	11.40	49,510	10.96	95,352	12.55	106,297	8.36
Accommodation and Dining	15,210	3.62	39,117	8.66	16,382	2.16	9,903	0.78
Transportation and Telecommunication	16,070	3.83	6,916	1.53	17,997	2.37	33,059	2.60
Financial institutions	101,744	24.25	19,230	4.26	92,570	12.18	19,422	1.53
Real Estate and Rental Services	1,043	0.25	--	--	1,669	0.22	10,386	0.82
Self-Employment Services	5,888	1.40	69	0.02	10,921	1.44	52	0.00
Educational Services	2,918	0.70	341	0.08	5,304	0.70	9,879	0.78
Health and Social services	12,977	3.09	5,959	1.32	32,128	4.23	7,200	0.57
Other	49,626	11.83	6,986	1.55	83,565	11.00	142,793	11.23
Total	419,636	100.00	451,914	100.00	759,810	100.00	1,271,184	100.00

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

	Stage I		Stage II	
	TL	FC	TL	FC
Letters of Guarantee	401,958	255,449	17,249	11,274
Bills of Exchange and Bank Acceptances	429	128,996	--	--
Letters of Credit	--	56,195	--	--
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Related Guarantees	--	--	--	--
Other Guarantees and Sureties	--	--	--	--
Non-Cash Loans	402,387	440,640	17,249	11,274

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5. Information related to derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	35,863,444	36,388,695
Forward Transactions	5,362,018	5,295,185
Swap Transactions	24,249,617	17,908,039
Futures Transactions	5,484	--
Option Transactions	6,246,325	13,185,471
Interest Related Derivative Transactions (II)	576,090	50,000
Forward Rate Transactions	--	--
Interest Rate Swap Transactions	576,090	50,000
Interest Option Transactions	--	--
Futures Interest Transactions	--	--
Other Trading Derivative Transactions (III)	703,519	153,464
A. Total Derivative Transactions Held for Trading (I+II+III)	37,143,053	36,592,159
Types of hedging transactions		
Fair Value Hedges	--	--
Cash Flow Hedges	930,574	991,256
Net Investment Hedges	--	--
B. Total Derivative Transactions Held for Hedging Purposes	930,574	991,256
Total Derivative Transactions (A+B)	38,073,627	37,583,415

6. Credit derivatives and risk exposures on credit derivatives

None.

7. Explanations on contingent liabilities and assets

The Group provided provision of TL 2,156 for the legal cases pending against the Group where the cash out flows are highly probable (31 December 2017: TL 1,114).

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	
	TL	FC
Interest on loans	2,003,549	370,981
Short Term Loans	1,218,986	47,464
Medium and Long Term Loans	784,563	323,517
Interest on Non-Performing Loans	4,800	--
Premiums received from Resource Utilization Support Fund		--
Total	2,008,349	370,981

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

	Prior Period	
	TL	FC
Interest on loans	1,432,537	261,750
Short Term Loans	788,538	22,640
Medium and Long Term Loans	643,999	239,110
Interest on Non-Performing Loans	2,844	--
Premiums received from Resource Utilization Support Fund	--	--
Total	1,435,381	261,750

1.2 Information on interest income received from banks

	Current Period	
	TL	FC
The Central Bank of Turkey	62,012	--
Domestic Banks	81,220	854
Foreign Banks	--	765
Branches and Head Office Abroad	--	--
Total	143,232	1,619

	Prior Period	
	TL	FC
The Central Bank of Turkey	27,707	--
Domestic Banks	47,492	636
Foreign Banks	--	306
Branches and Head Office Abroad	--	--
Total	75,199	942

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1.3 Interest received from marketable securities portfolio

	Current Period	
	TL	FC
Financial Assets at Fair Value Through Profit or Loss	2,798	265
Financial Assets at Fair Value Through Other Comprehensive Income	2,027	37,392
Financial Assets Measured at Amortized Cost	15,618	903
Total	20,443	38,560
	Prior Period	
	TL	FC
Financial Assets Held for Trading	1,641	218
Financial Assets at Fair Value Through Profit or Loss	--	--
Financial Assets Available-for-Sale	16,914	30,678
Investment Securities Held-to-Maturity	--	--
Total	18,555	30,896

1.4 Information on interest income received from associates and subsidiaries

None

2. Interest expense

2.1 Information on interest on funds borrowed (*)

	Current Period	
	TL	FC
Banks	1,281	63,407
The Central Bank of Turkey	--	--
Domestic Banks	1,273	11,140
Foreign Banks	8	52,267
Branches and Head Office Abroad	--	--
Other Institutions	--	153,000
Total	1,281	216,407

(*) Includes the fee and commission expenses on borrowings, as well.

	Prior Period	
	TL	FC
Banks	1,148	32,952
The Central Bank of Turkey	--	--
Domestic Banks	1,140	5,348
Foreign Banks	8	27,604
Branches and Head Office Abroad	--	--
Other Institutions	--	86,114
Total	1,148	119,066

(*) Includes the fee and commission expenses on borrowings, as well.

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2.2 Information on interest expenses to associates and subsidiaries

Total interest expense given to associates and subsidiaries is TL 1,333. (1 January - 31 December 2017: TL 610).

2.3 Information on interest expenses to marketable securities

	Current Period	
	TL	FC
Interest Paid to Securities Issued	191,288	79,101

	Prior Period	
	TL	FC
Interest Paid to Securities Issued	142,885	--

2.4 Information maturity structure of deposits

Account Description	Demand Deposits	Time Deposits					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over		
<i>Turkish Lira</i>								
Bank Deposits	--	10,898	--	--	-	-	--	10,898
Saving Deposits	--	86,746	425,341	98,058	45,879	30,855	--	686,879
Public Sector Deposits	--	--	50	--	-	-	--	50
Commercial Deposits	--	26,029	251,494	18,604	17,942	37,325	--	351,394
Other	--	482	9,931	2,187	1,557	5,554	--	19,711
7 Days Notice	--	--	--	--	-	-	--	--
Total	--	124,155	686,816	118,849	65,378	73,734	--	1,068,932
<i>Foreign Currency</i>								
Foreign Currency Deposits	--	19,395	118,164	7,123	2,389	7,250	--	154,321
Bank Deposits	--	19,884	--	--	-	-	--	19,884
7 Days Notice	--	--	--	--	-	-	--	--
Precious Metal Deposits	--	--	--	--	-	-	--	--
Total	--	39,279	118,164	7,123	2,389	7,250	--	174,205
Grand Total	--	163,434	804,980	125,972	67,767	80,984	--	1,243,137

3. Information on dividend income

None

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4. Information on net trading income / loss

	Current Period
Income	3,803,792
Gains on Capital Market Operations	67,448
Gains on Derivative Financial Instruments	2,021,638
Foreign Exchange Gains	1,714,706
Loss (-)	3,796,361
Losses on Capital Market Operations	2,862
Losses on Derivative Financial Instruments	2,151,993
Foreign Exchange Losses	1,641,506
Net Trading Income / (Loss)	7,431
	Prior Period
Income	1,681,187
Gains on Capital Market Operations	7,148
Gains on Derivative Financial Instruments	965,152
Foreign Exchange Gains	708,887
Loss (-)	1,678,362
Losses on Capital Market Operations	2,606
Losses on Derivative Financial Instruments	945,814
Foreign Exchange Losses	729,942
Net Trading Income / (Loss)	2,825

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.

6. Provisions for Expected Losses

	Current Period
Expected Credit Losses	470,830
12 Month Expected Credit Losses (Stage 1)	11,960
Significant Increase In Credit Risk (Stage 2)	86,086
Impaired Credits (Stage 3)	372,784
Impairment Losses on Marketable Securities	--
Financial Assets Valued at Fair Value Through Profit or Loss	--
Financial Assets Valued at Fair Value Through Other Comprehensive Income	--
Impairment Losses on Associates, Subsidiaries and Joint Ventures	--
Associates	--
Subsidiaries	--
Joint-Ventures	--
Other (*)	16,074
Total	486,904

(*) TL 9,500 portion consist of provision for possible losses.

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Impairment on loans and other receivables

	Prior Period
Specific Provisions on Loans and Other Receivables:	184,444
<i>III. Group Loans and Receivables</i>	20,012
<i>IV. Group Loans and Receivables</i>	41,722
<i>V. Group Loans and Receivables</i>	122,710
General Loan Loss Provisions	--
Free Provision for Possible Risks	19,500
Impairment Losses on Securities:	--
<i>Financial Assets at Fair Value Through Profit or Loss</i>	--
<i>Financial Assets Available-for-Sale</i>	--
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	9,088
Total	213,032

7. Information related to other operational expenses

	Current Period
Personnel Expenses(*)	232,653
Provision for Employee Termination Benefits	12
Provision for Bank's Social Aid Fund Deficit	--
Impairment Losses on Tangible Assets	--
Depreciation Charges of Tangible Assets	12,735
Impairment Losses on Intangible Assets	--
Depreciation Charges of Intangible Assets	6,315
Impairment Losses on Investment Accounted for under Equity Method	--
Impairment of Assets to be Disposed	--
Depreciation of Assets to be Disposed	201
Impairment of Assets Held for Sale	--
Other Operating Expenses	131,686
Operational Leases Expenses	39,841
Repair and Maintenance Expenses	3,091
Advertisement Expenses	15,000
Other Expenses	73,754
Losses on Sale of Assets	979
Other	70,064
Total	454,645

(*)"Personnel Expenses" which is not reported under "Other Operating Expenses" in the Income Statement is included into this table.

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	Prior Period
Personnel Expenses	201,560
Provision for Employee Termination Benefits	1,165
Provision for Bank's Social Aid Fund Deficit	--
Impairment Losses on Tangible Assets	--
Depreciation Charges of Tangible Assets	11,049
Impairment Losses on Intangible Assets	--
Depreciation Charges of Intangible Assets	3,043
Impairment Losses on Investment Accounted for under Equity Method	--
Impairment of Assets to be Disposed	--
Depreciation of Assets to be Disposed	83
Impairment of Assets Held for Sale	--
Other Operating Expenses	93,500
Operational Leases Expenses	35,355
Repair and Maintenance Expenses	2,323
Advertisement Expenses	10,830
Other Expenses	44,992
Losses on Sale of Assets	299
Other	53,822
Total	364,521

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

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

	Current Period	Prior Period
Interest Income	2,620,901	1,847,427
Interest Expenses (-)	1,747,535	1,204,462
Net Fee and Commission income	81,247	45,492
Trading Profit/Loss (Net)	7,431	2,825
Other Operating Income(*)	217,783	86,816
Provision for Impairment in Loans and Other Receivables	486,904	213,032
Other Operating Expenses (-)	232,653	201,560
Profit/(loss) Before Tax	221,992	162,961
Interest Income	238,278	200,545

(*) Includes TL 139,537 of provision reversals in the current period and TL 50,507 of provision reversals in the prior period.

9. Explanations on tax provision for resumed operations and discontinued operations

9.1 Current period taxation income or expense and deferred tax income or expense

For the period ended as of 31 December 2018, current tax expense of the Group is TL 117 (1 January - 31 December 2017: TL 46,186 expense) and the deferred tax expense of the Group is TL 41,147 (1 January - 31 December 2017: TL 12,770 deferred tax income).

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

	Current Period	Prior Period
Profit/(Loss) Before Tax from Continuing Operations	238,278	200,545
Tax Benefit/(Charge) on Continuing Operations	(41,264)	(33,416)
Net Profit/(Loss) from Continuing Operations	197,014	167,129

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 the main 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 4 profit attributable to the minority shares in shareholders' equity (2017:TL 1).

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

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

"other" items recognised in "fees and commissions paid" majorly comprise of commissions to correspondent banks, credit card commissions and commissions on issuance of securities.

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

1. Information on inflation adjustment difference of shareholders' equity

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

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

2 Information on profit distribution

The decision relating to distribution of 2018 profit will be made at the General Assembly.

At the General Assembly meeting held on 26 March 2018, 2017 profit of the Parent Bank was decided to be distributed as follows:

Profit or Loss	167,002
A- Legal Reserves	8,350
B- Extraordinary Reserves	158,652

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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:

	1 January 2018	1 January 2017
Cash	118,112	78,507
Banks and Other Financial Institutions	801,826	351,485
Money Market Placements	376,334	274,702
Total Cash and Cash Equivalent Assets	1,296,272	704,694

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

	31 December 2018	31 December 2017
Cash	138,331	118,112
Banks and Other Financial Institutions	1,643,619	801,826
Money Market Placements	306,208	376,334
Total Cash and Cash Equivalent Assets	2,088,158	1,296,272

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 199,562 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 2017: TL 35,156).

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 (817,477) in "operating profit before changes in operating assets and liabilities" consists of other operating expenses and realized derivative losses (31 December 2017: TL (48,114)).

"Net increase/decrease in other liabilities" amounting to TL 570,938 in "Changes in operating assets and liabilities" consists of changes in sundry creditors, taxes and due payables, other liabilities (31 December 2017: TL 49,796).

"Net increase/decrease in other assets" amounting to TL (154,303) in "Changes in operating assets and liabilities" consists of changes in sundry receivables, other receivables (31 December 2017: TL 6,319).

"Other" amounting to TL (35,334) in "Net cash flows from investment activities" consists of purchases of intangible asset (31 December 2017: TL (5,013)).

"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 233,413 the current period (1 January- 31 December 2017: TL (5,432)).

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VIII. 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	--	--	--	22	11,556	48,284
Balance at the End of the Period	--	--	--	20	402,272	55,468
Interest and Commission Income Received	--	--	--	--	51,949	171

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

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

The Bank has sold a group of non-performing loans to one of the Bank's risk group companies with the amount of TL 23,175 in the current period.

Prior Period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non cash	Cash	Non cash	Cash	Non cash
Loans and Other Receivables (**)						
Balance at the Beginning of the Period	--	--	--	22	126,939	30,871
Balance at the End of the Period	--	--	--	22	11,556	48,284
Interest and Commission Income Received	--	--	--	--	3,553	114

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

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

1.2 Information on deposits of the Bank's risk group

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	--	--	300,055	15,552	409,339	595,924
Balance at the End of the Period	1,774	--	80,750	300,055	460,871	409,341
Deposit Interest Expense	492	--	7,427	20,434	53,501	44,072

(*) 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 2018, the amount of funds other than deposit obtained from Bank's risk group is TL 210,925 and all amount has obtained from IFC and EBRD in the form of borrowings (31 December 2017: TL 171,583; obtained from IFC and EBRD in the form of borrowings)

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

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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	--	--	--	--	899,553	863,016
Balance at the End of the Period	--	--	--	--	780,609	899,553
Total Income/Loss	--	--	--	--	(45,510)	(23,856)
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. The 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 2018, the ratio of the loans and other receivables disbursed to the entities of risk group to total loans and receivables is 2.68% (31 December 2017: 0.07%) and the ratio of the deposits of the entities of risk group to total deposits is 4.80% (31 December 2017: 5.82%). Ratio of funds obtained from entities of risk group to total funds borrowed is 7.4% (31 December 2017:5.2%). 7.4% of which is due to Fiba Group, 7.2% to IFC and 0.2% EBRD.

In current period benefits; such as salaries and bonuses; provided to the key management is TL 12,693 (1 January - 31 December 2017: TL 14,126).

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

None.

2.4 Transactions accounted for under equity method

None.

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

None.

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

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

	Number	Number of Employees			
Domestic Branch	72	1,591			
			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.	11	6,435	5,500

IX. Events after balance sheet date

None

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SECTION SIX

OTHER EXPLANATIONS ON THE OPERATIONS OF THE PARENT BANK

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

Fitch Ratings	
Long term FC and TL Rating	B+
Short term FC and TL Rating	B
Viability Rating	b
Support Rating	5
Long term National Scale Rating	A- (tur)
Senior Unsecured Debt Rating	B+
Subordinated Debt Rating	B-
Outlook	Negative

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SECTION SEVEN

INDEPENDENT AUDIT REPORT

I. Explanations on the auditors' report

The Bank's publicly available financial statements and footnotes have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Ernst&Young Global Limited) and the independent auditors' report is presented in front of the financial statements as of February 8, 2019.

II. Other footnotes and explanations prepared by the independent auditors

None.