

Fibabanka Anonim Şirketi and Its Subsidiary

Consolidated Financial Statements
as of and for the Year Ended
31 December 2019

With Independent Auditors'
Report Thereon

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

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

To the Shareholders of Fibabanka Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

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

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

Basis for Qualified Opinion

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

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

Key Audit Matters

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

Impairment of loans measured at amortised cost

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

Responsibilities of auditors in an audit are as follows:

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Report on Other Legal and Regulatory Requirements

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

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

Additional paragraph for convenience translation to English:

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative

Alper Güvenç, SMMM
Partner

11 February 2020
İstanbul, Türkiye

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

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129 Şişli 34394 İstanbul-Türkiye
Telephone : (212) 381 82 82
Fax : (212) 258 37 78
Web Site : www.fibabanka.com.tr
Contact E-Mail : deniz.turunc@fibabanka.com.tr

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

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

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

Subsidiary:

- Fiba Portföy Yönetimi A.Ş.

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

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

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

Name-Surname/Title : **Ayşe Akdaş**/ Financial Control and Reporting Director
Telephone Number : (212) 381 84 88
Fax Number : (212) 258 37 78

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FİBABANKA A.Ş. AND ITS SUBSIDIARY

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

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

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

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

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

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

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

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

<u>Name Surname</u>	<u>Title</u>	<u>Assignment Date</u>
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Board of Directors (*)

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

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

Audit Committee(*)

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

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

Assistant General Managers (*)

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

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2019

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

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

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

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

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

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

VI. Other Information

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

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

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

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

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

None

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2019

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

ASSETS	Footnotes	Current Period			Prior Period		
		(31/12/2019)			(31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		3.401.883	3.418.554	6.820.437	4.490.504	2.323.300	6.813.804
1.1 Cash and Cash Equivalents	(5.1.1)	633.126	2.595.084	3.228.210	1.441.078	1.595.013	3.036.091
1.1.1 Cash and Balances at Central Bank		200.986	2.506.889	2.707.875	403.654	1.360.908	1.764.562
1.1.2 Banks	(5.1.3)	402.631	88.195	490.826	731.709	234.105	965.814
1.1.3 Money Market Placements		30.010	-	30.010	306.208	-	306.208
1.1.4 Expected Credit Loss (-)		501	-	501	493	-	493
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(5.1.2)	2.045.039	718	2.045.757	1.587.304	5.315	1.592.619
1.2.1 Government Debt Securities		24.835	706	25.541	22.097	3.986	26.083
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		2.020.204	12	2.020.216	1.565.207	1.329	1.566.536
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5.1.4)	11.952	795.616	807.568	7.399	696.939	704.338
1.3.1 Government Debt Securities		11.952	177.546	189.498	7.399	16.376	23.775
1.3.2 Equity Securities		-	3.800	3.800	-	2.713	2.713
1.3.3 Other Financial Assets		-	614.270	614.270	-	677.850	677.850
1.4 Derivative Financial Assets	(5.1.2)	711.766	27.136	738.902	1.454.723	26.033	1.480.756
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		711.766	27.136	738.902	1.454.723	26.033	1.480.756
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)	(5.1.6)	6.656.778	7.594.623	14.251.401	7.729.631	5.237.999	12.967.630
2.1 Loans	(5.1.5)	7.270.746	7.206.662	14.477.408	8.096.236	5.063.831	13.160.067
2.2 Lease Receivables	(5.1.10)	-	-	-	-	-	-
2.3 Factoring Receivables	(5.1.5)	1.723	1.369	3.092	14.311	-	14.311
2.4 Financial Assets Measured at Amortised Cost	(5.1.6)	188.506	386.592	575.098	188.864	174.168	363.032
2.4.1 Government Debt Securities		188.506	386.592	575.098	188.864	174.168	363.032
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		804.197	-	804.197	569.780	-	569.780
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	63.247	-	63.247	215.235	-	215.235
3.1 Assets Held for Sale		63.247	-	63.247	215.235	-	215.235
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		36.397	-	36.397	26.397	-	26.397
4.1 Investments in Associates (Net)	(5.1.7)	4.897	-	4.897	4.897	-	4.897
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		4.897	-	4.897	4.897	-	4.897
4.2 Investments in Subsidiaries (Net)	(5.1.8)	31.500	-	31.500	21.500	-	21.500
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-financial Subsidiaries		31.500	-	31.500	21.500	-	21.500
4.3 Joint Ventures (Net)	(5.1.9)	-	-	-	-	-	-
4.3.1 Joint Ventures Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(5.1.12)	324.109	-	324.109	257.069	-	257.069
VI. INTANGIBLE ASSETS (Net)	(5.1.13)	69.894	-	69.894	35.001	-	35.001
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		69.894	-	69.894	35.001	-	35.001
VII. INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		3.509	-	3.509	365	-	365
IX. DEFERRED TAX ASSET	(5.1.15)	54.503	-	54.503	79.351	-	79.351
X. OTHER ASSETS	(5.1.17)	237.049	28.661	265.710	206.484	17.840	224.324
		-	-	-	-	-	-
TOTAL ASSETS		10.847.369	11.041.838	21.889.207	13.040.037	7.579.139	20.619.176

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2019

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

LIABILITIES	Footnotes	Current Period			Prior Period		
		(31/12/2019)			(31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.1)	6.658.867	6.906.821	13.565.688	6.314.662	4.998.479	11.313.141
II. FUNDS BORROWED	(5.II.3)	16.773	842.608	859.381	10.298	1.328.914	1.339.212
III. MONEY MARKET FUNDS		-	733.257	733.257	-	495.936	495.936
IV. SECURITIES ISSUED (Net)	(5.II.4)	383.937	1.334.395	1.718.332	503.729	1.338.856	1.842.585
4.1 Bills		383.937	-	383.937	480.459	-	480.459
4.2 Asset Backed Securities		-	-	-	23.270	-	23.270
4.3 Bonds		-	1.334.395	1.334.395	-	1.338.856	1.338.856
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	761.112	27.093	788.205	1.490.186	26.067	1.516.253
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		761.112	27.093	788.205	1.490.186	26.067	1.516.253
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(5.II.6)	63.707	4.929	68.636	-	463	463
X. PROVISIONS	(5.II.8)	97.137	-	97.137	109.751	-	109.751
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		29.953	-	29.953	23.499	-	23.499
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		67.184	-	67.184	86.252	-	86.252
XI. CURRENT TAX LIABILITIES	(5.II.9)	41.045	-	41.045	39.477	-	39.477
XII. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	(5.II.11)	-	1.789.018	1.789.018	-	1.596.143	1.596.143
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	1.789.018	1.789.018	-	1.596.143	1.596.143
XV. OTHER LIABILITIES	(5.II.5)	383.021	186.395	569.416	691.315	352.651	1.043.966
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1.646.351	12.741	1.659.092	1.348.458	(26.209)	1.322.249
16.1 Paid-in Capital		941.161	-	941.161	941.161	-	941.161
16.2 Capital Reserves		210.253	-	210.253	128.678	-	128.678
16.2.1 Equity Share Premium		128.678	-	128.678	128.678	-	128.678
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		81.575	-	81.575	-	-	-
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(7.777)	-	(7.777)	(5.743)	-	(5.743)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		3.033	12.741	15.774	(363)	(26.209)	(26.572)
16.5 Profit Reserves		284.348	-	284.348	410.286	-	410.286
16.5.1 Legal Reserves		31.719	-	31.719	21.886	-	21.886
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		252.629	-	252.629	388.400	-	388.400
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		215.246	-	215.246	(125.619)	-	(125.619)
16.6.1 Prior Periods' Profit or Loss		319	-	319	(322.629)	-	(322.629)
16.6.2 Current Period Net Profit or Loss		214.927	-	214.927	197.010	-	197.010
16.7 Minority Interest		87	-	87	58	-	58
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10.051.950	11.837.257	21.889.207	10.507.876	10.111.300	20.619.176

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

AS AT 31 DECEMBER 2019

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

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD BETWEEN
1 JANUARY 2019-31 DECEMBER 2019

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

INCOME AND EXPENSE ITEMS		Footnotes	Current Period (01/01/2019-31/12/2019)	Prior Period (01/01/2018 - 31/12/2018)
I.	INTEREST INCOME	(5.IV.1)	2.496.641	2.620.901
1.1	Interest on Loans		2.232.296	2.379.330
1.2	Interest on Reserve Requirements		24.574	31.645
1.3	Interest on Banks		117.235	144.851
1.4	Interest on Money Market Placements		28.968	5.312
1.5	Interest on Marketable Securities Portfolio		89.228	59.003
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		17.803	3.063
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		42.829	39.419
1.5.3	Financial Assets Measured at Amortized Cost		28.596	16.521
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		4.340	760
II.	INTEREST EXPENSE (-)		1.680.573	1.747.535
2.1	Interest on Deposits	(5.IV.2)	1.276.700	1.243.137
2.2	Interest on Funds Borrowed	(5.IV.2)	184.436	217.688
2.3	Interest on Money Market Borrowings		21.760	308
2.4	Interest on Securities Issued	(5.IV.2)	179.864	270.389
2.5	Lease Interest Expense		16.998	-
2.6	Other Interest Expenses		815	16.013
III.	NET INTEREST INCOME (I - II)		816.068	873.366
IV.	NET FEES AND COMMISSIONS INCOME		206.746	81.247
4.1	Fees and Commissions Received		241.360	122.980
4.1.1	Non-cash Loans		12.697	14.063
4.1.2	Other	(5.IV.12)	228.663	108.917
4.2	Fees and Commissions Paid (-)		34.614	41.733
4.2.1	Non-cash Loans		226	168
4.2.2	Other	(5.IV.12)	34.388	41.565
V	DIVIDEND INCOME	(5.IV.3)	-	-
VI.	TRADING INCOME / LOSS (Net)	(5.IV.4)	73.115	7.431
6.1	Trading Gain / Loss on Securities		62.340	64.586
6.2	Gain / Loss on Derivative Financial Transactions		(441)	(130.355)
6.3	Foreign Exchange Gain / Loss		11.216	73.200
VII.	OTHER OPERATING INCOME	(5.IV.5)	171.485	217.783
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.267.414	1.179.827
IX.	EXPECTED CREDIT LOSS (-)	(5.IV.6)	489.872	470.830
X.	OTHER PROVISION EXPENSES (-)		98	16.074
XI.	PERSONNEL EXPENSES (-)		261.476	232.653
XII.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	262.102	221.992
XIII.	NET OPERATING INCOME / LOSS (VIII-IX-X-XI-XII)		253.866	238.278
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XV.	INCOME FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XVI.	GAIN / LOSS ON NET MONETARY POSITION		-	-
XVII.	P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	(5.IV.8)	253.866	238.278
XVIII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(38.910)	(41.264)
18.1	Current Tax Provision		(23.601)	(117)
18.2	Deferred Tax Expense Effect (+)		(15.309)	(41.147)
18.3	Deferred Tax Income Effect (-)		-	-
XIX.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.IV.10)	214.956	197.014
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income From Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income From Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Non-current Assets Held for Sale		-	-
21.2	Losses from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses From Other Discontinued Operations		-	-
XXII.	PROFIT / LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXII-XXIII)		-	-
XXV.	NET PROFIT / LOSS (XIX+XXIV)	(5.IV.11)	214.956	197.014
25.1	Group Profit/Loss		214.927	197.010
25.2	Minority Interest		29	4
	Earnings per share		0,00228	0,00209

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIOD BETWEEN 1 JANUARY 2019-31 DECEMBER 2019
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

	Current Period (01/01/2019- 31/12/2019)	Prior Period (01/01/2018 - 31/12/2018)
I. PROFIT / LOSS FOR THE PERIOD	214.956	197.014
II. OTHER COMPREHENSIVE INCOME	40.312	(16.780)
2.1 Not Reclassified Through Profit or Loss	(2.034)	(1.107)
2.1.1 Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurements Gain/Loss	(2.542)	(1.384)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	508	277
2.2 Reclassified Through Profit or Loss	42.346	(15.673)
2.2.1 Foreign Currency Conversion Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of Financial Assets Measured at Fair Value Through Other Comprehensive Income	52.393	(19.660)
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(10.047)	3.987
III. TOTAL COMPREHENSIVE INCOME (I+II)	255.268	180.234

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD BETWEEN

1 JANUARY 2019-31 DECEMBER 2019

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income or Expense That Will Be Reclassified in Profit and Loss								
	Paid-in Capital	Share Premium	Share Certificate	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Income / Loss	Current Period Net Income / Loss	Total Equity Excluding Minority Interests	Minority Interests	Total Equity
PRIOR 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)
Z.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Z.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	-	-	-	-	-	(1.107)	-	-	(15.673)	-	-	-	197.010	180.230	4	180.234
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	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	-	-	-	(5.743)	-	-	(26.572)	-	410.286	(322.629)	197.010	1.322.191	58	1.322.249
CURRENT PERIOD (31/12/2019)																
I. Prior period ending balance	941.161	128.678	-	-	-	(5.743)	-	-	(26.572)	-	410.286	(322.629)	197.010	1.322.191	58	1.322.249
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Z.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Z.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balance (I+II)	941.161	128.678	-	-	-	(5.743)	-	-	(26.572)	-	410.286	(322.629)	197.010	1.322.191	58	1.322.249
IV. Total Comprehensive Income	-	-	-	-	-	(2.034)	-	-	42.346	-	-	-	214.927	255.239	29	255.268
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt (*)	-	-	-	81.575	-	-	-	-	-	-	-	-	-	81.575	-	81.575
X. Increase / decrease due to other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	(125.938)	322.948	(197.010)	-	-	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	(125.938)	322.597	(196.659)	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	351	(351)	-	-	-
Balances at the end of the period (III+IV+.....+X+XI)	941.161	128.678	-	81.575	-	(7.777)	-	-	15.774	-	284.348	319	214.927	1.659.005	87	1.659.092

(*) Bank has classified the additional borrowing of TL 100.000 nominal and its interest expense, which has a capital stock character, under "other capital reserves" according to the "TAS 32 Financial Instruments: Presentation" Standards ("TAS 32").

1. Tangible and intangible asset revaluation reserve
2. Accumulated gains/losses on remeasurement of defined benefit plans
3. Other (other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss and other comprehensive income that will not be reclassified to profit or loss.
4. Exchange differences on transition,
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)

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD BETWEEN 1 JANUARY 2019-31 DECEMBER 2019

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

	Footnotes	Current Period (01/01/2019 - 31/12/2019)	Prior Period (01/01/2018 - 31/12/2018)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		525.892	165.242
1.1.1 Interest received (+)		2.278.852	2.294.316
1.1.2 Interest paid (-)		(1.641.379)	(1.691.601)
1.1.3 Dividend received (+)		-	-
1.1.4 Fees and commission received (+)		241.146	120.560
1.1.5 Other income (+)		242.412	148.530
1.1.6 Collections from previously written off loans and other receivables (+)		170.638	301.395
1.1.7 Cash payments to personnel and service suppliers (-)		(460.711)	(401.278)
1.1.8 Taxes paid (-)		(48.849)	(32.475)
1.1.9 Other (+/-)		(256.217)	(574.205)
1.2 Changes in Operating Assets and Liabilities		(132.784)	54.570
1.2.1 Net (increase) / decrease in financial assets at fair value through profit or loss (+/-)		(452.701)	597.196
1.2.2 Net (increase) / decrease in due from banks (+/-)		(165.633)	940.948
1.2.3 Net (increase) / decrease in loans (+/-)		(1.229.672)	(143.872)
1.2.4 Net (increase) / decrease in other assets (+/-)		(101.962)	(154.303)
1.2.5 Net (increase) / decrease in bank deposits (+/-)		(600.589)	29.784
1.2.6 Net (increase) / decrease in other deposits (+/-)		2.922.380	(1.043.345)
1.2.7 Net (increase) / decrease in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8 Net (increase) / decrease in funds borrowed (+/-)		(477.854)	(742.776)
1.2.9 Net (increase) / decrease in matured payables (+/-)		-	-
1.2.10 Net (increase) / decrease in other liabilities (+/-)		(26.753)	570.938
I. Net Cash Provided from Banking Operations (+/-)		393.108	219.812
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		-	-
II. Net Cash Flow Provided from Investment Activities (+/-)		(318.700)	(248.858)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-)		(10.000)	(21.500)
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures (+)		-	-
2.3 Cash paid for the purchase of tangible and intangible assets (-)		(109.280)	(78.064)
2.4 Cash obtained from the sale of tangible and intangible assets (+)		6.101	13.503
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		(203.590)	(92.549)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		257.817	158.477
2.7 Cash paid for the purchase of financial assets at amortised cost (-)		(275.476)	(193.392)
2.8 Cash obtained from the sale of financial assets at amortised cost (+)		63.410	-
2.9 Other (+/-)		(47.682)	(35.333)
C. CASH FLOWS FROM FINANCING ACTIVITIES		-	-
III. Net Cash Provided from Financing Activities (+/-)		35.502	587.519
3.1 Cash obtained from funds borrowed and securities issued (+)		191.995	776.839
3.2 Cash outflow from funds borrowed and securities issued (-)		(233.788)	(189.320)
3.3 Equity instruments issued (+)		77.295	-
3.4 Dividends paid (-)		-	-
3.5 Payments for financial leases liabilities (-)		-	-
3.6 Other (+/-)		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)		(75.065)	233.413
V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)		34.845	791.886
VI. Cash and Cash Equivalents at the Beginning of the Period (+)		2.088.158	1.296.272
VII. Cash and Cash Equivalents at the End of the Period (V+VI)		2.123.003	2.088.158

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

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

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

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

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2019

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

SECTION THREE

ACCOUNTING PRINCIPLES

I. Explanations on the basis of presentation

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

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

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

Explanations about Leases Standard TFRS 16

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

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

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

The accounting policies and valuation principles used in the preparation of the financial statements are explained in Notes II and XXVI below.

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2019

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

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

1. Usage strategy of the financial instruments

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

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

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

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

2. Foreign currency transactions

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

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

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

	31 December 2019	31 December 2018
US Dollar	5,9402	5,2609
Euro	6,6506	6,0280

III. Explanations on consolidated subsidiaries

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

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

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2019

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

IV. Explanations on forward transactions, options and derivative instruments

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

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

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

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

Explanations on derivative financial instruments held for hedging

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

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

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

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

V. Explanations on interest income and expenses

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

VI. Explanations on fee and commission income and expenses

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2019

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

VII. Explanations on financial assets

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

1. Financial assets at fair value through profit or loss

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

Loans measured at fair value through profit or loss are subject to valuation in accordance with fair value principles and profit or losses, emerging as a result of valuation, are recognized under profit/loss accounts. The Bank has classified a portion of its extended loans as financial assets at fair value through profit or loss, as per TFRS 9 standard. The aforementioned loans have been demonstrated on other financial assets line under "Financial assets at fair value through profit or loss" on the balance sheet.

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

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

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

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

3. Financial assets measured at amortized cost

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

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

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

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4. Loans

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

VIII. Explanations on expected credit loss

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

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 September 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisioning for impairment as set out in accordance with the related legislation of BRSA has been changed by applying the expected credit loss model under TFRS 9.

Calculation of expected credit loss

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. Expected credit loss is calculated by using following components: "Exposure at Default", "Probability of Default" and "Loss at Default".

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

Stage 1

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

Stage 2

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

Stage 3

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

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

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

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

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VIII. Explanations on expected credit loss (continued)

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

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

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

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

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

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

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

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

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

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

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

IX. Explanations on offsetting financial instruments

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

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

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

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X. Explanations on sale and repurchase agreements and securities lending transactions (continued)

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

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

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

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

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

The Group does not have any discontinued operations.

XII. Explanations on goodwill and other intangible assets

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

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

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

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

XIII. Explanations on tangible assets

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

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

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

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

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

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

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

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XIII. Explanations on tangible assets (continued)

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

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

XIV. Explanations on leasing transactions

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

XV. Explanations on provisions and contingent liabilities

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

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

XVI. Explanations on contingent assets

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

XVII. Explanations on liabilities for employee benefits

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

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

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

There is no employee foundation, fund or similar institutions.

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XVIII. Explanations on taxation

1. Current Tax

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

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

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

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

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

2. Deferred Tax

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

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

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

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

As of 31 December 2019, the deferred tax asset is TL 54.503 (31 December 2018: TL 79.351 the deferred tax asset). The deferred tax asset is calculated as the net of taxable and deductible temporary differences.

Deferred tax income/(expense) is recognized within "Deferred Tax Expense Effect" in the statement of profit or loss; deferred tax expense for the current period is TL 15.309 (1 January - 31 December 2018: TL 41.147 expense). Deferred tax effects of the transactions and events recognized directly in the shareholders' equity are also recognized directly in the shareholders' equity which is TL 9.539 expense (1 January -31 December 2018: TL 4.264 income).

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3. Transfer Pricing

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

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

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

XIX. Additional explanations on borrowings

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

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

Additional Tier I Capital

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

XX. Explanations on share certificates issued

None.

XXI. Explanations on bank acceptances and bills of guarantee

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

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

XXII. Explanation on government incentives

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

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XXIII. Explanations on segment reporting

The Bank operates in consumer banking services, current accounts, deposit accounts, long term investment products, clearing and custody services, credit and atm services, retail loans, long term mortgage loans, and all other kinds of consumer banking services and commercial services. The Bank's consolidated subsidiary Fiba Portföy is dealing with portfolio management and its activity outcomes and asset&liabilities are reported under "Treasury and Headquarters".

	Retail Banking(*)	Corporate & Commercial Banking	Treasury & Headquarters	Total Operations of the Bank
Current Period -1 January - 31 December 2019				
Operating Income	231.332	879.290	156.793	1.267.415
Operating Profit	(176.072)	259.912	170.026	253.866
Taxation				(38.910)
Net Profit/(Loss) for the Period				214.956
Current Period -31 December 2019				
Segment Assets	2.066.449	13.441.734	6.381.024	21.889.207
Total Assets				21.889.207
Segment Liabilities	11.018.021	2.499.553	6.712.541	20.230.115
Shareholders' Equity				1.659.092
Total Liabilities				21.889.207

(*) SME segment which is transferred to commercial segment as of March due to the new segmentation study has been reported under retail banking for first two months.

	Retail Banking	Corporate & Commercial Banking	Treasury & Headquarters	Total Operations of the Bank
Prior 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 the Period				197.014
Prior Period -31 December 2018				
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

XXIV. Profit reserves and distribution of the profit

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

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

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

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XXV. Earnings Per Share

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

	31 December 2019	31 December 2018
Net Profit / (Loss) distributable to Common Shares	214.956	197.014
Average Number of Issued Common Shares (Thousand)	94.116.055	94.116.055
Earnings Per Share (Amounts presented as full TL)	0,00228	0,00209

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

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

XXVI. Cash and Cash Equivalent Assets

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

XXVII. Explanation on TFRS 16 Leases standard

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

TFRS 16 “Lease” Standard

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

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

Existence of right to use:

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

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

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

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

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

Lease obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank’s average borrowing interest rates.

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

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XXVII. Explanation on TFRS 16 Leases standard (continued)

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

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

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

First Transition to TFRS 16 Leasing Standard

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

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

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

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

	31 December 2018	TFRS 16 Classification Effect	TFRS16 Transition Effect	1 January 2019	31 December 2019
Tangible Assets (Net) (*)(**)	257.069	1.557	75.901	334.527	343.731
Intangible Assets (Net)	--	--	--	--	--
Other Assets (Net) (**)	224.324	(1.557)	--	222.767	222.767
Finance Lease Liabilities (Net) (***)	463	--	75.901	76.364	85.568

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

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

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

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

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

As of 31 December 2019, the Group’s total capital has been calculated as TL 3.667.384 and the capital adequacy ratio is 19,55% (As of 31 December 2018, the Group’s total capital amounted to TL 3.215.203 and the capital adequacy ratio was 19,47%).

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

	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	941.161	
Share Premium	128.678	
Reserves (**)	518.380	
Other comprehensive income according to TAS	15.774	
Profit	214.956	
Current period profit	214.956	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Tier I Capital Before Deductions	1.818.949	
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 (-)	26.524	--
Improvement costs for operational leasing (-)	11.382	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	100.064	--
Excess amount arising from deferred tax assets from temporary differences	9.790	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--
Unrealised gains and losses due to the changes in own credit risk on fair valued liabilities	--	--

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

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	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets from temporary differences (-)	--	--
Other items to be defined by the BRSA	--	--
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	--
Total Deductions From Common Equity Tier I Capital	147.760	--
Total Common Equity Tier I Capital	1.671.189	--
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	278.206	--
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	--
Additional Core Capital before Deductions	278.206	--
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 (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
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	278.206	--
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1.949.395	--
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.577.984	--
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	140.016	--
Tier II Capital before Deductions	1.718.000	--
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	11	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
Total Deductions from Tier II Capital	11	
Total Tier II Capital	1.717.989	
Total Equity (Total Tier I and Tier II Capital)	3.667.384	

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	Current Period (31/12/2019) Amount	1/1/2014 Amount as per the regulation before *
Total Tier I Capital and Tier II Capital (Total Equity)	3.667.384	
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 (-)	--	--
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	3.667.384	
Total Capital (Total of Tier I Capital and Tier II Capital)	3.667.384	--
Total Risk Weighted Assets	18.757.549	--
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	8,91	--
Tier I Capital Adequacy Ratio (%)	10,39	--
Capital Adequacy Ratio (%)	19,55	--
BUFFERS		
Total Additional Core Capital Requirement Ratio (a+b+c)	2,61	
a) Capital Conservation Buffer Requirement (%)	2,50	--
b) Bank-specific Counter-Cyclical Buffer Requirement(%)	0,11	--
c) Systemically Important Banks Buffer Requirement Ratio (%)	--	--

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	Current Period (31/12/2019) Amount	Amount as per the regulation before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to risk weighted assets	4,39	--
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)	298.165	--
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	140.016	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, limited by 0,6% risk weighted assets	--	--
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 (31/12/2018) 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	--	--
Unrealised gains and losses due to the changes in own credit risk on fair valued liabilities	--	--

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

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets from temporary differences (-)	--	--
Other items to be defined by the BRSA	--	--
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	--
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)	--	
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 (31/12/2018) 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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	Prior 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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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to risk weighted assets (%)	3,53	--
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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Explanations on reconciliation of shareholder's equity items to balance sheet:

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

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

Debt instruments included in shareholder's equity calculation:

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

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Interest/Dividend Payments

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

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Explanations on TFRS 9 Transition Process

	2019	2020	2021	2022
EQUITY ITEMS				
Common Equity	1.671.189	1.593.180	1.515.169	1.437.159
Common Equity if transition process not implemented ^a	1.437.159	1.437.159	1.437.159	1.437.159
Tier 1 Capital	1.949.395	1.871.386	1.793.375	1.715.365
Tier 1 Capital if transition process not implemented ^b	1.715.365	1.715.365	1.715.365	1.715.365
Total Capital	3.667.384	3.639.534	3.580.342	3.502.332
Equity if transition process not implemented ^c	3.502.332	3.502.332	3.502.332	3.502.332
TOTAL RISK WEIGHTED AMOUNTS				
Total Risk Weighted Amounts	18.757.549	18.757.549	18.757.549	18.757.549
CAPITAL ADEQUACY RATIO				
Common Equity Adequacy Ratio (%)	8,91	8,49	8,08	7,66
Common Equity Ratio if transition process not implemented ^ç (%)	7,66	7,66	7,66	7,66
Tier 1 Capital Adequacy Ratio (%)	10,39	9,98	9,56	9,14
Tier 1 Capital Adequacy Ratio if transition process not implemented ^ç (%)	9,14	9,14	9,14	9,14
Capital Adequacy Ratio (%)	19,55	19,40	19,09	18,67
Capital Adequacy Ratio if transition process not implemented ^ç (%)	18,67	18,67	18,67	18,67
LEVERAGE				
Leverage Ratio Total Risk Amount	28.589.424	28.589.424	28.589.424	28.589.424
Leverage (%)	6,82	6,55	6,27	6,00
Leverage Ratio if transition process not implemented ^d (%)	6,00	6,00	6,00	6,00

^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 30% of the Bank's total credit risk.

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

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

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

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

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

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

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

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II. Explanations on Consolidated Credit Risk (continued)

	Current Period Risk Amount *	Average Risk Amount **
Exposure Categories		
Conditional and Unconditional Exposures to Central Governments or Central Banks	3.274.025	3.171.761
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	2.508.213	3.032.250
Conditional and Unconditional Exposures to Corporates	11.309.687	9.844.832
Conditional and Unconditional Retail Exposures	3.551.221	3.705.244
Conditional and Unconditional Exposures Secured by Real Estate Property	1.563.502	1.638.160
Past Due Receivables	356.201	300.081
Receivables Defined in High Risk Category by BRSA	54.222	24.055
Exposures in the Form of Collective Investment Undertakings	91.029	71.698
Other Receivables	984.592	958.015
Total	23.692.692	22.746.096

(*) 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	2.101.754	2.921.495
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	3.232.664	2.466.803
Conditional and Unconditional Exposures to Corporates	9.407.193	9.648.683
Conditional and Unconditional Retail Exposures	3.774.842	4.406.467
Conditional and Unconditional Exposures Secured by Real Estate Property	1.829.885	1.979.665
Past Due Receivables	287.004	232.015
Receivables Defined in High Risk Category by BRSA	43.854	33.484
Exposures in the Form of Collective Investment Undertakings	40.619	34.729
Other Receivables	949.654	714.872
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.

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	3.589.989	--	1.040.255	10.493.460	3.344.639	1.513.509	356.201	53.735	91.029	984.592	21.467.409
EU Countries	--	--	1.116.960	192.220	36	307	--	--	--	--	1.309.523
OECD Countries **	--	--	308.236	--	105	--	--	--	--	--	308.341
Off-Shore Banking Region	--	--	--	402.193	--	--	--	--	--	--	402.193
USA, Canada	--	--	29.818	23.987	--	--	--	--	--	--	53.805
Other Countries	--	--	12.944	137.694	20	276	--	487	--	--	151.421
Associates, Subsidiaries and Joint -Ventures	--	--	--	--	--	--	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--	--	--	--	--	--	--
Total	3.589.989	--	1.508.213	11.249.554	3.344.800	1.514.092	356.201	54.222	91.029	984.592	23.692.692

(*) 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
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.

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II. Explanations on Consolidated Credit Risk (continued)

2. Risk profile by sectors or counterparties

Current Period	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
Agricultural	51.883	--	--	50.503	110.659	49.428	18.948	5.121	--	--	247.004	38.438	285.442
Farming and Stockbreeding	48.451	--	--	34.471	101.617	47.784	17.708	5.093	--	--	232.394	22.730	255.124
Forestry	2.858	--	--	--	5.330	1.644	1.134	28	--	--	10.818	176	10.994
Fishing	574	--	--	15.532	3.112	--	106	--	--	--	3.792	15.532	19.324
Manufacturing	92.533	--	--	2.758.909	549.664	225.623	78.064	20.226	--	--	1.898.833	1.826.383	3.725.216
Mining and Quarrying	4.887	--	--	239.278	30.203	714	6.286	59	--	--	110.750	170.637	281.427
Production	87.238	--	--	1.650.266	512.319	224.589	70.982	20.063	--	--	1.457.815	1.147.642	2.605.457
Electricity, Gas and Water	408	--	--	829.365	7.142	520	793	134	--	--	330.228	508.104	838.332
Construction	28.630	--	--	2.295.539	1.696.156	510.869	56.258	10.690	--	--	2.955.670	1.642.472	4.598.142
Services	3.395.389	--	2.481.880	4.690.432	636.993	687.227	163.234	12.188	--	984.592	4.336.951	8.714.984	13.051.935
Wholesale and Retail Trade	53.738	--	--	673.857	362.643	64.951	53.713	3.821	--	--	837.063	405.660	1.242.723
Accommodation and Dining	28.423	--	--	1.735.039	58.739	419.795	79.571	3.662	--	--	428.542	1.896.687	2.325.229
Transportation and Telecom.	15.661	--	--	824.610	68.987	70.103	10.135	339	--	--	196.782	793.053	989.835
Financial Institutions	3.274.473	--	2.481.880	452.622	42.866	--	57	509	--	584.592	1.936.137	5.280.862	7.236.999
Real Estate and Rental Services	3.422	--	--	485.654	15.777	2.191	8.535	6	--	--	313.039	202.544	515.583
Self-Employment Services	585	--	--	--	5.570	2.500	740	2	--	--	9.157	340	9.497
Educational Services	6.649	--	--	167.120	27.411	126.647	3.693	12	--	--	203.946	127.586	331.532
Health and Social Services	12.438	--	--	351.530	55.000	940	6.792	3.837	--	--	422.285	8.252	430.537
Other*	21.554	--	26.333	1.454.671	351.928	40.745	39.700	5.997	91.029	--	1.419.897	612.060	2.931.957
Total*	3.589.989	--	2.508.213	11.249.554	3.344.800	1.514.092	356.201	54.222	91.029	984.592	10.858.355	12.834.337	23.692.692

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

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 BSA

9: Exposures in the form of collective investment undertakings

10: Other receivables

Prior Period	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
Agricultural	94.084	--	--	110.342	155.073	74.353	13.773	828	--	--	431.603	16.850	448.453
Farming and Stockbreeding	81.826	--	--	100.704	138.040	72.745	13.344	825	--	--	393.514	13.970	407.484
Forestry	11.214	--	--	9.638	15.247	1.608	353	3	--	--	35.183	2.880	38.063
Fishing	1.044	--	--	--	1.786	--	76	--	--	--	2.906	--	2.906
Manufacturing	356.820	--	--	2.622.702	600.714	201.768	75.224	1.841	--	--	2.573.796	1.285.273	3.859.069
Mining and Quarrying	16.794	--	--	347.531	44.149	1.314	10.535	2	--	--	337.331	82.994	420.325
Production	336.653	--	--	1.485.441	542.219	199.307	64.357	1.703	--	--	1.763.631	865.449	2.629.080
Electricity, Gas and Water	3.573	--	--	789.730	14.346	1.147	332	136	--	--	472.634	338.830	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	2.036.463	--	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	--	--	418.625	901.656	1.320.281
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	24.526	1.418	19	28	--	949.654	2.865.769	3.204.076	6.369.845
Real Estate and Rental Services	7.249	--	--	368.152	22.587	12.934	32.407	1	--	--	138.150	210.178	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	117.662	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*	568.249	--	543.371	1.933.902	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	9.292.761	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 provisions.

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 BSA

9: Exposures in the form of collective investment undertakings

10: Other receivables

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II. Explanations on Consolidated credit risk (continued)

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

Exposure Categories / Current Period*	Term to Maturity				
	Up to 1 Month	1 -3 Months	3 -6 Months	6-12 Months	Over 1 year
Conditional and Unconditional Exposures to Central Governments or Central Banks	2,441,814	6,195	102,282	23,467	938,172
Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises	--	--	--	--	--
Conditional and Unconditional Exposures to Banks and Brokerage Houses	1,585,010	54,894	29,674	76,704	761,924
Conditional and Unconditional Exposures to Other Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to SME Corporates	--	--	--	--	--
Conditional and Unconditional Exposures to Corporates	1,011,186	1,037,506	1,136,771	1,667,593	6,383,099
Conditional and Unconditional Retail Exposures	299,620	450,232	832,010	728,814	870,809
Conditional and Unconditional Exposures Secured by Real Estate Property	44,488	81,430	59,187	96,503	1,231,802
Past Due Receivables	--	--	--	--	--
Receivables Defined in High Risk Category by BRSA	24,665	3,488	1,335	3,569	21,165
Exposures in the Form of Bonds Secured by Mortgages	--	--	--	--	--
Short term Exposures to Banks, Brokerage Houses and Corporates	--	--	--	--	--
Exposures in the Form of Collective Investment Undertakings	--	--	--	--	--
Other Receivables	--	--	--	--	--
Total**	5,406,783	1,633,745	2,161,259	2,596,650	10,206,971

* Items with determined maturities are classified according to remaining maturities

** Items without determined maturities are not included: TL 18,059 central bank receivables, TL 259,795 cash and equivalents, TL 6,581 credit card limits, TL 207,339 non-cash loan limits ve payment commitments, TL 667,281 other receivables, TL 356,201 overdue receivables, 91,029 investment funds and TL 999 miscellaneous receivables.

Exposure Categories / Prior Period*	Term to Maturity				
	Up to 1 Month	1 -3 Months	3 -6 Months	6-12 Months	Over 1 year
Conditional and Unconditional Exposures to Central Governments or Central Banks	1,112,278	2,594	73,433	74,255	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	1,245,094
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**	5,714,702	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 47,176 credit card limits, TL 147,035 non-cash loan limits ve payment commitments, TL 731,212 other receivables, TL 287,004 overdue receivables, 40,619 investment funds.

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

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

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

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

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II. Explanations on Consolidated credit risk (continued)

4. Exposures by risk weights

Risk Weights / Current Period	0%	10%	20%	35%	50%	75%	100%	150%	Deductions from Equity	Total
Exposures Before Credit Risk Mitigation	2.552.092	--	971.954	--	2.835.437	3.825.703	13.425.832	81.674	--	23.692.692
Exposures After Credit Risk Mitigation	3.999.009	--	634.042	136.021	3.344.610	3.341.825	12.155.511	81.674	--	23.692.692
Risk Weights / Prior Period	0%	10%	20%	35%	50%	75%	100%	150%	Deductions from Equity	Total
Exposures Before Credit Risk Mitigation	2.212.580	--	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	3.648.853	10.835.943	142.274	--	21.667.469

5. Information by major sectors and type of counterparties

As per TFRS;

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

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

Current Period	Loans		Provisions
	Impaired (IFRS 9)		Expected
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Credit Losses (IFRS 9)
Major Sector / Counterparties			
Agriculture	84.994	60.781	35.955
Farming and Stockbreeding	81.802	48.260	27.445
Forestry	3.192	12.521	8.510
Fishery	--	--	--
Manufacturing	106.834	201.682	123.367
Mining and Quarrying	31.444	62.585	40.076
Production	74.804	133.484	79.332
Electricity, Gas and Water	586	5.613	3.959
Construction	630.492	144.241	178.827
Services	883.661	417.420	275.825
Wholesale and Retail Trade	295.624	270.831	155.203
Accommodation and Dining	125.524	112.285	38.749
Transportation and Telecommunication	154.102	27.748	41.551
Financial Institutions	4.177	98	261
Real Estate and Rental Services	240.931	20.616	15.917
Self-Employment Services	1.389	4.712	3.624
Educational Services	7.580	8.018	4.450
Health and Social Services	54.334	23.112	16.070
Other	117.753	96.214	72.762
Total	1.823.734	920.338	686.736

Prior Period	Loans		Provisions
	Impaired (IFRS 9)		Expected
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Credit Losses (IFRS 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

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- II. Explanations on Consolidated credit risk (continued)
6. Information on movements in value adjustments and provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Closing Balance
Specific Provisions(Stage 3)	295.835	468.497	--	(249.214)	515.118
General Provisions (Stage 1 and 2)	273.944	18.355	(3.308)	--	288.992

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

Current Period Closing	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Balance
Specific Provisions(Stage 3)	348.695	367.753	--	(420.613)	295.835
General Provisions (Stage 1 and 2)	302.458	102.777	(131.291)	--	273.944

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

7. Exposures subject to countercyclical capital buffer

Current Period			
Country	RWAs of Banking Book for Private Sector Credit Exposures	RWAs of Trading Book	Total
Turkey	15.460.951	133.555	15.594.506
Russia	143.178	67	143.245
Malta	175.121	--	175.121
Marshall Islands	402.193	--	402.193
England	8.904	213.440	222.344
Germany	2.466	13.556	16.022
France	931	4.091	5.022
Others	25.899	46.760	72.659
Total	16.219.643	411.469	16.631.112

Prior Period			
Country	RWAs of Banking Book for Private Sector Credit Exposures	RWAs of Trading Book	Total
Turkey	13.250.256	279.170	13.529.426
Russia	5.726	--	5.726
Malta	82.837	--	82.837
Marshall Islands	240.528	--	240.528
England	40.550	330.849	371.399
Germany	1.593	49.031	50.624
France	2.122	3.034	5.156
Others	13.975	605	14.580
Total	13.637.587	662.689	14.300.276

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II. Explanations on Consolidated credit risk (continued)

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

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

Cash loans granted to individuals and corporates	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Secured Loans:	13.300.077	12.287.279	1.810.865	1.680.504
Secured by Cash Collateral	411.093	405.626	--	--
Secured by Mortgages	2.870.874	2.381.771	938.407	869.669
Secured by Treasury Guarantees or Securities Issued by Public Sector	--	--	--	--
Guarantees Issued by Financial Institutions	--	--	--	--
Other Collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	10.018.110	9.499.882	872.458	810.835
Non-Secured Loans	384.371	94.772	12.869	6.779
Total	13.684.448	12.382.051	1.823.734	1.687.283

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

Non-cash loans granted to individuals and corporates	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Secured Loans:	941.317	804.578	31.350	28.522
Secured by Cash Collateral	--	5.602	--	--
Secured by Mortgages	58.046	61.256	778	5.497
Secured by Treasury Guarantees or Securities Issued by Public Sector	--	--	--	--
Guarantees Issued by Financial Institutions	--	--	--	--
Other Collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	883.271	737.72	30.572	23.025
Non-Secured Loans	52.001	38.450	--	--
Total	993.318	843.028	31.350	28.522

III. Explanations on Consolidated Currency Risk

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

As of 31 December 2019, the Group's net long position is TL 34.339 (31 December 2018: TL 193.087 net long position) resulting from short position on the balance sheet amounting to TL 689.834 (31 December 2018: TL 2.327.850 short position) and long position on the off-balance amounting to TL 724.173 (31 December 2018: TL 2.520.937 long position). The Bank uses "Standard Method" in legal reporting to measure the foreign exchange risk.

The announced foreign exchange buying rates of the Bank at 31 December 2019 and the previous five working days in full TL are as follows:

US Dollar purchase rate as at the balance sheet date	TL 5,9402
Euro purchase rate as at the balance sheet date	TL 6,6506

Date	USD	EURO
25 December 2019	5,9364	6,5773
26 December 2019	5,9293	6,5755
27 December 2019	5,9302	6,5759
30 December 2019	5,9370	6,6117
31 December 2019	5,9402	6,6506

The US Dollar buying rate is TL 5,8376 and EUR buying rate is TL 6,4809 according to simple arithmetic average on December 2019.

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III. Explanations on Consolidated Currency Risk (continued)

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	984.364	1.291.768	230.757	2.506.889
Due From Banks	34.162	41.549	12.484	88.195
Financial Assets at Fair Value through Profit/Loss (*)	384	334	--	718
Money Market Placements	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	162.406	633.210	--	795.616
Loans and Receivables(**)	5.631.467	1.686.164	9.254	7.326.885
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	--	--	--	--
Financial Assets Measured at Amortized Cost	386.592	--	--	386.592
Derivative Financial Assets Hedging Purposes	--	--	--	--
Tangible Assets	--	--	--	--
Intangible Assets	--	--	--	--
Other Assets (***)	2.103	591	--	2.694
Total Assets	7.201.478	3.653.616	252.495	11.107.589
Liabilities				
Bank Deposits	8.209	13.222	41.413	62.844
Foreign Currency Deposits	825.897	5.959.529	58.551	6.843.977
Money Market Borrowings	304.228	429.029	--	733.257
Funds Provided from Other Financial Institutions	302.762	539.846	--	842.608
Securities Issued(****)	--	3.123.413	--	3.123.413
Sundry Creditors	13.826	133.983	70	147.879
Derivative Fin. Liabilities for Hedging Purposes	--	--	--	--
Other Liabilities(*****)	24.146	17.889	1.410	43.445
Total Liabilities	1.479.068	10.216.911	101.444	11.797.423
Net Balance Sheet Position	5.722.410	(6.563.295)	151.051	(689.834)
Net Off-Balance Sheet Position	(5.718.363)	6.593.739	(151.203)	724.173
Financial Derivative Assets (*****)	3.783.231	11.210.249	683.591	15.677.071
Financial Derivative Liabilities (*****)	9.501.594	4.616.510	834.794	14.952.898
Non-Cash Loans (*****)	269.674	322.135	(0)	591.809
Prior Period				
Total Assets	4.435.491	3.063.703	284.398	7.783.592
Total Liabilities	1.247.226	8.791.604	72.612	10.111.442
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

(*) Accruals of trading derivative financial assets amounting to TL 27.136 are not included.

(**) Includes foreign currency indexed loans and accruals amounting to TL 118.854.

(***) TL 25.967 of prepaid expenses are not included.

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

(***** TL 27.093 of accruals of derivative financial liabilities are not included.

(***** In the current period, foreign currency purchase commitments within the financial derivative assets amounted to TL 2.115.194 (31 December 2018: TL 912.202), foreign currency sale commitments within the derivative financial liabilities amounted to TL 2.129.285 (31 December 2018: TL 996.974).

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

The following table demonstrates prospective increase and decrease in equities and profit/loss as of 31 December 2019 and 2018 (excluding tax effect) in case of a 10% decrease of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, are constant.

	Current Period		Prior Period	
	Profit/Loss	Equity	Profit/Loss	Equity
USD	3.044	3.755	21.183	18.373
Euro	405	969	968	1.158
Other FC	(15)	(15)	(2.843)	(2.843)
Total (Net)	3.434	4.708	19.308	16.688

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IV. Explanations on Consolidated Interest Rate Risk

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

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

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

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

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.793.051	--	--	--	--	914.824	2.707.875
Banks	379.617	--	--	--	--	111.209	490.826
Financial Assets at Fair Value Through Profit or Loss	140.427	64.695	158.441	472.922	154	--	836.639
Interbank Money Market Placements	30.010	--	--	--	--	--	30.010
Financial Assets Measured at Fair Value through Other Comprehensive Income	98.944	1.027	23.741	664.919	15.137	3.800	807.568
Loans(*)	2.418.490	3.444.489	3.760.128	4.436.418	1.448.658	116.228	15.624.411
Financial Assets Measured at Amortized Cost	20.983	--	--	144.239	409.788	--	575.010
Other Assets(**)	--	--	--	--	--	816.868	816.868
Total Assets	4.881.522	3.510.211	3.942.310	5.718.498	1.873.737	1.962.929	21.889.207
Liabilities							
Bank Deposits	12.262	14.705	--	--	--	22.159	49.126
Other Deposits	9.765.679	2.214.505	277.179	619	--	1.258.580	13.516.562
Interbank Money Market Borrowings	267.655	465.602	--	--	--	--	733.257
Sundry Creditors	--	--	--	--	--	358.723	358.723
Marketable Securities Issued(***)	363.510	86.980	57	2.878.597	178.206	--	3.507.350
Funds Borrowed From Other Institutions	3.032	337.501	208.036	310.812	--	--	859.381
Other Liabilities(****)	138.731	61.742	150.741	505.627	--	2.007.967	2.864.808
Total Liabilities	10.550.869	3.181.035	636.013	3.695.655	178.206	3.647.429	21.889.207
Balance Sheet Long Position	--	329.176	3.306.297	2.022.843	1.695.531	--	7.353.847
Balance Sheet Short Position	(5.669.347)	--	--	--	--	(1.684.500)	(7.353.847)
Off-Balance Sheet Long Position	--	--	--	322.010	--	18.462.430	18.784.440
Off-Balance Sheet Short Position	--	--	--	(322.010)	--	(18.337.350)	(18.659.360)
Total Position	(5.669.347)	329.176	3.306.297	2.022.843	1.695.531	(1.559.420)	125.080

(*) Non-performing loans (TL 920.338) net-off related provision for expected loss of stage 3 loans (TL 515.118) and expected losses for stage 1 (TL 117.374) and stage 2 (TL 171.618) are presented in "non-interest bearing" column.

(**) Non-interest bearing column includes TL 36.397 associations, TL 324.109 tangible assets, TL 69.894 intangible assets, TL 58.012 tax asset, TL 63.247 assets held for sale, TL 265.710 other assets and TL (501) expected losses for financial assets.

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

(****) Non-interest bearing column includes TL 1.659.092 shareholders' equity, TL 210.693 other liabilities, TL 97.137 provisions and TL 41.045 tax liabilities.

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IV. Explanations on Consolidated Interest Rate Risk (continued)

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

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
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 at Fair Value Through Profit or Loss	153.974	60.461	242.369	1.096.761	2.991	--	1.556.556
Interbank Money Market Placements	306.208	--	--	--	--	--	306.208
Financial Assets Measured at Fair Value through Other Comprehensive Income	--	--	178.444	522.855	326	2.713	704.338
Loans(*)	3.036.288	3.849.812	2.920.235	3.762.600	500.399	52.083	14.121.417
Financial Assets Measured at Amortized Cost	20.631	--	--	104.114	238.287	--	363.032
Other Assets(**)	--	--	--	--	--	837.249	837.249
Total Assets	5.272.670	3.910.273	3.341.048	5.486.330	742.003	1.866.852	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 Borrowings	16.694	434.228	45.014	--	--	--	495.936
Sundry Creditors	--	--	--	--	--	699.090	699.090
Marketable Securities Issued(***)	204.462	365.965	--	2.868.301	--	--	3.438.728
Funds Borrowed From Other Institutions	195.549	627.885	515.778	--	--	--	1.339.212
Other Liabilities(****)	106.774	52.553	114.431	1.241.850	645	1.816.816	3.333.069
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	--	--	1.543.932	1.329.926	741.358	--	3.615.216
Balance Sheet Short Position	(1.425.295)	(748.256)	--	--	--	(1.441.665)	(3.615.216)
Off-Balance Sheet Long Position	--	--	--	288.045	--	20.330.867	20.618.912
Off-Balance Sheet Short Position	--	--	--	(288.045)	--	(20.244.305)	(20.532.350)
Total Position	(1.425.295)	(748.256)	1.543.932	1.329.926	741.358	(1.355.103)	86.562

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

(**) Non-interest bearing column includes TL 26.397 investments in associates, TL 257.069 tangible assets, TL 35.001 intangible assets, TL 79.351 tax assets, TL 215.235 non-current assets held for sale and TL 224.324 other assets.

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

(****) Non-interest bearing column includes TL 1.322.249 shareholders' equity, TL 348.966 other liabilities, TL 463 finance lease liabilities, TL 109.751 provisions and TL 39.477 tax liabilities.

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IV. Explanations on Consolidated Interest Rate Risk (continued)

Average interest rates applied to financial instruments

Current Period	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	--	--	--
Banks	--	--	--	11,00
Financial Assets at Fair Value Through Profit/ Loss	2,43	6,68	--	31,29
Interbank Money Market Placements	--	--	--	12,21
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,28	5,55	--	8,79
Loans	6,03	6,14	--	18,47
Financial Assets Measured at Amortized Cost	5,22	--	--	9,10
Liabilities				
Bank Deposits	--	1,75	--	10,09
Other Deposits	0,36	2,66	--	12,10
Interbank Money Market Borrowings	0,47	3,45	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued(*)	--	7,25	--	14,59
Funds Borrowed from Other Financial Institutions	2,62	4,44	--	11,84

(*) Includes subordinated debts, which are classified under "Subordinated Debts - Other Debt Instruments" in Balance Sheet, as well.

Prior Period	EUR %	USD %	JPY %	TL %
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 Cost	--	--	--	8,96
Liabilities				
Bank Deposits	--	2,45	--	22,46
Other Deposits	1,66	4,65	--	23,96
Interbank Money Market Borrowings	0,80	4,53	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued(*)	--	6,95	--	24,76
Funds Borrowed from Other Financial Institutions	3,15	4,00	--	10,76

(*) Includes subordinated debts, which are classified under "Subordinated Debts - Other Debt Instruments" in Balance Sheet, as well.

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IV. Explanations on Consolidated Interest Rate Risk (continued)

Interest rate risk on banking book

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

Current Period	Shocked Applied (+/- x bps)	Gains/ Losses	Gains/ Equity
			- Losses /Equity
TRY	500	(107.159)	-2,92%
TRY	-400	94.296	2,57%
USD Dollar	200	96.116	2,62%
USD Dollar	200	(102.254)	-2,79%
Euro	200	(193.924)	-5,29%
Euro	-200	215.017	5,87%
Total (For Positive Shocks)		(204.968)	-5,59%
Total (For Negative Shocks)		207.059	5,65%

Prior Period	Shocked Applied (+/- x bps)	Gains/ Losses	Gains/ Equity
			- Losses /Equity
TRY	500	32.101	1,00%
TRY	400	(37.396)	-1,16%
USD Dollar	200	67.941	2,11%
USD Dollar	-200	(74.103)	-2,30%
Euro	200	(104.903)	-3,26%
Euro	-200	116.840	3,63%
Total (For Positive Shocks)		(4.861)	-0,15%
Total (For Negative Shocks)		5.341	0,17%

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V. Explanations on Consolidated Position Risk of Equity Securities Resulted from Banking Book

The Bank has no position risk of equity shares as of 31 December 2019 (31 December 2018: None).

VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio

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

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

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

For long-term liquidity "Maturity Mismatch Report" is prepared and presented to ALCO on a weekly basis. The Bank, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 1 year maturity period. The Bank intends to eliminate liquidity mismatch shifting focus to long-term funding alternatives. Such decisions of the risk of incompatibility are taken by ALCO. The Bank diversifies its funding sources among customer deposits, domestic and foreign borrowings, bills and bonds issued, taking into consideration the maturity match between its assets and liabilities and keeps liquid assets in order to fully meet the liquidity requirements that may emerge in case of market volatility.

Information on the use of stress testing

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

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

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks"; published in the Official Gazette numbered 28948, dated 21 March 2014; liquidity ratio is required to be 80% for foreign currency assets/liabilities and 100% for total assets/liabilities in the calculation of the banks' weekly and monthly reporting effective from 1 January 2019.

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VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio(continued)

Current Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS				
1 Total high-quality liquid assets (HQLA)			3.119.548	2.372.613
CASH OUTFLOWS				
2 Deposits from natural persons and retail deposits	7.971.570	4.534.781	1.029.109	505.257
3 Stable deposits	974.071	--	86.487	--
4 Less stable deposits	6.997.499	4.534.781	942.622	505.257
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	3.808.576	1.796.223	2.232.077	1.554.518
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	2.062.151	1.010.951	576.279	315.335
8 Other unsecured funding	1.746.425	785.272	1.655.798	1.239.182
9 Secured funding	--	--	125.875	125.522
10 Other cash outflows	2.360.789	978.569	492.506	295.495
11 Outflows related to derivative exposures and other collateral requirements	352.499	282.069	276.007	238.432
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	2.008.290	696.501	216.499	57.062
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	39.571	16	40.404	33
16 TOTAL CASH OUTFLOWS			3.919.971	2.480.825
CASH INFLOWS				
17 Secured receivables	32.845	32.845	13.933	13.793
18 Unsecured receivables	2.305.438	600.359	1.563.798	709.161
19 Other cash inflows	113.717	81.873	45.995	32.788
20 TOTAL CASH INFLOWS	2.451.999	715.077	1.623.726	755.743
21 TOTAL HQLA			3.119.548	2.372.613
22 TOTAL NET CASH OUTFLOWS			2.296.459	1.725.082
23 LIQUIDITY COVERAGE RATIO (%)			135,84	137,54

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

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VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio(continued)

Prior Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
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	767.136	331.797
3 Stable deposits	835.698	--	41.786	--
4 Less stable deposits	7.089.072	3.313.684	725.350	331.797
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	3.617.698	1.883.101	2.390.063	1.400.156
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	1.610.328	629.850	643.029	252.064
8 Other unsecured funding	2.007.371	1.253.251	1.747.034	1.148.092
9 Secured funding	--	--	180.956	178.936
10 Other cash outflows	1.934.670	614.893	370.704	157.209
11 Outflows related to derivative exposures and other collateral requirements	181.696	108.093	183.116	109.101
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	1.752.974	506.800	187.588	48.109
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	33.761	114	33.899	110
16 TOTAL CASH OUTFLOWS			3.742.758	2.068.208
CASH INFLOWS				
17 Secured receivables	35.060	35.060	29.360	28.837
18 Unsecured receivables	3.228.841	800.885	2.184.971	704.647
19 Other cash inflows	185.124	148.742	186.150	149.422
20 TOTAL CASH INFLOWS	3.449.025	984.687	2.400.481	882.906
21 TOTAL HQLA			2.322.797	1.927.058
22 TOTAL NET CASH OUTFLOWS			1.342.278	1.185.302
23 LIQUIDITY COVERAGE RATIO (%)			173,05	162,58

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

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VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio(continued)

The table below shows the lowest, highest and average Liquidity Coverage Ratio in the last 3 months of the 1 January - 31 December 2019 period.

Current Period	Highest	Date	Lowest	Date	Average
TL+FC	220,20%	23/12/2019	110,77%	27/11/2019	140,33%
FC	229,35%	25/12/2019	107,14%	26/11/2019	141,54%
Prior Period	Highest	Date	Lowest	Date	Average
TL+FC	255,22%	09/11/2018	133,07%	30/11/2018	174,10%
FC	264,40%	09/11/2018	114,14%	31/12/2018	166,86%

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

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VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio(continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over	Unallocated	Total
Assets								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.071.324	1.636.551	--	--	--	--	--	2.707.875
Banks	111.209	379.617	--	--	--	--	--	490.826
Financial Assets at Fair Value Through Profit or Loss	--	116.147	64.654	158.434	497.250	154	--	836.639
Interbank Money Market Placements	--	30.010	--	--	--	--	--	30.010
Financial Assets Measured at Fair Value through Other Comprehensive Income	3.800	98.944	1.027	21.275	664.919	17.503	--	807.568
Loans (*)	--	1.904.235	2.357.855	5.611.010	4.714.373	920.706	116.228	15.624.411
Investment Securities Held-to-Maturity	--	--	--	--	144.239	430.771	--	575.010
Other Assets(**)	--	--	--	--	--	--	816.868	816.868
Total Assets	1.186.333	4.165.508	2.423.536	5.790.719	6.020.781	1.369.234	933.096	21.889.207
Liabilities								
Bank Deposits	22.159	12.262	14.705	--	--	--	--	49.126
Other Deposits	1.258.580	9.765.679	2.214.505	277.179	619	--	--	13.516.562
Funds Borrowed from Other Financial Institutions	--	5.737	28.929	385.127	439.588	--	--	859.381
Interbank Money Market Received	--	267.655	465.602	--	--	--	--	733.257
Marketable Securities Issued(***)	--	133.255	317.235	57	1.300.613	1.756.190	--	3.507.350
Sundry Creditors	--	358.723	--	--	--	--	--	358.723
Other Liabilities(****)	--	262.543	69.361	178.036	548.848	735	1.805.285	2.864.808
Total Liabilities	1.280.739	10.805.854	3.110.337	840.399	2.289.668	1.756.925	1.805.285	21.889.207
Net Liquidity Surplus / (Gap)	(94.406)	(6.640.346)	(686.801)	4.950.320	3.731.113	(387.691)	(872.189)	--
Net Off-Balance Sheet Position	--	15.048	10.035	5.928	94.533	--	--	125.544
Derivative Financial Assets	--	4.174.644	5.037.678	3.140.414	4.168.309	--	--	16.521.045
Derivative Financial Liabilities	--	4.159.596	5.027.643	3.134.486	4.073.776	--	--	16.395.501
Non-Cash Loans	--	60.914	193.352	337.775	125.390	307.237	--	1.024.668
Prior Period								
Total Assets	974.392	5.223.848	2.366.949	5.260.338	5.351.942	552.375	889.332	20.619.176
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 Gap	181.781	(2.517.178)	(1.869.089)	3.219.248	2.550.361	(1.012.202)	(552.921)	--
Net Off-Balance Sheet Position	--	(11.408)	(23.834)	127.481	(6.816)	(350)	--	85.073
Derivative Financial Assets	--	7.823.307	1.934.703	2.438.061	6.878.019	5.260	--	19.079.350
Derivative Financial Liabilities	--	7.834.715	1.958.537	2.310.580	6.884.835	5.610	--	18.994.277
Non-Cash Loans	--	63.245	70.059	379.523	77.337	281.386	--	871.550

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

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

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

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

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VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio(continued)

Contractual maturity analysis of liabilities according to remaining maturities

Current Period	Carrying Values	Gross Nominal Outflows	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposit	49.126	49.282	22.159	12.263	14.860	--	--	--
Other Deposit	13.516.562	13.561.682	1.258.580	9.780.215	2.232.074	290.008	805	--
Money Market Funds	733.257	735.252	--	267.977	467.275	--	--	--
Securities Issued	1.718.332	1.957.608	--	139.018	283.867	39.018	1.495.705	--
Funds Borrowed	859.381	955.232	--	3.038	30.678	428.540	492.976	--
Subordinated Debts	1.789.018	2.576.717	--	--	61.147	61.147	489.175	1.965.248
Total	18.665.676	19.835.773	1.280.739	10.202.511	3.089.901	818.713	2.478.661	1.965.248

Prior Period	Carrying Values	Gross Nominal Outflows	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Bank Deposit	639.755	640.648	88.411	538.943	13.294	--	--	--
Other Deposit	10.673.386	10.907.453	704.198	5.661.669	3.237.711	1.244.665	59.210	--
Money Market Funds	495.936	498.221	--	16.710	436.497	45.014	--	--
Securities Issued	1.842.585	2.176.361	--	212.480	346.140	39.139	1.578.602	--
Funds Borrowed	1.339.212	1.584.779	--	199.722	204.774	878.979	301.303	--
Subordinated Debts	1.596.143	2.674.528	--	--	60.592	60.592	484.738	2.068.606
Total	16.587.017	18.481.990	792.609	6.629.524	4.299.008	2.268.389	2.423.853	2.068.606

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

	Current Period (**)	Prior Period (**)
1 Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*)	44.547.190	43.219.725
2 The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	--	--
3 The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(15.985.526)	(18.554.523)
4 The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	--	--
5 The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	--	--
6 Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	--	--
7 Total risk amount	28.561.664	24.665.202

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

(**) Represents three-months average amounts.

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VII. Explanations on Consolidated Leverage Ratio

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

Bank's consolidated leverage ratio calculated in accordance with the "Regulation on Assessment and Calculation of Banks' Leverage Level" is 6,82%. The decrease in the ratio is due to the increase in total risk. Minimum leverage ratio has to be 3% according to the regulation.

	Balance sheet assets	Current Period(*)	Prior Period(*)
1	Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	22.022.023	19.226.259
2	(Assets deducted in determining Tier 1 capital)	(147.927)	(399.762)
3	Total balance sheet risks (sum of lines 1 and 2)	21.874.096	18.826.497
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative financial instruments and credit derivative	156.336	534.882
5	Potential credit risk associated with all derivative financial instruments and credit derivati	285.715	383.359
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	442.051	918.241
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (except for on-balance sheet)	1.217.268	607.250
8	Risks from brokerage activities related exposures	--	--
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1.217.268	607.250
Off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	5.028.249	4.313.214
11	(Adjustments for conversion to credit equivalent amounts)	--	--
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	5.028.249	4.313.214
Capital and total risks			
13	Tier 1 capital	1.809.286	1.593.770
14	Total risks (sum of lines 3, 6, 9 and 12)	28.561.664	24.665.202
Leverage ratio			
15	Leverage ratio	6,33	6,48

(*)Represents three-month average amounts.

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

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Current Period				
Financial assets	17.527.913	16.460.809	17.710.363	16.165.548
Money market placements	30.010	306.208	30.010	306.208
Due from banks	490.826	965.814	490.826	965.814
Financial assets at fair value through other comprehensive income	807.568	704.338	807.568	704.338
Loans measured at amortised cost	575.098	363.032	605.709	332.424
Loans	15.624.411	14.121.417	15.776.250	13.856.764
Financial liabilities	18.291.142	16.790.171	18.291.142	16.790.171
Interbank deposits	49.126	639.755	49.126	639.755
Other deposits	13.516.562	10.673.386	13.516.562	10.673.386
Funds provided from other financial institutions	859.381	1.339.212	859.381	1.339.212
Marketable securities issued	3.507.350	3.438.728	3.507.350	3.438.728
Miscellaneous payables	358.723	699.090	358.723	699.090

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

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

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

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

Current Period	Level 1 TL		Level 2 TL		Level 3 TL	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets						
Financial assets measured at fair value through profit and loss	97.737	75.807	--	--	--	--
Financial assets measured at fair value through other comprehensive income	807.568	704.338	--	--	--	--
Derivative financial assets	--	--	738.902	1.480.756	--	--
Loans measured at fair value through profit and loss	--	--	1.948.020	1.516.819	--	--
Total	905.305	780.145	2.686.922	2.997.575	--	--
Financial Liabilities						
Derivative financial liabilities	--	--	788.205	1.516.253	--	--
Total	--	--	788.205	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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IX. Explanations on transactions carried out on behalf of customers and fiduciary activities

None.

X. Explanations on consolidated securitisation positions

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

XI. Explanations on risk management objectives and policies

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

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

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

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

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

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

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

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about RWA flow statements of credit risk exposures under IRB Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables which prepared annually basis have not been presented as of 31 December 2019:

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

a. Overview of Risk Weighted Amounts

	Risk Weighted Amounts		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	16.135.932	13.596.968	1.290.875
2 Of which standardised approach (SA)	16.135.932	13.596.968	1.290.875
3 Of which internal rating-based (IRB) approach	--	--	--
4 Counterparty credit risk	499.911	850.549	39.993
5 Of which standardised approach for counterparty credit risk (SA-CCR)	499.911	850.549	39.993
6 Of which internal model method (IMM)	--	--	--
7 Equity position in banking book under basic risk weighting or internal rating-based	--	--	--
8 Equity investments in funds - look-through approach	83.713	40.619	6.697
9 Equity investments in funds - mandate-based approach	--	--	--
10 Equity investments in funds - 1250% risk weighting approach	--	--	--
11 Settlement risk	--	--	--
12 Securitisation exposures in banking book	--	--	--
13 Of which IRB ratings-based approach (RBA)	--	--	--
14 Of which IRB supervisory formula approach (SFA)	--	--	--
15 Of which SA/simplified supervisory formula approach (SSFA)	--	--	--
16 Market risk	552.463	911.638	44.197
17 Of which standardised approach (SA)	552.463	911.638	44.197
18 Of which internal model approaches (IMM)	--	--	--
19 Operational risk	1.485.530	1.114.639	118.842
20 Of which basic indicator approach	1.485.530	1.114.639	118.842
21 Of which standardised approach	--	--	--
22 Of which advanced measurement approach	--	--	--
23 Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	18.757.549	16.514.413	1.500.604

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

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

	Carrying values in financial statements prepared as per TAS	Subject to credit risk	Subject to counterparty credit risk(*)	Securitisation exposures	Subject to market risk (**)	Not subject to capital requirements or subject to deduction from capital
Current Period						
Assets						
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances With Central Bank of Turkey	2.707.875	2.707.875	--	--	--	--
Banks	490.826	490.826	--	--	--	--
Money Markets Placements	30.010	--	30.010	--	--	--
Financial Assets Measured at Fair Value Through Profit or Loss	97.737	64.868	--	--	--	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	807.568	807.568	632.282	--	--	--
Financial Assets Measured at amortized cost	575.098	575.098	419.376	--	--	--
Derivative financial assets	738.902	--	160.284	--	738.902	--
Non-performing Financial Assets	(589)	(589)	--	--	--	--
Loans (net)	15.624.411	15.624.411	--	--	--	--
Assets Held for Sale and Assets of Discontinued Operations(net)	63.247	63.247	--	--	--	--
Investment in Associates (net)	4.897	4.897	--	--	--	--
Investment in Subsidiaries (net)	31.500	31.500	--	--	--	--
Joint-Ventures (net)	--	--	--	--	--	--
Tangible Assets (net)	324.109	324.137	--	--	--	--
Intangible Assets (net)	69.894	17	--	--	--	69.877
Investment Property (net)	--	--	--	--	--	--
Tax Asset	58.012	58.012	--	--	--	--
Other Assets	265.710	265.683	--	--	--	--
Total Assets	21.889.207	21.017.550	1.241.952	--	738.902	69.877
Liabilities						
Deposits	13.565.688	--	--	--	--	13.565.688
Funds Borrowed	859.381	--	--	--	--	859.381
Money Market Funds	733.257	--	733.263	--	--	733.257
Securities Issued	1.718.332	--	--	--	--	1.718.332
Funds	--	--	--	--	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--	--	--
Derivative financial liabilities	788.205	--	--	--	788.205	788.205
Factoring Payables	--	--	--	--	--	--
Lease Payables	68.636	--	--	--	--	68.654
Provisions	97.137	--	--	--	--	--
Tax Liability	41.045	--	--	--	--	58.723
Liabilities for Assets Held for Sale and Assets of Discontinued Operations (net)	--	--	--	--	--	--
Subordinated Debts	1.789.018	--	--	--	--	--
Other liabilities	569.416	--	--	--	--	569.415
Shareholders' Equity	1.659.092	--	--	--	--	1.659.092
Total Liabilities	21.889.207	--	733.263	--	788.205	20.020.747

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

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

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

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

	Carrying values in financial statements prepared as per TAS	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	1.764.562	1.764.562	--	--	--	--
Banks	965.814	965.814	--	--	--	--
Money Markets Placements	306.208	306.208	--	--	--	--
Financial Assets Measured at Fair Value Through Profit or Loss	75.807	36.722	--	--	75.807	--
Financial Assets Measured at Fair Value through Other Comprehensive Income	707.732	707.732	642.482	--	--	--
Financial Assets Measured at amortized cost	363.099	363.099	90.935	--	--	--
Derivative financial assets	1.480.756	--	446.187	--	1.480.756	--
Non-performing Financial Assets	(3.961)	(3.961)	--	--	--	--
Loans (net)	14.121.417	14.121.415	--	--	--	2
Assets Held for Sale and Assets of Discontinued Operations(net)	215.235	215.235	--	--	--	--
Investment in Associates (net)	4.897	4.897	--	--	--	--
Investment in Subsidiaries (net)	21.500	21.500	--	--	--	--
Joint-Ventures (net)	--	--	--	--	--	--
Tangible Assets (net)	257.069	244.758	--	--	--	12.059
Intangible Assets (net)	35.001	--	--	--	--	35.001
Investment Property (net)	--	--	--	--	--	--
Tax Asset	79.716	79.716	--	--	--	--
Other Assets	224.324	224.324	--	--	--	--
Total Assets	20.619.176	19.052.021	1.179.604	--	1.556.563	47.062
Liabilities						
Deposits	11.313.141	--	--	--	--	11.313.141
Funds Borrowed	1.339.212	--	--	--	--	1.339.212
Money Market Funds	495.936	--	495.936	--	--	495.936
Securities Issued	1.842.585	--	--	--	--	1.842.585
Funds	--	--	--	--	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--	--	--
Derivative financial liabilities	1.516.253	--	--	--	1.516.253	1.516.253
Factoring Payables	--	--	--	--	--	--
Lease Payables	463	--	--	--	--	463
Provisions	109.751	--	--	--	--	109.751
Tax Liability	39.477	--	--	--	--	39.477
Liabilities for Assets Held for Sale and Assets of Discontinued Operations (net)	--	--	--	--	--	--
Subordinated Debts	1.596.143	--	--	--	--	1.596.143
Other liabilities	1.043.966	--	--	--	--	1.043.966
Shareholders' Equity	1.322.249	--	--	--	--	1.322.249
Total Liabilities	20.619.176	--	495.936	--	1.516.253	20.619.176

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

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

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

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

	Total	Credit risk	Subject to the securitization	Counterparty	Market risk(*)
Current Period					
1 Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial	21.819.331	21.017.550	--	1.241.952	738.902
2 Carrying value of liabilities that are subjected to counterparty credit risk as per TAS	--	--	--	733.257	768.205
3 Total Net Amount	21.819.331	21.017.550	--	508.695	(49.303)
4 Off-balance sheet amounts(**)	23.806.133	6.671.862	--	17.134.271	17.134.271
5 Valuation differences	--	--	--	--	--
6 Differences due to different netting rules	--	--	--	--	(16.532.505)
7 Differences due to consideration of provisions	--	--	--	--	--
8 Differences resulted from the BRSA's applications	--	--	--	(16.843.709)	--
9 Differences due to risk mitigation	--	--	--	733.257	--
10 Risk Amounts	45.625.464	27.689.412	--	1.532.514	552.463

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

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

	Total	Credit risk	Subject to the securitization	Counterparty	Market risk(*)
Prior Period					
1 Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial	20.572.114	19.059.943	--	1.179.604	1.551.565
2 Carrying value of liabilities that are subjected to counterparty credit risk as per TAS	--	--	--	495.936	1.516.253
3 Total Net Amount	20.572.114	19.059.943	--	683.668	35.312
4 Off-balance sheet amounts(**)	24.038.869	4.871.866	--	19.167.003	19.167.003
5 Valuation differences	--	--	--	--	--
6 Differences due to different netting rules	--	--	--	--	(18.290.677)
7 Differences due to consideration of provisions	--	--	--	--	--
8 Differences resulted from the BRSA's applications	--	--	--	(18.752.631)	--
9 Differences due to risk mitigation	--	--	--	495.936	--
10 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.

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

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

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

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

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

Information on Credit Risk

General Qualitative Information on Credit Risk:

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

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

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

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

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General Qualitative Information on Credit Risk (continued):

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

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

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

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

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

Credit Quality of Assets

	Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared in accordance with statutory consolidation		Allowances/ amortisation and impairments	Net value
	Defaulted	Non-defaulted		
Current Period				
1 Loans	920.338	15.508.182	804.110	15.624.410
2 Debt securities	--	1.476.603	2.528	1.474.075
3 Off-balance sheet exposures	19.003	6.650.805	19.121	6.650.687
4 Total	939.341	23.635.590	825.759	23.749.172
	Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared in accordance with statutory consolidation		Allowances/ amortisation and impairments	Net value
	Defaulted	Non-defaulted		
Prior Period				
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	14.760	4.855.995	19.084	4.851.679
4 Total	636.631	20.069.254	592.825	20.113.060

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General Qualitative Information on Credit Risk (continued):

Changes in stock of default loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	621.863	468.493
2 Loans and debt securities defaulted since the last reporting period	718.328	896.886
3 Receivables back to non-defaulted status	--	--
4 Amounts written off(*)	249.214	442.120
5 Other changes (**)	(170.636)	(301.396)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	920.338	621.863

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

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

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

Breakdown by geographical area:

Loans and Other Receivables	Current Period	Prior Period
Domestic	14.737.586	13.663.328
European Union (EU) Countries	175.043	143.054
OECD Countries	105	--
Off-Shore Banking Regions	402.193	240.528
USA, Canada	23.987	21.314
Other Countries	169.268	1.110
Total	15.508.182	14.069.334

Sectorial Breakdown:

Loans and Other Receivables	Current Period	Prior Period
Agriculture	292.098	406.009
Farming and Stockbreeding	249.587	288.025
Forestry	42.511	115.111
Fishery	--	2.873
Manufacturing	3.052.932	3.070.790
Mining and Quarrying	507.039	814.717
Production	1.656.486	1.452.693
Electricity, Gas and Water	889.407	803.380
Construction	2.957.739	2.627.124
Services	6.763.379	6.163.805
Wholesale and Retail Trade	1.359.296	1.885.956
Accommodation and Dining	2.318.262	1.152.852
Transportation and Telecommunication	975.185	657.432
Financial Institutions	240.621	561.826
Real Estate and Rental Services	479.302	417.420
Self-Employment Services	761.672	470.911
Educational Services	198.509	699.346
Health and Social Services	430.532	318.062
Others	2.442.034	1.801.606
Total	15.508.182	14.069.334

Breakdown by outstanding maturity:

	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 years and over	Total
Current Period	1.904.238	2.357.855	5.611.010	4.714.373	920.706	15.508.182
Prior Period	3.026.588	2.307.003	4.841.401	3.606.316	288.026	14.069.334

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

Current Period	Non-performing loans	Specific Provisions	Write-offs
Domestic	920.338	515.118	249.214
European Union (EU) Countries	--	--	--
OECD Countries	--	--	--
Off-Shore Banking Regions	--	--	--
USA, Canada	--	--	--
Other Countries	--	--	--
Total	920.338	515.118	249.214

Prior Period	Non-performing loans	Specific Provisions	Write-offs
Domestic	621.863	295.835	442.120
European Union (EU) Countries	--	--	--
OECD Countries	--	--	--
Off-Shore Banking Regions	--	--	--
USA, Canada	--	--	--
Other Countries	--	--	--
Total	621.863	295.835	442.120

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

Current Period	Non-performing loans	Specific Provisions	Write-offs
Agriculture	60.781	33.729	5.515
Farming and Stockbreeding	48.260	25.352	3.295
Forestry	12.521	8.377	2.143
Fishery	--	--	77
Manufacturing	201.682	120.638	70.888
Mining and Quarrying	62.585	39.068	17.127
Production	133.484	77.645	53.523
Electricity, Gas and Water	5.613	3.925	238
Construction	144.241	78.496	32.460
Services	417.420	220.459	110.907
Wholesale and Retail Trade	220.831	139.919	76.912
Accommodation and Dining	112.285	29.436	19.712
Transportation and Telecommunication	27.748	16.355	6.078
Financial Institutions	98	74	36
Real Estate and Rental Services	20.616	12.077	307
Self-Employment Services	4.712	3.567	3.667
Educational Services	8.018	4.348	677
Health and Social Services	23.112	14.683	3.518
Others	96.214	61.796	29.444
Total	920.338	515.118	249.214

Prior 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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Aging analysis:

Days past due	Current Period	Prior Period
	Amount	Amount
0-30	15.307.058	13.430.906
31-60	82.355	419.880
61-90	118.770	218.548
90+	920.338	621.863
Total	16.428.520	14.691.197

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

Current Period	Performing loans	Loans under follow-up	Non-performing loans
Provisioned	--	--	24.322
Not provisioned (*)	56.505	1.100.594	--
Total	56.505	1.100.594	24.322

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

Prior Period	Performing loans	Loans under follow-up	Non-performing loans
Provisioned	--	--	4.411
Not provisioned (*)	57.796	412.242	--
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.

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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	14.405.387	1.508.015	1.192.051	315.964	315.964	--	--
2 Debt Securities	1.474.075	--	--	--	--	--	--
3 Total	15.879.462	1.508.015	1.192.051	315.964	315.964	--	--
4 Of which defaulted	301.507	103.713	103.713	--	--	--	--
Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	11.225.357	3.170.005	2.142.464	1.027.541	1.027.541	--	--
2 Debt Securities	1.139.964	--	--	--	--	--	--
3 Total	12.365.321	3.170.005	2.142.464	1.027.541	1.027.541	--	--
4 Of which defaulted	208.740	117.288	117.288	--	--	--	--

Credit risk exposure and credit risk mitigation techniques

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to sovereigns and their central banks	3.274.025	--	3.589.989	--	554.500	15,4%
2 Exposures to regional and local governments	--	--	--	--	--	0,0%
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	0,0%
4 Exposures to multilateral development banks	--	--	--	--	--	0,0%
5 Exposures to international organizations	--	--	--	--	--	0,0%
6 Exposures to banks and brokerage houses	2.473.868	57.992	2.473.868	34.345	687.581	27,4%
7 Exposures to corporates	10.875.808	772.631	10.815.675	433.879	10.838.666	96,3%
8 Retail exposures	3.272.470	1.020.155	3.066.049	278.751	2.506.369	74,9%
9 Exposures secured by residential property	271.085	1.851	267.589	777	179.952	67,1%
10 Exposures secured by commercial property	1.255.880	44.625	1.209.966	35.760	801.550	64,3%
11 Past-due items	356.201	--	356.201	--	294.492	82,7%
12 Exposures in high-risk categories	49.906	9.432	49.506	4.716	33.380	61,6%
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0,0%
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	0,0%
15 Exposures in the form of coll. investment undertakings(*)	91.029	--	91.029	--	91.029	100,0%
16 Other exposures	908.607	4.765.176	908.607	75.985	643.592	65,4%
17 Equity share investments	--	--	--	--	--	0,0%
18 Total	22.828.479	6.671.862	22.828.479	864.213	16.631.112	70,2%

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

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to sovereigns and their central banks	2.101.754	--	3.129.295	--	170.450	5,4%
2 Exposures to regional and local governments	--	--	--	--	--	0,0%
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	0,0%
4 Exposures to multilateral development banks	--	--	--	--	--	0,0%
5 Exposures to international organizations	--	--	--	--	--	0,0%
6 Exposures to banks and brokerage houses	3.211.158	40.442	3.211.158	21.506	950.580	29,4%
7 Exposures to corporates	9.085.125	562.649	8.880.693	322.068	8.795.135	95,6%
8 Retail exposures	3.522.110	827.975	2.797.651	252.732	2.286.640	75,0%
9 Exposures secured by residential property	361.124	2.189	349.714	742	182.877	52,2%
10 Exposures secured by commercial property	1.430.988	50.203	1.343.748	37.031	878.543	63,6%
11 Past-due items	287.004	--	287.004	--	291.549	101,6%
12 Exposures in high-risk categories	39.100	9.508	39.100	4.754	58.766	132,9%
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0,0%
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	0,0%
15 Exposures in the form of coll. investment undertakings(*)	40.619	--	40.619	--	40.619	100,0%
16 Other exposures	849.402	3.378.901	849.402	100.252	645.617	68,0%
17 Equity share investments	--	--	--	--	--	0,0%
18 Total	20.928.384	4.871.867	20.928.384	739.085	14.300.276	66,0%

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

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Exposures by asset classes and risk weights

Current Period											
Risk Classes/ Risk Weight	0%	10%	20%	35% ^(*)	50%	50% ^(*)	75%	100%	150%	200%	Total risk amount ^(**)
1 Exposures to sovereigns and their central banks	2,480,989	--	--	--	1,129,200	--	--	--	--	--	3,589,989
2 Exposures to regional and local governments	--	--	--	--	--	--	--	--	--	--	--
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to banks and brokerage houses	763,457	--	634,342	--	1,100,483	--	--	10,531	--	--	2,528,213
7 Exposures to corporates	410,888	--	--	--	--	--	--	17,838,666	--	--	11,249,954
8 Retail exposures	2,575	--	--	--	--	--	3,341,825	--	--	--	3,344,800
9 Exposures secured by residential property	--	--	--	136,021	--	--	--	132,345	--	--	268,366
10 Exposures secured by commercial property	--	--	--	--	--	888,351	--	357,375	--	--	1,245,726
11 Past-due items	--	--	--	--	199,622	--	--	80,374	76,205	--	356,201
12 Exposures in high-risk categories	--	--	--	--	47,154	--	--	1,599	5,469	--	54,222
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	91,029	--	--	91,029
16 Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17 Other Exposures	341,000	--	--	--	--	--	--	643,592	--	--	984,592
18 Total	3,999,009	--	634,042	136,021	2,456,259	888,351	3,341,825	12,155,511	81,674	--	23,892,692

(*) Collateralized by real estate mortgages

(**) After CCF and CRM

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

Prior Period											
Risk Classes/ Risk Weight	0%	10%	20%	35% ^(*)	50%	50% ^(*)	75%	100%	150%	200%	Total risk amount ^(**)
1 Exposures to sovereigns and their central banks	2,788,296	--	--	--	340,899	--	--	--	--	--	3,129,195
2 Exposures to regional and local governments	--	--	--	--	--	--	--	--	--	--	--
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to banks and brokerage houses	495,940	--	1,401,604	--	1,329,722	--	--	5,398	--	--	3,232,664
7 Exposures to corporates	407,626	--	--	--	--	--	--	8,195,131	--	--	9,202,761
8 Retail exposures	1,530	--	--	--	--	--	1,048,853	--	--	--	1,050,383
9 Exposures secured by residential property	--	--	--	257,814	--	--	--	92,442	--	--	350,256
10 Exposures secured by commercial property	--	--	--	--	--	1,004,471	--	376,308	--	--	1,380,779
11 Past-due items	--	--	--	--	99,767	--	--	78,380	108,857	--	287,004
12 Exposures in high-risk categories	--	--	--	--	4,593	--	--	5,844	33,417	--	43,854
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	40,619	--	--	40,619
16 Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17 Other Exposures	104,037	--	--	--	--	--	--	645,617	--	--	749,654
18 Total	3,997,529	--	1,401,664	257,814	1,774,981	1,004,471	3,048,853	12,039,943	142,274	--	24,667,469

(*) 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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Information on consolidated credit risk mitigation techniques

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

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

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

Exposure Categories *	Amount	Financial Collaterals	Other/Physical Collaterals **	Guarantees and Credit Derivatives
Current Period				
Receivables from Central Governments	3.589.989	--	--	315.964
Receivables, Coins, Purchased Cheques from Regional or Local Governments and CBT Banks	--	--	--	--
Receivables from Administrative Units and Non-Commercial Enterprises	--	--	--	--
Receivables from Multilateral Development Banks	--	--	--	--
Receivables from International Organisations	--	--	--	--
Receivables from Banks and Brokerage Houses	2.508.213	763.157	--	--
Corporate Receivables	11.249.554	410.888	--	--
Retail Receivables	3.344.800	3.080	--	--
Receivables that are Collateralized by Residential Property	1.514.092	--	1.024.372	--
Past due Receivables	356.201	--	72.268	--
Receivables Defined in High Risk Category by BRSA	54.222	--	--	--
Securities Collateralised by Mortgages	--	--	--	--
Short-term Receivables from Banks, Brokerage Houses and Corporates	--	--	--	--
Investments Similar to Collective Investment Funds	91.029	--	--	--
Other Receivables	984.592	--	--	--
Total	23.692.692	1.177.125	1.096.640	315.964

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

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

Exposure Categories *	Amount	Financial Collaterals	Other/Physical Collaterals **	Guarantees and Credit Derivatives
Prior Period				
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	649.654	--	--	--
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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Counterparty credit risk (CCR) approach analysis

	Current Period	Replacement Cost	Potential Credit Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	160.284	290.562	--	1,4	450.846	289.823
2	Internal Model Method (for derivative instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	1.051.658	121.621
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	30.010	23
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	--	--	--	--	--	--
6	Total	160.284	290.562	--	--	1.532.514	411.467

	Prior Period	Replacement Cost	Potential Credit Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	446.187	414.372	--	1,4	860.559	568.885
2	Internal Model Method (for derivative instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	733.417	93.804
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	--	--	--	--	--	--
6	Total	446.187	414.372	--	--	1.593.976	662.689

Capital requirement for credit valuation adjustment (CVA)

	Current Period		Prior Period	
	EAD post-CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	--	--	--	--
1 (i) VaR component (including the 3x multiplier)	--	--	--	--
2 (ii) Stressed VaR component (including the 3x multiplier)	--	--	--	--
3 All portfolios subject to the Standardised CVA capital obligation	450.846	88.444	860.559	187.860
4 Total subject to the CVA capital obligation	450.846	88.444	860.559	187.860

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CCR exposures by risk class and risk weights - standardised approach

Current Period									
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk (*)
Exposures to sovereigns and their central banks	--	--	--	--	--	--	--	--	--
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	763.157	--	144.287	477.129	--	67	--	--	1.384.640
Exposures to corporates	--	--	--	--	--	140.530	--	--	140.530
Retail exposures	2.746	--	--	--	4.598	--	--	--	7.344
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Past-due items	--	--	--	--	--	--	--	--	--
Exposures in high-risk categories	--	--	--	--	--	--	--	--	--
Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--
Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Other exposures	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--
Total	765.903	--	144.287	477.129	4.598	140.597	--	--	1.532.514

Prior Period									
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk (*)
Exposures to sovereigns and their central banks	3.175	--	--	2.367	--	--	--	--	5.542
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	495.940	--	135.438	642.254	--	--	--	--	1.273.632
Exposures to corporates	--	--	--	--	--	310.945	--	--	310.945
Retail exposures	728	--	--	--	3.129	--	--	--	3.857
Exposures secured by residential property	--	--	--	--	--	--	--	--	--
Past-due items	--	--	--	--	--	--	--	--	--
Exposures in high-risk categories	--	--	--	--	--	--	--	--	--
Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--
Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	--	--
Equity share investments	--	--	--	--	--	--	--	--	--
Other exposures	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--
Total	499.843	--	135.438	644.621	3.129	310.945	--	--	1.593.976

Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-local currency	--	--	--	--	--	30.010
Cash-foreign currency	2.746	--	--	--	733.257	--
Domestic sovereign debts	--	--	--	--	29.894	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	1.051.658
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
Total	2.746	--	--	--	763.151	1.081.668

Prior Period	Collateral for derivative transactions				Collateral for other	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-local currency	--	--	--	--	--	--
Cash-foreign currency	728	--	--	--	495.936	--
Domestic sovereign debts	--	--	--	--	--	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	733.417
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
Total	728	--	--	--	495.936	733.417

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Explanations on consolidated market risk

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

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

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

Market risk arising from trading transactions is limited through the risk appetite policy approved by Board of Directors as "low" and measured by taking into consideration BRSA's standard methodology. Additionally Financial Control Department reports the market value and realized profit/loss of trading portfolio. The Risk Management and Asset Liability Committee continuously monitor compliance of trading transactions with the risk appetite policy. Market risk caused by mismatches of asset-liability maturities is also monitored through GAP reports.

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

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

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

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Market risk under standardised approach

Market risk under standardised approach		Current Period	Prior Period
		RWA	RWA
Outright Products			
1 Interest rate risk (general and specific)		533.163	820.250
2 Equity risk (general and specific)		--	--
3 Foreign exchange risk		13.875	80.313
4 Commodity risk		--	--
Options			
5 Simplified approach		--	--
6 Delta-plus method		5.425	11.075
7 Scenario approach		--	--
8 Securitisation		--	--
9 Total		552.463	911.638

1. Quantitative information on counterparty risk

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

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

Current Period	Risk Weights						Total RWA
	Value	0%	20%	50%	75%	100%	
Interest-Rate Contracts (*)	--	--	--	--	--	--	--
Foreign-Exchange-Rate Contracts (**)	290.562	2.746	18.840	178.607	2.112	88.257	182.913
Commodity Contracts	--	--	--	--	--	--	--
Equity-Shares Related Contracts	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Gross Positive Fair Values	160.283	--	77	105.380	2.486	52.340	106.910
Netting Benefits	--	--	--	--	--	--	--
Net Current Exposure Amount	--	--	--	--	--	--	--
Collaterals Received	2.746	--	--	--	--	--	--
Net Derivative Position (***)	450.845	2.746	18.917	283.987	4.598	140.397	289.823

(*) Repo transactions.

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

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

Prior Period	Risk Weights						Total RWA
	Value	0%	20%	50%	75%	100%	
Interest-Rate Contracts (*)	--	--	--	--	--	--	--
Foreign-Exchange-Rate Contracts (**)	414.373	3.903	49.849	221.140	1.755	137.726	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.

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Explanations on consolidated operational risk

The value at operational risk is calculated according to the "basic indicator approach". Value at operational risk amount is calculated by using the last 3 years' (2018, 2017, 2016) gross income, in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" issued on Official Gazette dated September 6, 2014 numbered 29111, "Calculation of Operational Risk". 15% of gross income which is TL 118,842 (31 December 2018: TL 89,171) represents also the minimum capital requirement to recover the risk amount.

Current Period	31/12/2016	31/12/2017	31/12/2018	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	622.298	716.364	1.038.186	792.283	15	118.842
Value at Operational Risk (Total*12,5)						1.485.530

Prior Period	31/12/2015	31/12/2016	31/12/2017	Total/ No. of Years of Positive Gross Income	Rate (%)	Total
Gross Income	444.760	622.298	716.364	594.474	15	89.171
Value at Operational Risk (Total*12,5)						1.114.639

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FIFTH SECTION

EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosure related to the consolidated assets

1. Information on cash and balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	48.386	211.408	37.341	100.990
Balances with the Central Bank of Turkey	152.600	2.295.481	366.313	1.259.918
Other	--	--	--	--
Total	200.986	2.506.889	403.654	1.360.908

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	152.527	659.002	80.959	511.053
Unrestricted Time Deposits	73	498.795	285.354	--
Restricted Time Deposits	--	1.137.684	--	748.865
Total	152.600	2.295.481	366.313	1.259.918

According to the communiqué No: 2005/1 on "Reserve Deposits" of CBRT, banks operating in Turkey are required to keep reserve deposit at the rates varying from 1% - 7% (31 December 2018: 1,5%-8%) for TL liabilities and at the rates 5% - 21% (31 December 2018: 4%-20%) for FC liabilities depending on maturities of liabilities.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	24.580	--	21.934	--
Total	24.580	--	21.934	--

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

As of 31 December 2019, financial assets at fair value through profit or loss not given as collateral or not blocked is TL 73.157 (31 December 2018: TL 48.868).

Loans recognised at fair value through profit or loss

As of 31 December 2019, loans recognised at fair value at through profit or loss is 1.948.020 (31 December 2018: TL 1.516.819).

When fair value hedge accounting terminated, the fair value amount on the hedged financial instruments are reflected into the statement of profit or loss by amortization during the life time of the hedged financial instruments.

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2.2 Information on financial assets at fair value through profit or loss subject to repurchase agreements

None.

2.3 Positive differences relating to derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	59.591	--	98.585	--
Swap Transactions	368.713	--	1.015.077	--
Futures Transactions	--	--	--	--
Options	195.923	27.136	341.061	26.033
Other	--	--	--	--
Total	624.227	27.136	1.454.723	26.033

(*) Except the derivative financial liabilities for hedging purposes.

3. Information on Banks

3.1 Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	400.573	740	731.428	339
Foreign	2.058	87.455	281	233.766
Foreign head-offices and branches	--	--	--	--
Total	402.631	88.195	731.709	234.105

3.2 Due from foreign banks

	Current Period		Prior Period	
	Unrestricted Balances	Restricted Balances	Unrestricted Balances	Restricted Balances
EU Countries	18.008	28.352	9.578	199.352
USA and Canada	29.818	--	18.664	--
OECD Countries (*)	1.433	3.624	649	210
Off-Shore Banking Regions	--	--	--	--
Other	8.278	--	5.594	--
Total	57.537	31.976	34.485	199.562

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	10.904	776.085	7.399	642.487
Other	--	--	--	--
Total	10.904	776.085	7.399	642.487

As of 31 December 2019, financial assets valued at fair value through other comprehensive income not given as collateral or not blocked is TL 20.579 (31 December 2018: TL 54.452).

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

	Current Period	Prior Period
Debt instruments	803.864	729.908
Quoted on Stock Exchange	803.864	729.908
Unquoted on Stock Exchange	--	--
Share certificates	3.800	2.713
Quoted on Stock Exchange	3.800	2.713
Unquoted on Stock Exchange	--	--
Impairment provision (-)	96	28.283
Total	807.568	704.338

5. Information on Loans

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans to Shareholders	--	20	--	20
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	20	--	20
Indirect Loans to Shareholders	--	--	--	--
Loans to Employees	4.653	--	4.695	--
Total	4.653	20	4.695	20

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

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	13.684.448	723.140	785.792	314.802
Working Capital Loans	5.830.163	228.950	300.679	281.359
Export Loans	--	--	--	713
Import Loans	--	--	--	--
Loans to Financial Sector	183.692	727	84	--
Consumer Loans	1.551.525	57.774	4.549	958
Credit Cards	21.148	5.902	--	--
Others	6.097.920	429.787	480.480	31.772
Specialization Loans	--	--	--	--
Other Receivables	--	--	--	--
Total (*)	13.684.448	723.140	785.792	314.802

(*) Amounting to TL 3.092 factoring receivables and TL 1.948.020 financial loans at fair value through profit or loss are also included.

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-month Expected Credit Losses	117.374	--	104.447	--
Significant Increase in Credit Risk	--	171.618	--	169.498
Total	117.374	171.618	104.447	169.498

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The overdue analysis of close monitoring loans

Current Period	Commercial Loans	Consumer Loans	Total
1-30 days	251.024	4.535	255.559
31-60 days	58.987	23.368	82.355
61-90 days	99.530	19.240	118.770
Total	409.541	47.143	456.684

Prior Period	Commercial Loans	Consumer Loans	Total
1-30 days	386.041	10.253	396.294
31-60 days	389.118	30.760	419.878
61-90 days	194.827	23.645	218.472
Total	969.986	64.658	1.034.644

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
Short-term Loans and Other Receivables	5.541.985	--	93.641	52.838
Loans	5.541.985	--	93.641	52.838
Specialized Loans				
Other Loans				
Medium and Long-term Loans and Other Receivables	8.085.958	56.505	629.499	1.047.756
Loans	8.085.958	56.505	629.499	1.047.756
Specialized Loans				
Other Loans				

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

	Short-Term	Medium or Long Term	Total
Consumer Loans-TL	736.548	831.310	1.567.858
Real Estate Loans	--	314.057	314.057
Vehicle Loans	46	3.731	3.777
General Purpose Loans	736.502	513.522	1.250.024
Other	--	--	--
Consumer Loans-Indexed to FC	--	11.971	11.971
Real Estate Loans	--	11.524	11.524
Vehicle Loans	--	--	--
General Purpose Loans	--	447	447
Other	--	--	--
Consumer Loans-FC	--	583	583
Real Estate Loans	--	583	583
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Individual Credit Cards-TL	6.875	--	6.875
With Installment	913	--	913
Without Installment	5.962	--	5.962
Individual Credit Cards-FC	109	--	109
With Installment	--	--	--
Without Installment	109	--	109
Loans Given to Employees-TL	661	3.138	3.799
Real Estate Loans	--	545	545
Vehicle Loans	--	--	--
General Purpose Loans	661	2.593	3.254
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	851	--	851
With Installment	181	--	181
Without Installment	670	--	670
Personnel Credit Cards - FC	3	--	3
With Installment	--	--	--
Without Installment	3	--	3
Overdraft Loans-TL (Real Persons)	30.595	--	30.595
Overdraft Loans-FC (Real Persons)	--	--	--
Total	775.642	847.002	1.622.644

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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	542.387	2.751.409	3.293.796
Real Estate Loans	--	1.018	1.018
Vehicle Loans	9.007	62.765	71.772
General Purpose Loans	533.380	2.687.626	3.221.006
Other	--	--	--
Installment Commercial Loans - Indexed to FC	--	94.477	94.477
Real Estate Loans	--	--	--
Vehicle Loans	--	12.425	12.425
General Purpose Loans	--	82.052	82.052
Other	--	--	--
Installment Commercial Loans - FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Corporate Credit Cards - TL	19.212	--	19.212
With Installment	2.234	--	2.234
Without Installment	16.978	--	16.978
Corporate Credit Cards - FC	--	--	--
With Installment	--	--	--
Without Installment	--	--	--
Overdraft Loans-TL (Legal Entities)	49.359	--	49.359
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	610.958	2.845.886	3.456.844

5.5 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	--	--
Private Sector	15.508.182	14.069.334
Total (*)	15.508.182	14.069.334

(*) Amounting to TL 3.092 factoring receivables (31 December 2018: TL 14.311) and TL 1.948.020 financial loans at fair value through profit or loss are also included (31 December 2018: TL 1.516.819).

5.6 Allocation of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	14.737.586	13.663.328
Foreign Loans	770.596	406.006
Total (*)	15.508.182	14.069.334

(*) Amounting to TL 3.092 factoring receivables (31 December 2018: TL 14.311) and TL 1.948.020 financial loans at fair value through profit or loss are also included (31 December 2018: TL 1.516.819).

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5.7 Loans granted to subsidiaries and associates

The Bank does not have any loans granted to subsidiaries and associates as of 31 December 2019 (31 December 2018: None).

5.8 Provisions provided against loans (third stage)

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	165.920	107.976
Loans and Receivables with Doubtful Collectability	133.848	66.127
Uncollectible Loans and Receivables	215.350	121.732
Total	515.118	295.835

5.9 Information on non-performing loans (Net)

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current Period	453	21.568	2.301
Gross Amounts before Provisions	--	--	--
Restructured Loans and Other Receivables	453	21.568	2.301
Prior Period	89	4.308	14
Gross Amounts before Specific Provisions	--	--	--
Restructured Loans and Other Receivables	89	4.308	14

5.9.2 Movement on non-performing loans

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Balances at the End of Prior Period	203.821	167.547	250.495
Additions (+)	692.046	5.342	20.940
Transfers from Other Categories of Non-Performing Loans (+)	921	529.029	370.583
Transfers to Other Categories of Non-Performing Loans (-)	530.390	363.905	6.239
Collections (-)	49.880	36.048	84.710
Write-offs (-)	--	--	13.022
Sold (-) (*)	48.436	85.914	101.842
Corporate and Commercial Loans	48.217	84.619	83.786
Retail Loans	41	322	9.030
Credit Cards	178	973	9.026
Other	--	--	--
Balances at End of the Period	268.082	216.051	436.205
Provisions (-) (*)	165.920	133.848	215.350
Net Balance on Balance Sheet	102.162	82.203	220.855

(*) The loan amounting to TL 236.192 in 2019 has been written off from assets by transferring to asset management company.

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5.9.3 Information on expected credit losses

	Stage 1	Stage 2	Stage 3
Beginning of period (1 January 2019)	104.447	169.498	295.835
Loans and movements added during the period	39.809	2.886	11.693
Loans and movements moved out during the period	(16.360)	(21.297)	(66.163)
Movements of Stage 1 and Stage 2			
Stage 1 Loans in two periods	12.870	--	--
Transfers from Stage 1 to Stage 2	(21.192)	66.417	--
Stage 2 Loans in two periods	--	11.638	--
Transfers from Stage 2 to Stage 1	1.064	(9.712)	--
Movements of Stage 3			
Transfers from Stage 1 to Stage 3 (*)	(3.265)	--	93.043
Transfers from Stage 2 to Stage 3	--	(47.812)	233.201
Stage 3 Loans in two periods (amount and parameter change)	--	--	42.698
Write-offs	--	--	--
Sold	--	--	(95.188)
Period end (31 December 2019)	117.374	171.618	515.118

(*)The mentioned customers are in Stage 1 at the end of 2018 and they have passed to Stage 3 during the year.

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current Period			
Balance as of Period End	15.936	33.897	85.845
Provisions (-)	9.818	17.768	31.520
Net Balance on Balance Sheet	6.118	16.129	54.325
Prior Period			
Balance as of 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

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current Period (Net)	102.162	82.203	220.855
Loans Granted to Real Persons and Legal Entities (Gross)	268.082	216.051	436.205
Provisions (-)	165.920	133.848	215.350
Loans Granted to Real Persons and Legal Entities (Net)	102.162	82.203	220.855
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
Prior Period (Net)	95.845	101.420	128.763
Loans Granted to Real Persons and Legal Entities (Gross)	203.821	167.547	250.495
Provisions (-)	107.976	66.127	121.732
Loans Granted to Real Persons and Legal Entities (Net)	95.845	101.420	128.763
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

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5.10 Information on interest accruals, valuation differences and related provisions calculated for non-performing loans by the banks which reserves provision according to TFRS 9

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

5.11 Explanations about policy of cancelling from Credit

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

6. Information on financial assets measured at amortized cost

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	188.506	386.592	188.864	90.518
Other	--	--	--	--
Total	188.506	386.592	188.864	90.518

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	188.506	386.592	188.864	174.168
Treasury Bill	--	--	--	--
Other Debt Securities	--	--	--	--
Total	188.506	386.592	188.864	174.168

6.3 Information on financial assets measured at amortized cost

	Current Period	Prior Period
Debt instruments	575.098	363.032
Quoted on Stock Exchange	575.098	363.032
Unquoted on Stock Exchange	--	--
Share certificates	--	--
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange	--	--
Impairment provision (-)	--	--
Total	575.098	363.032

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

	Current Period	Prior Period
Balance at the beginning of period	363.032	--
Foreign Exchange Difference in Monetary Assets	--	--
Purchases during the year (*)	212.066	363.032
Disposals through Sales and Redemptions	--	--
Impairment provision (-)	--	--
Total	575.098	363.032

(*) According to TFRS 9 transaction, the related amount classified as "Financial Assets at Fair Value Through Other Comprehensive Income" to "Financial Assets Measured at Amortized Cost".

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7. Information on associates

The Group has an investment amounting to TL 4.897 as of 31 December 2019 (31 December 2018: TL 4.897).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)
Kredi Garanti Fonu A.Ş.	Ankara	1,54%	1,54%

8. Information on consolidated subsidiaries

The Group has TL 36.945 investment in subsidiaries as of 31 December 2019 (31 December 2018: TL 26.945).

Non-financial subsidiaries

The Bank has TL 31.500 investment in a non-financial subsidiary as of 31 December 2019 (31 December 2018: TL 21.500).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)
Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş.	İstanbul	100,00%	100,00%

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

Financial subsidiaries

The Bank has TL 5.445 investment in a financial subsidiary as of 31 December 2019 (31 December 2018: TL 5.445).

Company Name	Address (City / Country)	Bank's Share- If different voting rights (%)	Bank's Risk Group Share (%)	Consolidation Type
Fiba Portföy Yönetimi A.Ş.	İstanbul	99,00%	99,00%	Full Consolidation

Fiba Portföy Yönetimi A.Ş. has been established as of 26 September 2013 with 99% share of Fibabanka A.Ş.

The financial information about Fiba Portföy Yönetimi A.Ş. as of 31 December 2019 is given below:

Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
9.902	8.734	458	61	..	2.912	355	..

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

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8. Information on subsidiaries (continued)

Information on capital adequacy of major subsidiary

Current Period	Fiba Portföy Yönetimi A.Ş.
Core Capital	8.742
Paid-in Capital	5.500
Inflation Adjustments to Paid-in Capital	--
Share Premium	--
Reserves	--
Current Period's Profit and Prior Periods' Profit	3.242
Current Period's Losses and Prior Periods' Losses	--
Leasehold Improvements on Operational Leases (-)	--
Intangible Assets (-)	--
Goodwill (Net) (-)	--
Supplementary Capital	--
Capital	8.742
Deductions From Capital	--
Net Available Equity	8.742

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

Movement of consolidated investment in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	5.445	5.445
Movements during the Period	--	--
Additions and Capital Increases	--	--
Bonus Shares Received	--	--
Dividends from the Current Year Profit	--	--
Sales/Liquidations	--	--
Reclassification of shares	--	--
Increase / (Decrease) in Market Values	--	--
Currency Differences on Foreign	--	--
Reversal of Impairment Losses/	--	--
Impairment Losses (-)	--	--
Balance at the End of Period	5.445	5.445
Capital Commitments	5.445	5.445
Share of Percentage at the end of Period (%)	99	99

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

	Current Period	Prior Period
Banks	--	--
Insurance Companies	--	--
Factoring Companies	--	--
Leasing Companies	--	--
Finance Companies	--	--
Other Subsidiaries	5.445	5.445

Quoted consolidated investments in subsidiaries

None.

9. Information on entities under common control

The Group does not have investments in entities under common control as of 31 December 2019.

10. Information on lease receivables

The Group does not have lease receivables as of 31 December 2019.

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11. Information on derivative financial assets held for hedging purposes

As of 31 December 2019, derivative financial assets held for hedging purposes amounting to TL 87.539 (31 December 2018: TL 201.839 financial liabilities).

The Bank's Asset Liability Committee aims to hedge the interest risk through hedging its TL denominated fixed rate credit portfolio with cross currency swaps by linking the high correlated part of the fair value changes of hedging instruments after prospective tests.

12. Information on tangible assets

Current Period	Real Estate	Cars	Other Tangible Assets*	Total
Cost				
Beginning Balance, 1 January 2019	223.097	79	88.598	311.774
Additions	72.279	12.721	24.280	109.280
Disposals	--	--	6.101	6.101
Ending Balance, 31 December 2019	295.376	12.800	106.776	414.952
Accumulated Depreciation				
Beginning Balance, 1 January 2019	(6.541)	(99)	(48.065)	(54.705)
Depreciation	(22.404)	(798)	(18.972)	(42.174)
Disposals	(111)	--	6.146	6.036
Ending Balance, 31 December 2019	(29.056)	(897)	(60.890)	(90.843)
Net Book Value, 31 December 2019	266.320	11.903	45.886	324.109

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

Prior Period	Gayrimenkul	Araçlar	Diğer MDV*	Toplam
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	(6.541)	(99)	(48.065)	(54.705)
Net Book Value, 31 December 2018	216.556	(20)	40.533	257.069

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

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

12.1.1 Conditions for allocating/releasing any impairment

None.

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

None.

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

None.

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13. Information on intangible assets

13.1 Useful lives and depreciation rates

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

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

13.2 Depreciation methods

Depreciation for assets which are in balance sheet for less than one year is calculated by the straight line method by proportioning the duration of asset in the balance sheet to the predicted yearly depreciation amount.

13.4 Movements of intangible assets for the current period

	Current Period	Prior Period
Cost		
Beginning Balance, 1 January	90.570	55.343
Additions	50.298	35.334
Disposal	2.616	107
Ending Balance, 31 December	138.252	90.570
Accumulated Depreciation		
Beginning Balance, 1 January	(55.569)	(49.395)
Amortisation Expense for Current Period (-)	(24)	(107)
Disposal	(12.812)	(6.281)
Ending Balance, 31 December	(68.358)	(55.569)
Net Book Value, 31 December	69.894	35.001

13.5 Details for any individually material intangible assets

None

13.6 Intangible assets capitalised under government incentives at fair values

None.

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

None

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

None

13.9 Commitments to acquire intangible assets

None.

13.10 Disclosure on revalued intangible assets

None.

13.11 Research and development costs expensed during current period

None.

13.12 Goodwill

None.

14. Information on investment properties

None.

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15. Information on deferred tax asset

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

As of 31 December 2019, the deferred tax assets amounting to TL 54.503 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2018: TL 79.351 deferred tax asset).

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

	Current Period	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Assets Valuation	(124.029)	(24.671)
Unearned Commission Income/Prepaid Commission	13.823	3.041
Retirement Pay and Unused Vacation Provision	29.953	6.287
Tangible Assets Base Differences	(29.545)	(5.909)
Provisions	345.129	73.408
Other	10.852	2.347
Deferred Tax Asset/(Liability)	246.183	54.503

	Prior Period	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Loss	105.405	23.190
Financial Assets Valuation	(108.312)	(26.047)
Unearned Commission Income/Prepaid Commission	20.772	4.570
Retirement Pay and Unused Vacation Provision	23.498	4.944
Tangible Assets Base Differences	(17.859)	(3.572)
Provisions	353.131	75.366
Other	4.182	900
Deferred Tax Asset/(Liability)	380.817	79.351

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

	1 January - 31 December 2019	1 January - 31 December 2018
Deferred Tax Asset, 1 January	79.351	9.504
Deferred Tax Income / (Expense)	(15.309)	(41.147)
Deferred Tax Recognized Directly Under Equity	(9.539)	110.994
Deferred Tax Asset/(Liability) , Period End Balance	54.503	79.351

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- 15.2** *Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in prior periods in the balance sheet*
- None. (31 December 2018: None)
- 15.3** *Deferred tax asset resulting from the cancellation of the provision for impairment losses related to the deferred taxes*
- None.
- 16.** **Information on assets held for sale and non-current assets related to discontinued operations**
- As of 31 December 2019, the Group has TL 63.247 assets held for sale (31 December 2018: TL 215.235).
- 17.** **Information on other assets**
- Other assets do not exceed 10% of total assets excluding the off-balance sheet items.
- 17.1** *Information on prepaid expenses, tax and similar items*
- As of 31 December 2019, total prepaid expenses are TL 42.018 (31 December 2018: TL 30.557).

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II. Explanations and disclosures related to consolidated liabilities

1. Information on deposits

1.1 Information on maturity structure of deposits

Current Period

	Demand	7 Days Notice	Up to 1 Month	Up to 3 Months	3-6 Months	6 Months -		Cumulative	Total
						1 Year	1 Year and Over	Deposit	
Saving Deposits	217.255	--	3.423.787	1.503.762	55.737	181.346	110.105	--	5.491.992
Foreign Currency Deposits	624.521	--	2.338.733	2.869.532	539.707	446.008	28.506	--	6.847.007
Residents in Turkey	569.703	--	2.326.177	2.862.047	539.338	445.553	28.419	--	6.771.237
Residents Abroad	54.818	--	12.556	7.485	369	455	87	--	75.770
Public Sector Deposits	59.892	--	--	--	--	--	--	--	59.892
Commercial Deposits	329.418	--	169.359	558.319	4.516	964	1.664	--	1.064.240
Other Ins. Deposits	2.348	--	3.959	21.696	--	40	242	--	28.285
Precious Metal Deposits	25.146	--	--	--	--	--	--	--	25.146
Interbank Deposits	22.159	--	12.262	14.705	--	--	--	--	49.126
Central Bank of Turkey	--	--	--	--	--	--	--	--	--
Domestic Banks	68	--	--	6.916	--	--	--	--	6.984
Foreign Banks	11.605	--	12.262	7.789	--	--	--	--	31.656
Special Finan.Inst.	10.486	--	--	--	--	--	--	--	10.486
Other	--	--	--	--	--	--	--	--	--
Total	1.280.739	--	5.948.100	4.968.014	599.960	628.358	140.517	--	13.565.688

Prior Period

	Demand	7 Days Notice	Up to 1 Month	Up to 3 Months	3-6 Months	6 Months -		Cumulative	Total
						1 Year	1 Year and Over	Deposit	
Saving Deposits	96.239	--	738.810	1.592.139	1.257.139	478.607	321.611	--	4.484.545
Foreign Currency Deposits	395.655	--	883.617	2.656.753	216.034	123.331	197.448	--	4.472.838
Residents in Turkey	370.154	--	875.647	2.648.053	215.735	122.674	73.312	--	4.305.575
Residents Abroad	25.501	--	7.970	8.700	299	657	124.136	--	167.263
Public Sector Deposits	459	--	--	293	--	--	--	--	752
Commercial Deposits	197.420	--	341.316	690.084	169.870	90.089	124.025	--	1.612.804
Other Ins. Deposits	2.057	--	4.354	29.074	16.278	95	38.221	--	90.079
Precious Metal Deposits	12.368	--	--	--	--	--	--	--	12.368
Interbank Deposits	88.410	--	465.589	82.830	2.926	--	--	--	639.755
Central Bank of Turkey	--	--	273.793	--	--	--	--	--	273.793
Domestic Banks	14.938	--	157.837	--	2.926	--	--	--	175.701
Foreign Banks	37.903	--	33.959	82.830	--	--	--	--	154.692
Special Finan.Inst.	35.569	--	--	--	--	--	--	--	35.569
Other	--	--	--	--	--	--	--	--	--
Total	792.608	--	2.433.686	5.051.173	1.662.247	692.122	681.305	--	11.313.141

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

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	2.739.691	1.208.164	2.736.619	3.253.366
Foreign Currency Saving Deposits	1.025.106	391.384	4.415.973	2.840.835
Other Deposits in the Form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--	--	--
Total	3.764.797	1.599.548	7.152.592	6.094.201

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

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

	Current Period	Prior Period
- Deposits and Accounts in Branches Abroad	--	--
- Deposits of Ultimate Shareholders and Their Close Families	23.907	37.448
- Deposits of Chairman and Members of the Board of Directors and their Close Families	21.646	21.379
- Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004.	--	--
- Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities	--	--

2. Information on derivative financial liabilities held for trading

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	65.341	--	101.503	--
Swap Transactions	386.379	--	846.126	--
Futures Transactions	--	--	--	--
Options	195.948	27.093	340.718	26.067
Other	--	--	--	--
Total	647.668	27.093	1.288.347	26.067

(*) Derivatives for hedging purpose are excluded.

3. Information on banks and other financial institutions

3.1 Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	--	--	--	--
From Domestic Banks and Institutions	16.773	391.415	10.298	255.075
From Foreign Banks, Institutions and Funds	--	451.193	--	1.073.839
Total	16.773	842.608	10.298	1.328.914

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3.2 Maturity analysis of borrowing

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	16.773	112.037	10.298	66.671
Medium and Long Term	--	730.571	--	1.262.243
Total	16.773	842.608	10.298	1.328.914

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

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

4. Information related with issued instruments

Current Period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	383.867	--	--	1.300.613
Book Value	383.937	--	--	1.334.395

Prior period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	519.481	--	--	1.304.630
Book Value	503.729	--	--	1.338.856

5. Other Liabilities

Other liabilities of balance sheet do not exceed 10% of the balance sheet total.

6. Obligations under financial lease

With the "TFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by leases. Implementation and impacts on transition of TFRS 16 are presented in Note XXVII of Section Three.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	31.985	37.899	194	171
Between 1-4 Years	54.263	29.917	313	292
More than 4 Years	3.429	820	--	--
Total	89.677	68.636	507	463

6.1 Additional explanations related to the changes in agreements and the additional liabilities brought by these changes

None

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II. Explanations and disclosures related to liabilities (continued)

7. Information on derivative financial liabilities for hedging purposes

As of 31 December 2019, derivative financial liabilities for hedging purposes is TL 113.444 (31 December 2018: TL 201.839).

8. Information on provisions

8.1 Foreign exchange losses on the foreign currency indexed loans

The foreign exchange losses on foreign currency indexed loans are netted off from the loans on the balance sheet. As of 31 December 2019, there is no provision of foreign exchange loss on the foreign currency indexed loans. (31 December 2018: None).

8.2 The specific provisions provided for unindemnified non cash loans

As of 31 December 2019, the specific provision provided for unindemnified non cash loans is TL 11.449 (31 December 2018: TL 5.215).

8.3 Explanation on other provisions

8.3.1 Provisions for possible losses

	Current Period	Prior Period
Provisions for Possible Losses	44.500	65.000

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

None.

8.3.3 Explanations on reserves for employee benefits

As of 31 December 2019, reserves for employee benefits amounting to TL 29.953 (31 December 2018: TL 23.499) comprise of TL 15.083 reserve for employee termination benefits (31 December 2018: TL 11.187), TL 4.965 unused vacation pay liability (31 December 2018: TL 3.407) and TL 9.905 personnel premium accrual (31 December 2018: TL 8.904).

The table below shows the predicted total net cost from employee termination benefits.

	Current Period	Prior Period
Balance at the Beginning	11.187	11.497
Change in the period	6.338	3.578
Aktuerial Loss/Profit Transferred to Equity	2.542	1.384
Paid in the Period	(4.984)	(5.272)
Balance at the End	15.083	11.187

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9. Explanations on Tax Liability

9.1 Explanations on current tax liability

9.1.1 Explanations on tax provision

As of 31 December 2019, the Group's current tax liability is TL 41.045 (31 December 2018: TL 39.477)

9.1.2 Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	--	--
Taxation on securities	17.703	14.434
Property tax	357	366
Banking and Insurance Transaction Tax (BITT)	10.555	15.284
Taxes on foreign exchange transactions	584	--
Value added taxes payable	1.364	815
Income tax ceased from wages	4.755	3.800
Other	787	660
Total	36.105	35.359

9.1.3 Information on premium

	Current Period	Prior Period
Social Security Premiums- Employee	2.089	1.741
Social Security Premiums- Employer	2.415	2.010
Bank Social Aid Pension Fund Premium- Employee	--	--
Bank Social Aid Pension Fund Premium- Employer	--	--
Pension Fund Membership Fees and Provisions- Employee	--	--
Pension Fund Membership Fees and Provisions- Employer	--	--
Unemployment Insurance- Employee	146	121
Unemployment Insurance- Employer	290	246
Other	--	--
Total	4.940	4.118

9.2 Explanations on deferred tax liabilities

None (31 December 2018: None).

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

None (31 December 2018: None).

11. Explanations on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments subject to common equity	100.000	178.263	--	--
Subordinated loans	--	--	--	--
Subordinated debt instruments* (*)	100.000	178.263	--	--
Debt instruments subject to Tier 2 equity	--	1.610.755	--	1.596.143
Subordinated loans	--	--	--	--
Subordinated debt instruments	--	1.610.755	--	1.596.143
Total	100.000	1.789.018	--	1.596.143

(*) Related debt instrument is shown in "Other Capital Reserves" account.

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12. Information on shareholders' equity

12.1 Paid-in capital

	Current Period	Prior Period
Common Stock	941.161	941.161
Preferred Stock	--	--

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

Registered share capital system is not applied.

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

None.

12.4 Information on share capital increases from revaluation funds:

None.

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

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

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

None.

12.7 Information on privileges given to stocks representing the capital

The Group does not have any preferred shares.

12.8 Common stock issue premiums, shares and equity instruments

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

	Current Period	Prior Period
Number of Shares (Thousand)	26.230.098	26.230.098
Number of Privileged Shares	--	--
Share Premium	128.678	128.678
Share Cancellation Profits	--	--
Other Equity Instruments	--	--

12.9 Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates, and Entities Under Common Control (Joint Ventures)	--	--	--	--
Security Valuation Difference	3.033	12.741	(363)	(26.209)
Exchange Difference	--	--	--	--
Total	3.033	12.741	(363)	(26.209)

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12. Information on shareholders' equity (continued)

12.10 Information on other capital reserves

The Parent Bank has issued a TL-denominated debt instrument on 20 March 2019 with nominal amount of TL 100.000 with a floating interest rate, which fulfills the conditions of 7th section-2nd paragraph of BRSA's "Regulation on Equities of Banks", has equity characteristics and will be added to Tier I capital calculations. It is recognised under "Other Capital Reserves" account.

12.11 Information on revaluation reserve

None.

12.12 Bonus shares of subsidiaries, associates and joint ventures

None.

12.13 Information on legal reserves

	Current Period	Prior Period
Legal Reserves	31.719	21.886
Special Reserves	--	--

12.14 Information on extraordinary reserves

	Current Period	Prior Period
Reserves allocated by the General Assembly	252.630	388.400
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Capital Exchange Differences	--	--

In the Ordinary General Assembly Meeting of the Bank, which was held on 27 March 2019, it was decided to set off the accumulated loss to extraordinary legal reserve.

13. Information on minority shares:

	Current Period	Prior Period
Opening Balance	58	54
Minority Shares in Net Profit of Subsidiaries	29	4
Dividend Payment in Prior Period	--	--
Increase / (Decrease) in Minority Shares due to Sale	--	--
Others	--	--
Period-end Balance	87	58

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

1. Information on consolidated off-balance sheet commitments

1.1 Nature and amount of irrevocable loan commitments

	Current Period	Prior Period
Asset Sale and Purchase Commitments	4.527.252	3.077.634
Credit Card Limit Commitments	32.901	85.881
Credit Card and Bank Trans. Promo. Guarantee	1	1
Commitments for Credit Allocation with the Guarantee of Usage	876.316	615.901
Export Commitments	5.940	6.502
Commitment for Cheques	187.578	199.635
Other Irrevocable Commitments	15.152	13.659
Total	5.645.140	3.999.213

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

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

	Current Period	Prior Period
Letters of Guarantee TL	432.859	419.207
Letters of Guarantee FC	317.754	266.723
Letters of Credit	168.208	56.195
Bills of Exchange and Acceptances	105.847	129.425
Total	1.024.668	871.550

The Bank has set aside TL 13.331 of expected credit loss allowance for non-cash loans (December 2018 TL 13.161).

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Revocable Letters of Guarantee	37.188	1.811
Irrevocable Letters of Guarantee	659.784	623.944
Letters of Guarantee Given in Advance	28.699	36.898
Letters of Guarantee Given to Customs	5.423	2.209
Other Letters of Guarantee	19.519	21.068
Total	750.613	685.930

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	7.898	14.403
With Original Maturity of 1 Year or Less Than 1 Year	--	--
With Original Maturity of More Than 1 Year	7.898	14.403
Other Non-Cash Loans	1.016.770	857.147
Total	1.024.668	871.550

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	2.050	0,5%	27.275	4,6%	5.776	1,4%	5.960	1,3%
Farming and raising livestock	--	0,0%	--	0,0%	487	0,1%	--	0,0%
Forestry	2.050	0,5%	27.275	4,6%	5.289	1,3%	5.960	1,3%
Fishing	--	0,0%	--	0,0%	--	0,0%	--	0,0%
Manufacturing	28.713	6,6%	180.630	30,5%	47.787	11,4%	234.802	52,0%
Mining	2.406	0,6%	1.496	0,3%	4.758	1,1%	3.109	0,7%
Production	20.674	4,8%	179.134	30,3%	32.731	7,8%	231.693	51,3%
Electric, gas and water	5.633	1,3%	--	0,0%	10.298	2,5%	--	0,0%
Construction	86.747	20,0%	39.551	6,7%	112.749	26,9%	83.024	18,4%
Services	148.571	34,3%	186.821	31,6%	203.698	48,5%	121.142	26,8%
Wholesale and retail trade	57.757	13,3%	93.435	15,8%	47.848	11,4%	49.510	11,0%
Hotel, food and beverage services	4.312	1,0%	36.930	6,2%	15.210	3,6%	39.117	8,7%
Transportation and telecommunication	15.030	3,5%	9.014	1,5%	16.070	3,8%	6.916	1,5%
Financial Institutions	41.370	9,6%	37.608	6,4%	101.744	24,2%	19.230	4,3%
Real estate and renting services	14.626	3,1%	655	0,1%	1.043	0,2%	--	0,0%
Self-employment services	10.986	2,5%	7.482	1,3%	5.888	1,4%	69	0,0%
Education services	1.687	0,4%	--	0,0%	2.918	0,7%	341	0,1%
Health and social services	2.803	0,6%	1.697	0,3%	12.977	3,1%	5.959	1,3%
Other	166.778	38,5%	157.532	26,6%	49.626	11,8%	6.986	1,5%
Total	432.859	100,0%	591.809	100,0%	419.636	100,0%	451.914	100,0%

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

	Stage I		Stage II	
	TL	FC	TL	FC
Current Period				
Letters of Guarantee	406.915	312.347	25.944	5.407
Bills of Exchange and Bank Acceptances	--	105.847	--	--
Letters of Credit	--	168.208	--	--
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Related Guarantees	--	--	--	--
Other Guarantees and Sureties	--	--	--	--
Non-Cash Loans	406.915	586.402	25.944	5.407
	Stage I		Stage II	
	TL	FC	TL	FC
Prior Period				
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)	28.917.977	35.863.444
Forward Transactions	4.459.648	5.362.018
Swap Transactions	18.989.037	24.249.617
Futures Transactions	--	5.484
Option Transactions	5.469.292	6.246.325
Interest Related Derivative Transactions (II)	644.020	576.090
Forward Rate Transactions	--	--
Interest Rate Swap Transactions	644.020	576.090
Interest Option Transactions	--	--
Futures Interest Transactions	--	--
Other Trading Derivative Transactions (III)	1.157.032	703.519
A. Total Derivative Transactions Held for Trading (I+II+III)	30.719.029	37.143.053
Types of hedging transactions		
Fair Value Hedges	2.197.519	930.574
Cash Flow Hedges	--	--
Net Investment Hedges	--	--
B. Total Derivative Transactions Held for Hedging Purposes	2.197.519	930.574
Total Derivative Transactions (A+B)	32.916.548	38.073.627

6. Credit derivatives and risk exposures on credit derivatives

None.

7. Explanations on contingent liabilities and assets

The Group provided provision of TL 2.107 for the legal cases pending against the Group where the cash out flows are probable (31 December 2018: TL 2.156).

8. Custodian and intermediary services

The Group provides trading and safe keeping services in the name and account of third parties. Such transactions are presented in off-balance statements.

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IV. Explanations and disclosures related to the statement of profit or loss

1. Interest income

1.1 Information on interest on loans

	Current Period		Prior Period	
	TP	YP	TP	YP
Interest on loans(*)	1.815.576	406.944	2.003.549	370.981
Short Term Loans	1.039.354	88.811	1.218.986	47.464
Medium and Long Term Loans	776.222	318.133	784.563	323.517
Interest on Non-Performing Loans	9.776	--	4.800	--
Premiums received from Resource Utilization Support Fund	--	--	--	--
Total	1.825.352	406.944	2.008.349	370.981

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

1.2 Information on interest income received from banks

	Current Period		Prior Period	
	TP	YP	TP	YP
The Central Bank of Turkey	5.831	--	62.012	--
Domestic Banks	109.615	375	81.220	854
Foreign Banks	--	1.414	--	765
Branches and Head Office Abroad	--	--	--	--
Total	115.446	1.789	143.232	1.619

1.3 Interest received from marketable securities portfolio

	Current Period		Prior Period	
	TP	YP	TP	YP
Financial Assets at Fair Value Through Profit or Loss	17.736	67	2.798	265
Financial Assets at Fair Value Through Other Comprehensive Income	903	41.926	2.027	37.392
Financial Assets Measured at Amortized Cost	10.220	18.376	15.618	903
Total	28.859	60.369	20.443	38.560

1.4 Information on interest income received from associates and subsidiaries

None (31 December 2018: None).

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2. Interest expense

2.1 Information on interest on funds borrowed

	Current Period		Prior Period	
	TP	YP	TP	YP
Banks	1.548	35.922	1.281	63.407
The Central Bank of Turkey	--	--	--	--
Domestic Banks	1.548	22.468	1.273	11.140
Foreign Banks	--	13.454	8	52.267
Branches and Head Office Abroad	--	--	--	--
Other Institutions	--	146.966	--	153.000
Total	1.548	182.888	1.281	216.407

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

2.2 Information on interest expenses to associates and subsidiaries

Total interest expense given to subsidiaries is TL 408 (1 January - 31 December 2018: 492).

2.3 Information on interest expenses to marketable securities

	Current Period		Prior Period	
	TP	YP	TP	YP
Interest Paid to Marketable Securities	100.699	79.165	191.288	79.101

2.4 Information maturity structure of deposits

Account Description	Demand Deposits	Time Deposits					Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 6 Year	1 Year and Over		
<i>Turkish Lira</i>								
Bank Deposits	--	15.760	--	--	--	--	--	15.760
Saving Deposits	--	348.807	280.053	71.971	65.735	71.604	--	838.170
Public Sector Deposits	--	101	24	--	--	--	--	125
Commercial Deposits	--	36.178	161.878	13.033	9.401	15.810	--	236.300
Other	--	653	8.037	598	48	805	--	10.141
7 Days Notice	--	--	--	--	--	--	--	--
Total	--	401.499	449.992	85.602	75.184	88.219	--	1.100.496
<i>Foreign Currency</i>								
Foreign Currency Deposits	--	44.487	95.008	8.028	11.319	6.076	--	164.918
Bank Deposits	--	11.265	--	--	--	--	--	11.265
7 Days Notice	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	21	--	--	--	--	--	21
Total	--	55.773	95.008	8.028	11.319	6.076	--	176.204
Grand Total	--	457.272	545.000	93.630	86.503	94.295	--	1.276.700

3. Information on dividend income

None (31 December 2018: None).

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4. Information on net trading income / loss

	Current Period	Prior Period
Income	1.803.527	3.803.792
Gains on Capital Market Operations	66.313	67.448
Gains on Derivative Financial Instruments	807.204	2.021.638
Foreign Exchange Gains	930.010	1.714.706
Loss (-)	1.730.412	3.796.361
Losses on Capital Market Operations	3.973	2.862
Losses on Derivative Financial Instruments	807.645	2.151.993
Foreign Exchange Losses	918.794	1.641.506
Net Trading Income / (Loss)	73.115	7.431

5. Information on other operating income

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

6. Provisions for Expected Losses

	Current Period	Prior Period
Expected Credit Losses	489.872	470.830
12 Month Expected Credit Losses (Stage 1)	16.442	11.960
Significant Increase In Credit Risk (Stage 2)	2.902	86.086
Impaired Credits (Stage 3)	470.528	372.784
Impairment Losses on Marketable Securities	--	--
Financial Assets Valued at Fair Value Through Profit or Loss	--	--
Financial Assets Valued at Fair Value Through Other Comprehensive Income	--	--
Impairment Losses on Associates, Subsidiaries and Joint Ventures	--	--
Associates	--	--
Subsidiaries	--	--
Joint-Ventures	--	--
Other (*)	98	16.074
Total	489.970	486.904

(*) No provisions for possible losses in the current period. (31 December 2018: TL 9.500)

7. Information related to other operational expenses

	Current Period	Prior Period
Provision for Employee Termination Benefits	1.354	12
Provision for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	14.361	12.735
Impairment Losses on Intangible Assets	--	--
Depreciation Charges of Intangible Assets	12.886	6.315
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	--	201
Impairment of Assets Held for Sale	27.766	--
Other Operating Expenses	120.856	131.686
Operational leases expenses related with TFRS 16 exceptions(*)	1.073	39.841
Repair and Maintenance Expenses	3.520	3.091
Advertisement Expenses	13.392	15.000
Other Expenses	102.871	73.754
Losses on Sale of Assets	2.283	979
Other	82.596	70.064
Total	262.102	221.992

(*) 31 December 2018 amounts include all operational leases expenses.

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

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

	Current Period	Prior Period
Interest Income	2.496.641	2.620.901
Interest Expenses (-)	1.680.573	1.747.535
Net Fee and Commission income	206.746	81.247
Dividend Income	--	--
Trading Profit/Loss (Net)	73.115	7.431
Other Operating Income(*)	171.485	217.783
Provision for Impairment in Loans and Other Receivables	489.872	470.830
Other Provision Expenses (-)	98	16.074
Personnel Expenses (-)	261.476	232.653
Other Operating Expenses (-)	262.102	221.992
Profit/(loss) Before Tax	253.866	238.278

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

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

The current tax expense of the Group is TL 23.601 expense as of 31 December 2019 (1 January - 31 December 2018: TL 117 expense). The deferred tax expense of the Group is TL 15.309 (1 January - 31 December 2018: TL 41.147 deferred tax expense).

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

	Current Period	Prior Period
Profit/(Loss) Before Tax from Continuing Operations	253.866	238.278
Tax Benefit/(Charge) on Continuing Operations	(38.910)	(41.264)
Net Profit/(Loss) from Continuing Operations	214.956	197.014

11. Information on net profit/loss for the period

11.1 The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Group's performance for the period

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

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

11.3 Consolidated profit in current period from minority shares

Consolidated profit in current period from minority shares is TL 29 (2018: TL 4)

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

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

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

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

1. Information on inflation adjustment difference of shareholders' equity

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

In accordance with the circular, TL 17.416 inflation adjustments to paid-in-capital until 31 December 2005 have been transferred to "Other Capital Reserves" account which was formerly recognized in "Inflation Adjustment to Paid-in-Capital" account. Mentioned inflation adjustment was used in the capital increase from TL 426.650 to TL 550.000 together with TL 9.502 profit from the disposal of real estate and TL 96.432 cash contribution of Fiba Holding A.Ş. in accordance with the Board of Directors decision dated 25 February 2013. Legal procedures were completed on 29 May 2013 and capital increase was accounted for in the financial statements.

2. Information on profit distribution

The decision relating to distribution of 2019 profit will be made at the General Assembly.

At the General Assembly meeting held on 27 March 2019, 2018 profit of the Parent Bank was decided to be distributed as follows:

Profit or Loss	196.659
A- Legal Reserves	9.833
B- Extraordinary Reserves	186.826

3. Information on foreign exchange difference

None.

4. Information on financial assets at fair value through other comprehensive income

Mark to market gains and losses on financial assets at fair value through other comprehensive income securities are not reflected to profit and loss but recognized in equity under "Securities Valuation Reserve" account until such securities are sold, redeemed, disposed of or impaired; recognised as "Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss" under equity.

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VI. Explanations and disclosures related to the consolidated statement of cash flows

1. Information on cash and cash equivalents

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

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

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

	1 January 2019	1 January 2018
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

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

	31 December 2019	31 December 2018
Cash	259.794	138.331
Banks and Other Financial Institutions	1.833.199	1,643.619
Money Market Placements	30.010	306.208
Total Cash and Cash Equivalent Assets	2.123.003	2.088.158

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

In the current period, demand deposits of TL 31.976 which is blocked at foreign banks as the guarantee of derivative transactions and required reserves at the Central Bank of Turkish Republic are not included in cash and cash equivalents (31 December 2018: TL 199.562).

3. Information on other item in cash flow statement and the effect of the exchange rate change on cash and cash equivalents

"Other items" amounting to TL (256.217) in "operating profit before changes in operating assets and liabilities" consists of other operating expenses and realized derivative losses (31 December 2018: TL (574.205)).

"Net increase/decrease in other liabilities" amounting to TL (26.753) in "Changes in operating assets and liabilities" consists of changes in sundry creditors, taxes and due payables, other liabilities (31 December 2018: TL 570.938).

"Net increase/decrease in other assets" amounting to TL (101.962) in "Changes in operating assets and liabilities" consists of changes in sundry receivables, other receivables (31 December 2018: TL (154.303)).

"Other" amounting to TL (47.682) in "Net cash flows from investment activities" consists of purchases of intangible asset (31 December 2018: TL (35.333)).

"The effect of exchange rate changes on cash and cash equivalents" is the amount arising from conversion of the cash and cash equivalents denominated in foreign currencies with the average of the exchange rates effective at the beginning and at the end of the related periods and is TL (75.065) the current period (1 January- 31 December 2018: TL 233.413).

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

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

1.1 Current period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	20	402.272	55.468
Balance at the End of the Period	--	--	--	20	331.014	61.073
Interest and Commission Income Received	--	--	--	--	39.078	105

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

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

Prior period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	22	11.556	48.284
Balance at the End of the Period	--	--	--	20	402.272	55.468
Interest and Commission Income Received	--	--	--	--	51.949	171

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

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

1.2 Information on deposits of the Bank's risk group

Bankanın Dahil Olduğu Risk Grubu*	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	1.774	--	80.750	300.055	460.871	409.339
Balance at the End of the Period	7.685	1.774	57.840	80.750	231.137	460.871
Deposit Interest Expense	408	492	20.577	7.427	49.554	53.501

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

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

As of 31 December 2019, there are no funds other than deposit obtained from Bank's risk group (31 December 2018: TL 210.925; that fund amount other than deposit has obtained from IFC and EBRD in the form of borrowings).

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

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss:	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	--	780.609	899.553
Balance at the End of the Period	--	--	--	--	741.741	780.609
Total Income/Loss	--	--	--	--	(37.471)	(45.510)
Transactions for Hedging Purposes:	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/Loss	--	--	--	--	--	--

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

2. Information on transactions with the Bank's risk group

2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties

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

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

As of 31 December 2019, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 2,12% (31 December 2018: 2,68%) and the ratio of the deposits of entities of risk group to total deposits is 2,19% (31 December 2018: 4,80%). There are no funds obtained from entities of risk group (31 December 2018:7,4%).

In current period benefits; such as salaries and bonuses; provided to the key management is TL 15.964 (1 January - 31 December 2018: TL 12.693).

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

None.

2.4 Transactions accounted for under equity method

None.

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

None.

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

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

	Number	Number of Employees			
Domestic Branch	63	1.541			
			Country of Incorporations		
Foreign Reprasantation Office			1-		
			2-		
			3-		
				Total Assets	Statutory Share Capital
Foreign Branch			1-		
			2-		
			3-		
Off-shore Banking Region Branches			1-		
			2-		
			3-		

Domestic Consolidated Subsidiaries

	Number of Employees	Assets	Legal Capital
Fiba Portföy Yönetimi A.Ş.	13	9.854	5.500

IX. Events after balance sheet date

None.

SECTION SIX

1. Other disclosures on activities of the Parent Bank

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2019

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

SECTION SEVEN

DISCLOSURES ON INDEPENDENT AUDIT REPORT

I. Disclosures on auditors' report

The consolidated financial statements of the Bank and its subsidiary as of 31 December 2019, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative) and an independent audit report is presented before the accompanying financial statements

II. Disclosures and footnotes prepared by independent auditors

None.