

Fibabanka Anonim Şirketi and Its Subsidiary

Consolidated Financial Statements
as of and for the Year Ended
31 December 2020

With Independent Auditors'
Report Thereon

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



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

**Convenience Translation of the Independent Auditor's Report Originally Prepared
and Issued in Turkish to English**

To the Shareholders of Fibabanka Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Fibabanka Anonim Şirketi ("the Bank") and its subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2020 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 subsidiaries as at 31 December 2020, 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 Banking Regulation and Supervision Board 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 2020 include a general provision of total of TL 151.000 thousands, of which TL 106.500 thousands was recognised as expense in the current period and TL 44.500 thousands had been recognised as expense in prior periods, which may arise in the economy or market conditions which is not in line with the requirements of BRSA Accounting and Financial 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.



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 Code of 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 the POA’s Code of Ethics and 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 Note XX to the consolidated financial statements.

| Key audit matter | How the matter is addressed in our audit |
|--|--|
| <p>As of 31 December 2020, loans measured at amortised cost comprise 72% 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 Group 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 design and implementation of expected credit loss model. | <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 the impact of COVID-19 on prospective information and macroeconomic variables. |



| | |
|---|--|
| <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.</p> <p>Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions including the impact of COVID-19, the level of judgements and its complex structure as explained above.</p> | <ul style="list-style-type: none"> • We evaluated the accuracy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis and discussed the assumptions and estimates with the Group management. • 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 unconsolidated financial statements' disclosures related to impairment provisions. |
|---|--|

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of 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 BRSA Auditing Regulation and 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 skepticism 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 2020 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

Alper Güvenç, SMMM
Partner

15 February 2021
İstanbul, Turkey

**THE CONSOLIDATED FINANCIAL REPORT OF
FİBABANKA A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2020**

Address : Esentepe Mah. Büyükdere Caddesi No:
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:

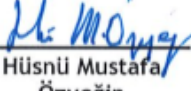

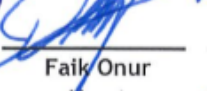

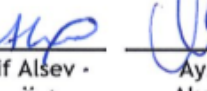

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE CONSOLIDATED GROUP
- EXPLANATORY DISCLOSURES AND FOOTNOTES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

| | | |
|---|--|-----|
| SECTION ONE | | |
| General Information | | |
| I. | History of the Parent Bank Including Its Incorporation Date, Initial Status and Amendments to the Initial Status | 1 |
| 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 | 1 |
| 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 | 2 |
| IV. | Individuals and Institutions That Have Qualified Shares in the Parent Bank | 3 |
| V. | Summary Information on the Parent Bank's Services and Activity Areas | 3 |
| VI. | Other Information | 3 |
| 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 | 3 |
| VIII. | Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between Parent Bank and Its Subsidiaries | 3 |
| SECTION TWO | | |
| Consolidated Financial Statements | | |
| I. | Consolidated Balance Sheet | 4 |
| II. | Consolidated Statement of Off-Balance Sheet Items | 6 |
| III. | Consolidated Statement of Profit or Loss | 7 |
| IV. | Consolidated Statement of Profit or Loss and Other Comprehensive Income | 8 |
| V. | Consolidated Statement of Changes in Shareholders Equity | 9 |
| VI. | Consolidated Statement of Cash Flows | 10 |
| VII. | Profit Distribution Table | 11 |
| SECTION THREE | | |
| Accounting Principles | | |
| I. | Explanations on the Basis of Presentation | 12 |
| II. | Explanations on the Usage Strategy of Financial Instruments and on Foreign Currency Transactions | 12 |
| III. | Explanations on Consolidated Subsidiaries | 13 |
| IV. | Explanations on Forward Transactions, Options and Derivative Instruments | 13 |
| V. | Explanations on Interest Income and Expenses | 14 |
| VI. | Explanations on Fee and Commission Income and Expenses | 14 |
| VII. | Explanations on Financial Assets | 14 |
| VIII. | Explanations on Expected Credit Losses | 16 |
| IX. | Explanations on Offsetting Financial Instruments | 18 |
| X. | Explanations on Sale and Repurchase Agreements and Securities Lending Transactions | 18 |
| XI. | Explanations on Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities | 18 |
| XII. | Explanations on Goodwill and Other Intangible Assets | 18 |
| XIII. | Explanations on Tangible Assets | 19 |
| XIV. | Explanations on Leasing Transactions | 20 |
| XV. | Explanations on Provisions and Contingent Liabilities | 20 |
| XVI. | Explanations on Contingent Assets | 20 |
| XVII. | Explanations on Liabilities for Employee Benefits | 20 |
| XVIII. | Explanations on Taxation | 21 |
| XIX. | Additional Explanations on Borrowings | 22 |
| XX. | Explanations on Share Certificates Issued | 22 |
| XXI. | Explanations on Bank Acceptances and Bills of Guarantee | 22 |
| XXII. | Explanations on Government Incentives | 22 |
| XXIII. | Explanations on Segment Reporting | 23 |
| XXIV. | Profit reserves and distribution of the profit | 23 |
| XXV. | Earnings Per Share | 24 |
| XXVI. | Cash and Cash Equivalent Assets | 24 |
| XXVII. | Other Disclosures | 24 |
| SECTION FOUR | | |
| Information on Consolidated Financial Position and Risk Management | | |
| I. | Information Related to the Components of Consolidated Shareholders' Equity | 26 |
| II. | Explanations on Consolidated Credit Risk | 39 |
| III. | Explanations on Consolidated Currency Risk | 46 |
| IV. | Explanations on Consolidated Interest Rate Risk | 48 |
| V. | Explanations on Consolidated Position Risk of Equity securities from banking book | 51 |
| VI. | Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratios | 51 |
| VII. | Explanations on Consolidated Leverage Ratio | 58 |
| VIII. | Explanation on Presentation of Financial Assets and Liabilities at Their Fair Values | 59 |
| IX. | Explanation on transactions carried out on behalf of customers and fiduciary activities | 60 |
| X. | Explanations on securitisations positions | 60 |
| XI. | Explanations on risk management objectives and policies | 60 |
| SECTION FIVE | | |
| Explanations and Notes on the Consolidated Financial Statements | | |
| I. | Explanations and Disclosures Related to the Consolidated Assets | 78 |
| II. | Explanations and Disclosures Related to the Consolidated Liabilities | 93 |
| III. | Explanations and Disclosures Related to Consolidated Off-Balance Sheet Contingencies and Commitments | 100 |
| IV. | Explanations and disclosures related to the statement of profit or loss | 103 |
| V. | Explanations and Disclosures Related to Statements of Changes in Consolidated Shareholders' Equity | 107 |
| VI. | Explanations and Disclosures Related to the Consolidated Statement of Cash Flows | 108 |
| VII. | Explanations and Disclosures on the Risk Group of the Parent Bank | 109 |
| VIII. | Explanations on the Parent Bank's Domestic, Foreign, Off-shore Branches or Investments in Associates and Foreign Representative Offices | 111 |
| IX. | Events after Balance Sheet Date | 111 |
| SECTION SIX | | |
| Other Disclosures | | |
| I. | Other Disclosures on Activities of the Parent Bank | 111 |
| SECTION SEVEN | | |
| Disclosures on Auditors' Report | | |
| I. | Disclosures on independent auditor's report | 112 |
| II. | Disclosures and footnotes prepared by independent auditors | 112 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

(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 2020 the total shares held by the Bank's Management represent 0,54% 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.

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 2020, paid-in capital of the Bank is TL 941.161 and all paid in.

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

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

| <u>Name Surname</u> | <u>Title</u> | <u>Assignment Date</u> |
|--------------------------------------|--------------------------|------------------------|
| <i>Board of Directors (*)</i> | | |
| Hüsnü Mustafa Özyeğin | Chairman | 27-Dec-10 |
| Fevzi Bozer | Deputy Chairman | 27-Dec-10 |
| Mehmet Güleşci | Member | 27-Dec-10 |
| 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 |
| Seyfettin Ata Köseoğlu | Member | 23-Jan-20 |
| Ömer Mert | General Manager - Member | 18-Jan-17 |

(*) Bank's Board Member Mr. Mevlüt Hamdi Aydın has resigned as of 31 January 2020. Mr.Seyfettin Ata Köseoğlu has been assigned as Bank's Board Member as of 23 January 2020.

| | | |
|----------------------------------|--------|-----------|
| <i>Audit Committee(*)</i> | | |
| İsmet Kaya Erdem | Member | 27-Dec-19 |
| Faik Onur Umut | Member | 14-Jan-20 |

(*) Bank's Audit Committee Member Mr. Mevlüt Hamdi Aydın has resigned as of 31 January 2020. Mr.Faik Onur Umut has been assigned as Audit Committee Member as of 14 January 2020.

| | | |
|--|---|-----------|
| <i>Assistant General Managers (*)</i> | | |
| 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 |
| İbrahim Toprak | AGM - Treasury | 01-Apr-20 |
| Serdar Yılmaz | AGM - Information Technologies and Banking Operations | 01-Sep-20 |

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 2020

(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. | 673.808 | 71,59% | 673.808 | -- |
| Hüsnü Mustafa Özyeğin (*) | 667.088 | 70,88% | 667.088 | -- |

(*) 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 2020, the Bank serves with 50 domestic branches and 1.564 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 2020 - 31 December 2020 |

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 2020

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

| ASSETS | Footnotes | CURRENT PERIOD (31/12/2020) | | | PRIOR PERIOD (31/12/2019) | | |
|---|-----------|--------------------------------|------------|------------|------------------------------|------------|------------|
| | | TL | FC | Total | TL | FC | Total |
| I. FINANCIAL ASSETS (Net) | | 2.123.398 | 3.970.228 | 6.093.626 | 3.406.780 | 3.418.554 | 6.825.334 |
| 1.1 Cash and Cash Equivalents | (5.1.1) | 1.269.829 | 2.950.698 | 4.220.527 | 633.126 | 2.595.084 | 3.228.210 |
| 1.1.1 Cash and Balances at Central Bank | | 466.024 | 2.455.668 | 2.921.692 | 200.986 | 2.506.889 | 2.707.875 |
| 1.1.2 Banks | (5.1.3) | 465.578 | 422.967 | 888.545 | 402.631 | 88.195 | 490.826 |
| 1.1.3 Money Market Placements | | 340.168 | 72.063 | 412.231 | 30.010 | - | 30.010 |
| 1.1.4 Expected Credit Loss (-) | | 1.941 | - | 1.941 | 501 | - | 501 |
| 1.2 Financial Assets Measured at Fair Value Through Profit or Loss | (5.1.2) | 138.205 | 3 | 138.208 | 2.045.039 | 718 | 2.045.757 |
| 1.2.1 Government Debt Securities | | 27.480 | 3 | 27.483 | 24.835 | 706 | 25.541 |
| 1.2.2 Equity Securities | | - | - | - | - | - | - |
| 1.2.3 Other Financial Assets | | 110.725 | - | 110.725 | 2.020.204 | 12 | 2.020.216 |
| 1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income | (5.1.4) | 18.405 | 1.009.121 | 1.027.526 | 16.849 | 795.616 | 812.465 |
| 1.3.1 Government Debt Securities | | 13.508 | 381.334 | 394.842 | 11.952 | 177.546 | 189.498 |
| 1.3.2 Equity Securities | | 4.897 | 5.466 | 10.363 | 4.897 | 3.800 | 8.697 |
| 1.3.3 Other Financial Assets | | - | 622.321 | 622.321 | - | 614.270 | 614.270 |
| 1.4 Derivative Financial Assets | (5.1.2) | 696.959 | 10.406 | 707.365 | 711.766 | 27.136 | 738.902 |
| 1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss | | 696.959 | 10.406 | 707.365 | 711.766 | 27.136 | 738.902 |
| 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) | 11.759.762 | 8.243.953 | 20.003.715 | 6.656.778 | 7.594.623 | 14.251.401 |
| 2.1 Loans | (5.1.5) | 12.302.304 | 7.218.181 | 19.520.485 | 7.270.746 | 7.206.662 | 14.477.408 |
| 2.2 Lease Receivables | (5.1.10) | - | - | - | - | - | - |
| 2.3 Factoring Receivables | (5.1.5) | 100.322 | 5.529 | 105.851 | 1.723 | 1.369 | 3.092 |
| 2.4 Financial Assets Measured at Amortised Cost | (5.1.6) | 187.659 | 1.020.243 | 1.207.902 | 188.506 | 386.592 | 575.098 |
| 2.4.1 Government Debt Securities | | 187.659 | 1.006.930 | 1.194.589 | 188.506 | 386.592 | 575.098 |
| 2.4.2 Other Financial Assets | | - | 13.313 | 13.313 | - | - | - |
| 2.5 Expected Credit Losses (-) | | 830.523 | - | 830.523 | 804.197 | - | 804.197 |
| III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net) | (5.1.16) | 102.748 | - | 102.748 | 63.247 | - | 63.247 |
| 3.1 Assets Held for Sale | | 102.748 | - | 102.748 | 63.247 | - | 63.247 |
| 3.2 Related to Discontinued Operations | | - | - | - | - | - | - |
| IV. EQUITY INVESTMENTS | | 112.500 | - | 112.500 | 31.500 | - | 31.500 |
| 4.1 Investments in Associates (Net) | (5.1.7) | - | - | - | - | - | - |
| 4.1.1 Associates Accounted by Using Equity Method | | - | - | - | - | - | - |
| 4.1.2 Unconsolidated Associates | | - | - | - | - | - | - |
| 4.2 Investments in Subsidiaries (Net) | (5.1.8) | 112.500 | - | 112.500 | 31.500 | - | 31.500 |
| 4.2.1 Unconsolidated Financial Subsidiaries | | - | - | - | - | - | - |
| 4.2.2 Unconsolidated Non-financial Subsidiaries | | 112.500 | - | 112.500 | 31.500 | - | 31.500 |
| 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) | 360.135 | - | 360.135 | 324.109 | - | 324.109 |
| VI. INTANGIBLE ASSETS (Net) | (5.1.13) | 91.027 | - | 91.027 | 69.894 | - | 69.894 |
| 6.1 Goodwill | | - | - | - | - | - | - |
| 6.2 Other | | 91.027 | - | 91.027 | 69.894 | - | 69.894 |
| VII. INVESTMENT PROPERTY (Net) | (5.1.14) | - | - | - | - | - | - |
| VIII. CURRENT TAX ASSET | | 1.264 | - | 1.264 | 3.509 | - | 3.509 |
| IX. DEFERRED TAX ASSET | (5.1.15) | 191.840 | - | 191.840 | 54.503 | - | 54.503 |
| X. OTHER ASSETS | (5.1.17) | 255.721 | 25.055 | 280.776 | 237.049 | 28.661 | 265.710 |
| TOTAL ASSETS | | 14.998.395 | 12.239.236 | 27.237.631 | 10.847.369 | 11.041.838 | 21.889.207 |

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 2020

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

| LIABILITIES | Footnotes | CURRENT PERIOD | | | PRIOR PERIOD | | |
|---|-----------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | (31/12/2020) | | | (31/12/2019) | | |
| | | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | (5.II.1) | 9.286.198 | 8.381.210 | 17.667.408 | 6.658.867 | 6.906.821 | 13.565.688 |
| II. FUNDS BORROWED | (5.II.3) | 20.370 | 1.134.772 | 1.155.142 | 16.773 | 842.608 | 859.381 |
| III. MONEY MARKET FUNDS | | - | 610.160 | 610.160 | - | 733.257 | 733.257 |
| IV. SECURITIES ISSUED (Net) | (5.II.4) | - | 1.480.900 | 1.480.900 | 383.937 | 1.334.395 | 1.718.332 |
| 4.1 Bills | | - | - | - | 383.937 | - | 383.937 |
| 4.2 Asset Backed Securities | | - | - | - | - | - | - |
| 4.3 Bonds | | - | 1.480.900 | 1.480.900 | - | 1.334.395 | 1.334.395 |
| V. FUNDS | | - | - | - | - | - | - |
| 5.1 Borrower funds | | - | - | - | - | - | - |
| 5.2 Other | | - | - | - | - | - | - |
| VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | | - | - | - | - | - | - |
| VII. DERIVATIVE FINANCIAL LIABILITIES | (5.II.2) | 1.097.100 | 10.392 | 1.107.492 | 761.112 | 27.093 | 788.205 |
| 7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss | | 1.097.100 | 10.392 | 1.107.492 | 761.112 | 27.093 | 788.205 |
| 7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income | | - | - | - | - | - | - |
| VIII. FACTORING LIABILITIES | | - | - | - | - | - | - |
| IX. LEASE LIABILITIES (Net) | (5.II.6) | 52.863 | 767 | 53.630 | 63.707 | 4.929 | 68.636 |
| X. PROVISIONS | (5.II.8) | 205.971 | - | 205.971 | 97.137 | - | 97.137 |
| 10.1 Provisions for Restructuring | | - | - | - | - | - | - |
| 10.2 Reserve for Employee Benefits | | 37.613 | - | 37.613 | 29.953 | - | 29.953 |
| 10.3 Insurance Technical Provisions (Net) | | - | - | - | - | - | - |
| 10.4 Other Provisions | | 168.358 | - | 168.358 | 67.184 | - | 67.184 |
| XI. CURRENT TAX LIABILITIES | (5.II.9) | 187.777 | - | 187.777 | 41.045 | - | 41.045 |
| XII. DEFERRED TAX LIABILITIES | (5.II.9) | - | - | - | - | - | - |
| 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) | - | 2.127.599 | 2.127.599 | - | 1.789.018 | 1.789.018 |
| 14.1 Loans | | - | - | - | - | - | - |
| 14.2 Other Debt Instruments | | - | 2.127.599 | 2.127.599 | - | 1.789.018 | 1.789.018 |
| XV. OTHER LIABILITIES | (5.II.5) | 579.134 | 178.006 | 757.140 | 383.021 | 186.395 | 569.416 |
| XVI. SHAREHOLDERS' EQUITY | (5.II.12) | 1.865.999 | 18.413 | 1.884.412 | 1.646.351 | 12.741 | 1.659.092 |
| 16.1 Paid-in Capital | | 941.161 | - | 941.161 | 941.161 | - | 941.161 |
| 16.2 Capital Reserves | | 213.775 | - | 213.775 | 210.253 | - | 210.253 |
| 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 | | 85.097 | - | 85.097 | 81.575 | - | 81.575 |
| 16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss | | (10.787) | - | (10.787) | (7.777) | - | (7.777) |
| 16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss | | 3.850 | 18.413 | 22.263 | 3.033 | 12.741 | 15.774 |
| 16.5 Profit Reserves | | 496.392 | - | 496.392 | 284.348 | - | 284.348 |
| 16.5.1 Legal Reserves | | 42.321 | - | 42.321 | 31.719 | - | 31.719 |
| 16.5.2 Statutory Reserves | | - | - | - | - | - | - |
| 16.5.3 Extraordinary Reserves | | 454.071 | - | 454.071 | 252.629 | - | 252.629 |
| 16.5.4 Other Profit Reserves | | - | - | - | - | - | - |
| 16.6 Profit or Loss | | 221.449 | - | 221.449 | 215.246 | - | 215.246 |
| 16.6.1 Prior Periods' Profit or Loss | | (15.534) | - | (15.534) | 319 | - | 319 |
| 16.6.2 Current Period Net Profit or Loss | | 236.983 | - | 236.983 | 214.927 | - | 214.927 |
| 16.7 Minority Interest | (5.II.13) | 159 | - | 159 | 87 | - | 87 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 13.295.412 | 13.942.219 | 27.237.631 | 10.051.950 | 11.837.257 | 21.889.207 |

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 2020

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

| | Footnotes | CURRENT PERIOD (31/12/2020) | | | PRIOR PERIOD (31/12/2019) | | |
|--|-------------|--------------------------------|--------------------|--------------------|------------------------------|--------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| A. OFF-BALANCE SHEET COMMITMENTS (I+II+III) | | 12.056.855 | 28.621.078 | 40.677.933 | 8.357.010 | 31.229.346 | 39.586.356 |
| I. GUARANTIES AND WARRANTIES | (5. III. 1) | 606.591 | 659.971 | 1.266.562 | 432.859 | 591.809 | 1.024.668 |
| 1.1. Letters of Guarantee | | 584.041 | 277.530 | 861.571 | 432.859 | 317.754 | 750.613 |
| 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 | | 584.041 | 277.530 | 861.571 | 432.859 | 317.754 | 750.613 |
| 1.2. Bank Acceptances | | 22.550 | 134.217 | 156.767 | - | 105.847 | 105.847 |
| 1.2.1. Import Letter of Acceptances | | 22.550 | 134.217 | 156.767 | - | 105.847 | 105.847 |
| 1.2.2. Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3. Letters of Credit | | - | 248.224 | 248.224 | - | 168.208 | 168.208 |
| 1.3.1. Documentary Letters of Credit | | - | 248.224 | 248.224 | - | 168.208 | 168.208 |
| 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) | 1.952.794 | 611.413 | 2.564.207 | 1.400.659 | 4.244.481 | 5.645.140 |
| 2.1. Irrevocable Commitments | | 1.952.794 | 611.413 | 2.564.207 | 1.400.659 | 4.244.481 | 5.645.140 |
| 2.1.1. Asset Purchase Commitments | | 385.008 | 611.413 | 996.421 | 282.771 | 4.244.481 | 4.527.252 |
| 2.1.2. Deposit Purchase and Sales Commitments | | - | - | - | - | - | - |
| 2.1.3. Share Capital Commitments to Associates and Subsidiaries | | - | - | - | - | - | - |
| 2.1.4. Loan Granting Commitments | | 1.332.248 | - | 1.332.248 | 876.316 | - | 876.316 |
| 2.1.5. Securities Issue Brokerage Commitments | | - | - | - | - | - | - |
| 2.1.6. Commitments for Reserve Requirements | | - | - | - | - | - | - |
| 2.1.7. Commitments for Cheque Payments | | 184.090 | - | 184.090 | 187.578 | - | 187.578 |
| 2.1.8. Tax and Fund Liabilities from Export Commitments | | 8.878 | - | 8.878 | 5.940 | - | 5.940 |
| 2.1.9. Commitments for Credit Card Limits | | 27.643 | - | 27.643 | 32.901 | - | 32.901 |
| 2.1.10. Commitments for Credit Cards and Banking Services Promotions | | - | - | - | 1 | - | 1 |
| 2.1.11. Receivables from Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.12. Payables for Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.13. Other Irrevocable Commitments | | 14.927 | - | 14.927 | 15.152 | - | 15.152 |
| 2.2. Revocable Commitments | | - | - | - | - | - | - |
| 2.2.1. Revocable Loan Granting Commitments | | - | - | - | - | - | - |
| 2.2.2. Other Revocable Commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | (5. III. 5) | 9.497.470 | 27.349.694 | 36.847.164 | 6.523.492 | 26.393.056 | 32.916.548 |
| 3.1. Hedging Derivative Financial Instruments | | - | - | - | 1.009.479 | 1.188.040 | 2.197.519 |
| 3.1.1. Fair Value Hedges | | - | - | - | 1.009.479 | 1.188.040 | 2.197.519 |
| 3.1.2. Cash Flow Hedges | | - | - | - | - | - | - |
| 3.1.3. Foreign Net Investment Hedges | | - | - | - | - | - | - |
| 3.2. Trading Derivative Financial Instruments | | 9.497.470 | 27.349.694 | 36.847.164 | 5.514.013 | 25.205.016 | 30.719.029 |
| 3.2.1. Forward Foreign Currency Buy/Sell Transactions | | 1.217.875 | 2.804.384 | 4.022.259 | 789.133 | 3.670.515 | 4.459.648 |
| 3.2.1.1. Forward Foreign Currency Transactions - Buy | | 681.994 | 1.321.999 | 2.003.993 | 300.839 | 1.919.936 | 2.220.775 |
| 3.2.1.2. Forward Foreign Currency Transactions - Sell | | 535.881 | 1.482.385 | 2.018.266 | 488.294 | 1.750.579 | 2.238.873 |
| 3.2.2. Swap Transactions Related to Foreign Currency and Interest | | 6.150.641 | 20.122.986 | 26.273.627 | 2.351.909 | 17.281.148 | 19.633.057 |
| 3.2.2.1. Foreign Currency Swap- Buy | | 869.791 | 10.611.464 | 11.481.255 | 1.305.805 | 8.192.207 | 9.498.012 |
| 3.2.2.2. Foreign Currency Swap- Sell | | 2.905.626 | 8.987.200 | 11.892.826 | 996.104 | 8.494.921 | 9.491.025 |
| 3.2.2.3. Interest Rate Swap- Buy | | 1.187.612 | 262.161 | 1.449.773 | 25.000 | 297.010 | 322.010 |
| 3.2.2.4. Interest Rate Swap- Sell | | 1.187.612 | 262.161 | 1.449.773 | 25.000 | 297.010 | 322.010 |
| 3.2.3. Foreign Currency, Interest Rate and Securities Options | | 2.128.954 | 4.001.488 | 6.130.442 | 2.372.971 | 3.096.321 | 5.469.292 |
| 3.2.3.1. Foreign Currency Options- Buy | | 846.789 | 2.191.355 | 3.038.144 | 1.186.485 | 1.568.157 | 2.754.642 |
| 3.2.3.2. Foreign Currency Options- Sell | | 1.282.165 | 1.810.133 | 3.092.298 | 1.186.486 | 1.528.164 | 2.714.650 |
| 3.2.3.3. Interest Rate Options- Buy | | - | - | - | - | - | - |
| 3.2.3.4. Interest Rate Options- Sell | | - | - | - | - | - | - |
| 3.2.3.5. Securities Options- Buy | | - | - | - | - | - | - |
| 3.2.3.6. Securities Options- Sell | | - | - | - | - | - | - |
| 3.2.4. Foreign Currency Futures | | - | - | - | - | - | - |
| 3.2.4.1. Foreign Currency Futures- Buy | | - | - | - | - | - | - |
| 3.2.4.2. Foreign Currency Futures- Sell | | - | - | - | - | - | - |
| 3.2.5. Interest Rate Futures | | - | - | - | - | - | - |
| 3.2.5.1. Interest Rate Futures- Buy | | - | - | - | - | - | - |
| 3.2.5.2. Interest Rate Futures- Sell | | - | - | - | - | - | - |
| 3.2.6. Other | | - | 420.836 | 420.836 | - | 1.157.032 | 1.157.032 |
| B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI) | | 158.917.049 | 92.617.634 | 251.534.683 | 139.427.639 | 69.316.021 | 208.743.660 |
| IV. ITEMS HELD IN CUSTODY | | 1.137.729 | 1.562.121 | 2.699.850 | 2.589.824 | 486.973 | 3.076.797 |
| 4.1. Customer Fund and Portfolio Balances | | 258.104 | - | 258.104 | 1.464.433 | - | 1.464.433 |
| 4.2. Investment Securities Held in Custody | | 122.153 | 1.212.528 | 1.334.681 | 295.983 | 320.411 | 616.394 |
| 4.3. Cheques Received for Collection | | 543.222 | 297.648 | 840.870 | 374.930 | 150.636 | 525.566 |
| 4.4. Commercial Notes Received for Collection | | 100.955 | 51.945 | 152.900 | 119.792 | 15.926 | 135.718 |
| 4.5. Other Assets Received for Collection | | - | - | - | - | - | - |
| 4.6. Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7. Other Items Under Custody | | 113.295 | - | 113.295 | 334.686 | - | 334.686 |
| 4.8. Custodians | | - | - | - | - | - | - |
| V. PLEDGES RECEIVED | | 157.779.320 | 91.055.513 | 248.834.833 | 136.837.815 | 68.829.048 | 205.666.863 |
| 5.1. Marketable Securities | | 231.872 | 76.641 | 308.513 | 299.004 | 90.954 | 389.958 |
| 5.2. Guarantee Notes | | 157.024 | 252.321 | 409.345 | 277.294 | 231.955 | 509.249 |
| 5.3. Commodity | | - | 72.414 | 72.414 | - | 46.554 | 46.554 |
| 5.4. Warranty | | - | - | - | - | - | - |
| 5.5. Immovables | | 7.510.940 | 17.144.696 | 24.655.636 | 9.517.452 | 12.306.034 | 21.823.486 |
| 5.6. Other Pledged Items | | 149.879.484 | 73.509.441 | 223.388.925 | 126.744.065 | 56.153.551 | 182.897.616 |
| 5.7. Pledged Items - Depository | | - | - | - | - | - | - |
| VI. ACCEPTED BILL, GUARANTEES AND WARRANTEES | | - | - | - | - | - | - |
| TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B) | | 170.973.904 | 121.238.712 | 292.212.616 | 147.784.649 | 100.545.367 | 248.330.016 |

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 2020-31 DECEMBER 2020

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

| INCOME AND EXPENSE ITEMS | | Footnotes | CURRENT PERIOD (01/01/2020-31/12/2020) | PRIOR PERIOD (01/01/2019 - 31/12/2019) |
|--------------------------|--|-----------|---|--|
| I. | INTEREST INCOME | (5.IV.1) | 2.179.532 | 2.496.641 |
| 1.1 | Interest on Loans | (5.IV.1) | 2.018.195 | 2.232.296 |
| 1.2 | Interest on Reserve Deposits | | 3.496 | 24.574 |
| 1.3 | Interest on Banks | (5.IV.1) | 25.164 | 117.235 |
| 1.4 | Interest on Money Market Placements | | 15.180 | 28.968 |
| 1.5 | Interest on Marketable Securities Portfolio | (5.IV.1) | 112.395 | 89.228 |
| 1.5.1 | Financial Assets Measured at Fair Value Through Profit or Loss | | 8.520 | 17.803 |
| 1.5.2 | Financial Assets Measured at Fair Value Through Other Comprehensive Income | | 46.300 | 42.829 |
| 1.5.3 | Financial Assets Measured at Amortized Cost | | 57.575 | 28.596 |
| 1.6 | Financial Lease Income | | - | - |
| 1.7 | Other Interest Income | | 5.102 | 4.340 |
| II. | INTEREST EXPENSE (-) | | 1.223.484 | 1.680.573 |
| 2.1 | Interest on Deposits | (5.IV.2) | 810.440 | 1.276.700 |
| 2.2 | Interest on Funds Borrowed | (5.IV.2) | 208.688 | 184.436 |
| 2.3 | Interest on Money Market Placements | | 19.477 | 21.760 |
| 2.4 | Interest on Securities Issued | (5.IV.2) | 138.708 | 179.864 |
| 2.5 | Interest on Leasing Expenses | | 17.910 | 16.998 |
| 2.6 | Other Interest Expenses | | 28.261 | 815 |
| III. | NET INTEREST INCOME (I - II) | | 956.048 | 816.068 |
| IV. | NET FEES AND COMMISSIONS INCOME | | 165.054 | 206.746 |
| 4.1 | Fees and Commissions Received | | 200.053 | 241.360 |
| 4.1.1 | Non-cash Loans | | 16.504 | 12.697 |
| 4.1.2 | Other | (5.IV.12) | 183.549 | 228.663 |
| 4.2 | Fees and Commissions Paid (-) | | 34.999 | 34.614 |
| 4.2.1 | Non-cash Loans | | 77 | 226 |
| 4.2.2 | Other | (5.IV.12) | 34.922 | 34.388 |
| V | DIVIDEND INCOME | (5.IV.3) | - | - |
| VI. | TRADING INCOME / LOSS (Net) | (5.IV.4) | 148.118 | 73.115 |
| 6.1 | Trading Gain / Loss on Securities | | 43.699 | 62.340 |
| 6.2 | Gain / Loss on Derivative Financial Transactions | | 72.351 | (441) |
| 6.3 | Foreign Exchange Gain / Loss | | 32.068 | 11.216 |
| VII. | OTHER OPERATING INCOME | (5.IV.5) | 83.957 | 171.485 |
| VIII. | TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 1.353.177 | 1.267.414 |
| IX. | EXPECTED CREDIT LOSS (-) | (5.IV.6) | 285.864 | 489.872 |
| X. | OTHER PROVISION EXPENSES (-) | (5.IV.6) | 110.595 | 98 |
| XI. | PERSONNEL EXPENSES (-) | | 303.949 | 261.476 |
| XII. | OTHER OPERATING EXPENSES (-) | (5.IV.7) | 327.314 | 262.102 |
| XIII. | NET OPERATING INCOME / LOSS (VIII-IX-X-XI-XII) | | 325.455 | 253.866 |
| 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) | 325.455 | 253.866 |
| XVIII. | TAX PROVISION FOR CONTINUING OPERATIONS (±) | (5.IV.9) | (88.400) | (38.910) |
| 18.1 | Current Tax Provision | | (226.453) | (23.601) |
| 18.2 | Deferred Tax Expense Effect (+) | | (101.224) | (15.309) |
| 18.3 | Deferred Tax Income Effect (-) | | 239.277 | - |
| XIX. | NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVII±XVIII) | (5.IV.10) | 237.055 | 214.956 |
| 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) | 237.055 | 214.956 |
| 25.1 | Group Profit/Loss | | 236.983 | 214.927 |
| 25.2 | Minority Interest | | 72 | 29 |
| | Earnings per share | | 0,00252 | 0,00228 |

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 2020-31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | CURRENT PERIOD (01/01/2020- 31/12/2020) | PRIOR PERIOD (01/01/2019 - 31/12/2019) |
|---|---|---|
| I. CURRENT PERIOD PROFIT / LOSS | 237.055 | 214.956 |
| II. OTHER COMPREHENSIVE INCOME | 3.479 | 40.312 |
| 2.1 Not Reclassified Through Profit or Loss | (3.010) | (2.034) |
| 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 | (3.763) | (2.542) |
| 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 | 753 | 508 |
| 2.2 Reclassified Through Profit or Loss | 6.489 | 42.346 |
| 2.2.1 Foreign Currency Conversion Differences | - | - |
| Valuation and/or Reclassification Income/Expense of Financial Assets Measured at Fair Value Through Other | | |
| 2.2.2 Comprehensive Income | 7.958 | 52.393 |
| 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 | (1.469) | (10.047) |
| III. TOTAL COMPREHENSIVE INCOME (I+II) | 240.534 | 255.268 |

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 2020-31 DECEMBER 2020

(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 (31/12/2019) | | | | | | | | | | | | | | | | |
| I. Balances at beginning of the period | 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 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 Effect of corrections | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Effect of changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Adjusted balances at beginning of the period (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 by Other Changes | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. Profit distribution | - | - | - | - | - | - | - | - | - | - | (125.938) | 322.948 | (197.010) | - | - | - |
| 11.1 Dividends | - | - | - | - | - | - | - | - | - | - | (125.938) | - | - | - | - | - |
| 11.2 Transfers to reserves | - | - | - | - | - | - | - | - | - | - | (125.938) | 322.597 | (196.659) | - | - | - |
| 11.3 Others | - | - | - | - | - | - | - | - | - | - | - | 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 |
| CURRENT PERIOD (31/12/2020) | | | | | | | | | | | | | | | | |
| I. Prior period ending balance | 941.161 | 128.678 | - | 81.575 | - | (7.777) | - | - | 15.774 | - | 284.348 | 319 | 214.927 | 1.659.005 | 87 | 1.659.092 |
| II. Correction made as per TAS 8 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 Effect of corrections | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Effect of changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Adjusted balance (I+II) | 941.161 | 128.678 | - | 81.575 | - | (7.777) | - | - | 15.774 | - | 284.348 | 319 | 214.927 | 1.659.005 | 87 | 1.659.092 |
| IV. Total Comprehensive Income | - | - | - | - | - | (3.010) | - | - | 6.489 | - | - | - | 236.983 | 240.462 | 72 | 240.534 |
| 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 (*) | - | - | - | (15.214) | - | - | - | - | - | - | - | - | - | (15.214) | - | (15.214) |
| X. Increase / decrease due to other changes (**) | - | - | - | 18.736 | - | - | - | - | - | - | - | (18.736) | - | - | - | - |
| XI. Profit Distribution | - | - | - | - | - | - | - | - | - | - | 212.044 | 2.883 | (214.927) | - | - | - |
| 11.1 Dividends | - | - | - | - | - | - | - | - | - | - | 212.044 | - | - | - | - | - |
| 11.2 Transfers to reserves | - | - | - | - | - | - | - | - | - | - | - | (212.044) | - | - | - | - |
| 11.3 Other | - | - | - | - | - | - | - | - | - | - | - | 2.883 | (2.883) | - | - | - |
| Balances at the end of the period (III+IV+.....+X+XI) | 941.161 | 128.678 | - | 85.097 | - | (10.787) | - | - | 22.263 | - | 496.392 | (15.534) | 236.983 | 1.884.253 | 159 | 1.884.412 |

(*) The Bank has recognised the issued Tier 1 securities of TL 100.000 nominal and related interest expense, as "other capital reserves" under equity within the scope of "TAS 32 Financial Instruments: Presentation"

(**) Interest expenses before 2020 are recognized under "prior years profit or loss" in the balance sheet.

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 2020-31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | Footnotes | CURRENT PERIOD (01/01/2020 - 31/12/2020) | PRIOR PERIOD (01/01/2019 - 31/12/2019) |
|--|------------|--|--|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities | | 1.164.783 | 525.892 |
| 1.1.1 Interest received (+) | | 2.081.303 | 2.278.852 |
| 1.1.2 Interest paid (-) | | (1.180.233) | (1.641.379) |
| 1.1.3 Dividend received (+) | | - | - |
| 1.1.4 Fees and commission received (+) | | 203.320 | 241.146 |
| 1.1.5 Other income (+) | | 224.181 | 242.412 |
| 1.1.6 Collections from previously written off loans and other receivables (+) | | 386.881 | 170.638 |
| 1.1.7 Cash payments to personnel and service suppliers (-) | | (555.402) | (460.711) |
| 1.1.8 Taxes paid (-) | | (82.582) | (48.849) |
| 1.1.9 Other (+/-) | (5. VI. 3) | 87.315 | (256.217) |
| 1.2 Changes in Operating Assets and Liabilities | | 1.704.304 | (132.784) |
| 1.2.1 Net (increase) / decrease in financial assets at fair value through profit or loss (+/-) | | 1.907.546 | (452.701) |
| 1.2.2 Net (increase) / decrease in due from banks (+/-) | | (164.014) | (165.633) |
| 1.2.3 Net (increase) / decrease in loans (+/-) | | (2.589.660) | (1.229.672) |
| 1.2.4 Net (increase) / decrease in other assets (+/-) | (5. VI. 3) | (9.883) | (101.962) |
| 1.2.5 Net (increase) / decrease in bank deposits (+/-) | | 951.405 | (600.589) |
| 1.2.6 Net (increase) / decrease in other deposits (+/-) | | 1.322.144 | 2.922.380 |
| 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 (+/-) | | 289.648 | (477.854) |
| 1.2.9 Net (increase) / decrease in matured payables (+/-) | | - | - |
| 1.2.10 Net (increase) / decrease in other liabilities (+/-) | (5. VI. 3) | (2.882) | (26.753) |
| I. Net Cash Provided from Banking Operations (+/-) | | 2.869.087 | 393.108 |
| B. CASH FLOWS FROM INVESTMENT ACTIVITIES | | - | - |
| II. Net Cash Flow Provided from Investment Activities (+/-) | | (1.031.655) | (318.700) |
| 2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-) | | (81.000) | (10.000) |
| 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 (-) | | (254.007) | (109.280) |
| 2.4 Cash obtained from the sale of tangible and intangible assets (+) | | 54.051 | 6.101 |
| 2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-) | | (205.382) | (203.590) |
| 2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+) | | - | 257.817 |
| 2.7 Cash paid for the purchase of financial assets at amortised cost (-) | | (493.935) | (275.476) |
| 2.8 Cash obtained from the sale of financial assets at amortised cost (+) | | - | 63.410 |
| 2.9 Other (+/-) | (5. VI. 3) | (51.382) | (47.682) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | - | - |
| III. Net Cash Provided from Financing Activities (+/-) | | (668.501) | 35.502 |
| 3.1 Cash obtained from funds borrowed and securities issued (+) | | - | 191.995 |
| 3.2 Cash outflow from funds borrowed and securities issued (-) | | (654.317) | (233.788) |
| 3.3 Equity instruments issued (+) | | - | 77.295 |
| 3.4 Dividends paid (-) | | - | - |
| 3.5 Payments for financial leases liabilities (-) | | (17.910) | - |
| 3.6 Other (+/-) | | 3.726 | - |
| IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-) | | (754.562) | (75.065) |
| V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV) | | 414.369 | 34.845 |
| VI. Cash and Cash Equivalents at the Beginning of the Period (+) | (5. VI. 1) | 2.123.003 | 2.088.158 |
| VII. Cash and Cash Equivalents at the End of the Period (V+VI) | (5. VI. 1) | 2.537.372 | 2.123.003 |

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED PROFIT DISTRIBUTION TABLE
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | CURRENT PERIOD (*) (01/01/2020-31/12/2020) | PRIOR PERIOD (01/01/2019-31/12/2019) |
|---|---|---|
| I. DISTRIBUTION OF CURRENT YEAR INCOME | | |
| 1.1 CURRENT YEAR INCOME | 316.169 | 250.130 |
| 1.2 TAXES AND DUTIES PAYABLE (-) | 86.334 | 38.086 |
| 1.2.1 Corporate Tax (Income Tax) | 224.323 | 22.747 |
| 1.2.2 Income withholding tax | - | - |
| 1.2.3 Other taxes and duties | (137.989) | 15.339 |
| A. NET INCOME FOR THE YEAR (1.1-1.2) | 229.835 | 212.044 |
| 1.3 PRIOR YEARS LOSSES (-) | - | - |
| 1.4 FIRST LEGAL RESERVES (-) | - | 10.602 |
| 1.5 OTHER STATUTORY RESERVES (-) | - | - |
| B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)] | 229.835 | 201.442 |
| 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 | - | 201.442 |
| 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 | 0,00244 | 0,00225 |
| 3.2 TO OWNERS OF ORDINARY SHARES (%) | 0,24% | 0,23% |
| 3.3 TO OWNERS OF PRIVILEGED SHARES | - | - |
| 3.4 TO OWNERS OF PRIVILEGED SHARES (%) | - | - |
| IV. DIVIDEND PER SHARE | | |
| 4.1 TO OWNERS OF ORDINARY SHARES | - | - |
| 4.2 TO OWNERS OF ORDINARY SHARES (%) | - | - |
| 4.3 TO OWNERS OF PRIVILEGED SHARES | - | - |
| 4.4 TO OWNERS OF PRIVILEGED SHARES (%) | - | - |

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(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 Agency ("BRSA") and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations.

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

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

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

The Bank showed the amount of TL 4.897 under the "Financial Assets at Fair Value Through Other Comprehensive Income" in the current period which was presented under the item of "Subsidiaries" in the balance sheet in the prior period, and the comparative information has been reclassified accordingly.

3. Other

The new coronavirus disease (COVID-19), which emerged in Wuhan Province of the People's Republic of China in late December 2019 and spread to other countries, was declared a pandemic by the World Health Organization on 11 March, 2020. In order to kept to a minimum the negative economic impact of the epidemic, both in Turkey has taken a number of measures worldwide. The effects of these developments on the Bank's financial status and operations are closely monitored by the relevant units and the Bank's Top Management.

Covid-19 impact is explained in footnote XXVII "Other Issues".

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(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 (continued)

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

| | 31 December 2020 | 31 December 2019 |
|-----------|------------------|------------------|
| US Dollar | 7,3405 | 5,9402 |
| Euro | 9,0079 | 6,6506 |

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 2020. 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 consolidation. Minority shares in the net income of consolidated subsidiary determined the net income of the Group and were presented as a separate item in the statement of profit or loss. Minority shares were presented under equity in the consolidated financial statement.

IV. Explanations on forward transactions, options and derivative instruments

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

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

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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

Explanations on derivative financial instruments held for hedging

The Parent Bank enters into cross currency 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.

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

VII. Explanations on financial assets (continued)

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 can be measured are carried at fair value. However, in some exceptional cases, cost may be an appropriate estimation method for determining fair value. The cost is estimated to be the case fair value is reflected in the best way possible.

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.

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 rate (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 presented in "Financial Assets Measured at Amortized Cost" and "Financial Assets at Fair Value Through Profit or Loss" accounts.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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.

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 Given 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 (for corporate segment)
- Collaterals
- Collection period
- Exposure at default
- Time passed since 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

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.

The Bank's macro-economic forecasting for forward-looking perspective, the current economic conditions, according to the New Economy Program (YEP) and expert opinions, it calculates the expected credit loss with two scenarios: base and negative. The macroeconomic value estimates taken into account are presented below;

| | Base Scenario | | Negative Scenario | |
|----------|---------------|--------------|-------------------|--------------|
| | Growth | Unemployment | Growth | Unemployment |
| 1st year | 5,80% | 12,90% | 3,70% | 13,90% |
| 2st year | 5,00% | 11,80% | 2,90% | 12,80% |
| 3st year | 5,00% | 10,90% | 2,90% | 11,90% |

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. However, in accordance with the decision of BRSA dated 17 March 2020 with the number 8948, due to the effects of COVID-19 on economic and trading activities, credit risk up to 180 days past due is also classified as Stage 2, temporarily.

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 rate (internal rate of return) method on the difference between the sales and repurchase prices corresponding to the period designated by a repurchase agreement.

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

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

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

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

A discontinued operation is part of the 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

XIII. Explanations on tangible assets

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

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

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

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

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

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

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

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

| Tangible Assets | Estimated Useful Lives (Years) | Depreciation Rates (%) |
|-----------------------|-----------------------------------|---------------------------|
| Safe Boxes | 50 | 2 |
| Vehicles | 5 | 20 |
| Real Estate | 50 | 2 |
| Other Tangible Assets | 4-20 | 5-25 |

Explanation on TFRS 16 Leases standard

The Bank has started to implement TFRS 16 Leases, which was published in the Official Gazette dated 16 April 2018 and numbered 29826 in its unconsolidated financial statements and became effective as of 1 January 2019, for the first time.

TFRS 16 "Lease" Standard

The Bank as a lessee according to "Lease" Standard:

The Bank assesses whether the contract has the characteristic of a lease or whether the Contract includes a lease 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 a right of use asset and a lease liability to the financial statements at the effective date of the lease.

Right to use asset:

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

Explanation on TFRS 16 Leases standard (continued)

Lease liabilities:

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. Otherwise Bank's incremental borrowing interest rates are used.

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.

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.

XV. 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".

XVI. 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".

XVII. 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.

XVIII. 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 13,00%, inflation rate of 8,50%
- Effective as of 31 December 2020, ceiling salary amount is considered as TL 7.117,17 (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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

XIX. 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 prior 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 2018 and 2019, in which the deferred tax assets and liabilities emerges and liabilities are met, while it is calculated with 20% for 2021 and following periods. As of the end of 2020, the rate for all items was taken into account as 20%.

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 provision for possible loss.

As of 31 December 2020, the deferred tax asset is TL 191.840 (31 December 2019: TL 54.503 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 Income Effect" and "Deferred Tax Expense Effect" in the statement of profit or loss; deferred tax income is TL 239.277 and deferred tax expense is TL 101.224 for the current period (1 January - 31 December 2019: TL 15.309 expense). The part of the deferred tax related to assets directly associated with equity is recognized in equity, this amount is TL 716 of expense (1 January - 31 December 2019: TL 9.539 expense).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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

XX. 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.

XXI. Additional Tier I Capital

The Parent Bank has recognised the issued Tier 1 securities of TL 100.000 nominal and related interest expenses for 2020, as “other capital reserves” under equity within the scope of “TAS 32 Financial Instruments: Presentation”. Interest expenses before 2020 are recognized under “prior years profit or loss” in the balance sheet. It has recognised the issued Tier 1 of USD 30.000 nominal and related interest accrual as “subordinated debt”.

Information on debt instruments to be included in the equity calculation is explained under the on equity items in the fourth section, information on financial structure and risk management.

Explanations on share certificates issued

None.

XXII. 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.

XXIII. Explanation on government incentives

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

XXIV. 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 2020 | | | | |
| Operating Income | 326.870 | 813.087 | 213.220 | 1.353.177 |
| Operating Profit | 50.677 | 280.339 | (5.561) | 325.455 |
| Taxation | | | | (88.400) |
| Net Profit/(Loss) for the Period | | | | 237.055 |
| Current Period -31 December 2020 | | | | |
| Segment Assets | 3.777.473 | 15.229.438 | 8.230.720 | 27.237.631 |
| Total Assets | | | | 27.237.631 |
| Segment Liabilities | 12.673.602 | 3.993.327 | 8.686.290 | 25.353.219 |
| Shareholders' Equity | | | | 1.884.412 |
| Total Liabilities | | | | 27.237.631 |

| | Retail Banking(*) | Corporate & Commercial Banking | Treasury & Headquarters | Total Operations of the Bank |
|--|----------------------|--------------------------------------|----------------------------|------------------------------------|
| Prior 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 |
| Prior 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.

XXV. 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 2020, it was decided to allocate the 2019 net profit amounting TL 212.044 as legal reserve of TL 10.602 and as extraordinary reserves of TL 201.442.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

XXVI. 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 2020 | 31 December 2019 |
|--|---------------------|---------------------|
| Net Profit / (Loss) distributable to Common Shares | 237.055 | 214.956 |
| Average Number of Issued Common Shares (Thousand) | 94.116.055 | 94.116.055 |
| Earnings Per Share (Amounts presented as full TL) | 0,00252 | 0,00228 |

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 2020 (31 December 2019: None).

XXVII. 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. Other Disclosures

BRSA has announced a series of measures to limit the negative effects of the worldwide uncertainty created by COVID-19 pandemic observed in Turkey and all over the world. The possible effects of these measures on the Bank's financial statements are closely monitored by the Bank's Management, and necessary measures are taken to keep the possible negative effects under control.

With the Decision No. 9312 dated 8 December 2020 of the Banking Regulation and Supervision Agency;

As a result of the re-evaluation of Board Resolutions and instructions taken in the past, which brought temporary regulations on banks' obligations, in order to support the real sector, bank customers and banks in a period when uncertainties and risks in global markets are high due to the pandemic, in the current period it would be appropriate to extend those regulations with the same purposes, thus within this framework until 30 June 2021:

-In accordance with the Regulation on Measurement and Assessment of Capital Adequacy of Banks, in calculation of amount subject to credit risk, to calculate the amount of the non-monetary and monetary assets, excluding the items in foreign currencies in accordance with Turkey Accounting Standards and the amount of related specific provisions, it is possible to use simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date,

-If the net valuation differences of the securities owned by banks in the "Securities with Fair Value Differences Reflected in Other Comprehensive Income" portfolio are negative, these differences may not be taken into account in the amount of equity to be calculated in accordance with the Regulation On Own Funds Of Banks and used for the capital adequacy ratio (The Bank does not have a negative valuation difference within the scope as of 31 December 2020.),

- As stated in the Board Decision dated March 17, 2020 and numbered 8948, the 90-day delay period foreseen for the non-performing loan classification within the scope of Articles 4 and 5 of Regulation on Procedures and Principles for Classification of Loans and the Provisions to be Set Aside, for these loans it shall be applied as 180 days and continuing to allocate provisions for loans that are still classified in the Second Group despite the delay, according to the banks' own risk models in the calculation of expected credit losses within the scope of TFRS 9,

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

XXVII. Other Disclosures (continued)

- As stated in the Board Decision dated March 27, 2020 and numbered 8970, within the scope of Article 4 of the Regulation on the Procedures and Principles Regarding the Classification of Loans and the Provisions to be Set Aside, the 30 days delay period for the classification of the loans in the Second Group shall be applied as 90 days for the loans followed in the First Group and provisions for loans that continue to be classified in the First Group despite the 30-day delay, shall be continued to allocate according to the banks' own risk models in the calculation of expected credit losses within the scope of TFRS 9.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 2020, the Group’s total capital has been calculated as TL 4.173.852 and the capital adequacy ratio is 19,42% (As of 31 December 2019, the Group’s total capital amounted to TL 3.667.384 and the capital adequacy ratio was 19,55%).

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

| | Current Period (31/12/2020) 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 (**) | 652.415 | |
| Other comprehensive income according to TAS | 22.263 | |
| Profit | 240.294 | |
| Current period profit | 237.055 | |
| Prior period profit | 3.239 | |
| Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit | -- | |
| Tier I Capital Before Deductions | 1.984.811 | |
| 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 (***) | 44.426 | -- |
| Improvement costs for operational leasing | 9.552 | -- |
| Goodwill and other intangible assets and related deferred taxes | -- | -- |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 153.938 | -- |
| Excess amount arising from deferred tax assets from temporary differences | 30.200 | -- |
| 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 Equity of Banks, related amount is shown net by adding back 40% of the provision difference, net of tax.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | Current Period (31/12/2020) Amount | Amount as per the regulation before 1/1/2014 * |
|---|---|--|
| Net amount of defined benefit plans | -- | -- |
| Direct and indirect investments of the Bank on its own Tier I Capital | -- | -- |
| Shares obtained against Article 56, Paragraph 4 of the Banking Law | -- | -- |
| Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital | -- | -- |
| Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital | -- | -- |
| Mortgage servicing rights exceeding the 10% threshold of Tier I Capital | -- | -- |
| Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital | -- | -- |
| Amount exceeding 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks | -- | -- |
| The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital | -- | -- |
| Excess amount arising from mortgage servicing rights | -- | -- |
| Excess amount arising from deferred tax assets from temporary differences | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals | -- | -- |
| Total Deductions From Common Equity Tier I Capital | 238.316 | -- |
| Total Common Equity Tier I Capital | 1.746.695 | -- |
| 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 | 320.215 | -- |
| Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4) | -- | -- |
| Additional Core Capital before Deductions | 320.215 | -- |
| 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 | -- | -- |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | Current Period (31/12/2020) 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 be 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 | 320.215 | -- |
| Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital) | 2.066.910 | -- |
| TIER II CAPITAL | | |
| Debt instruments and share issue premiums deemed suitable by the BRSA | 1.868.480 | -- |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) | -- | -- |
| Provisions (Article 8 of the Regulation on the Equity of Banks) | 238.462 | -- |
| Tier II Capital before Deductions | 2.106.942 | -- |
| 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 | -- | -- |
| 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 | -- | -- |
| Total Tier II Capital | 2.106.942 | -- |
| Total Equity (Total Tier I and Tier II Capital) | 4.173.852 | -- |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

| | Current Period (31/12/2020) Amount | Amount as per the regulation before 1/1/2014 * |
|---|---|--|
| Total Tier I Capital and Tier II Capital (Total Equity) | 4.173.852 | |
| 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 | 4.173.852 | |
| Total Capital (Total of Tier I Capital and Tier II Capital) | 4.173.852 | -- |
| Total Risk Weighted Assets (****) | 21.493.545 | -- |
| CAPITAL ADEQUACY RATIOS | | |
| Core Capital Adequacy Ratio (%) | 8,31 | -- |
| Tier I Capital Adequacy Ratio (%) | 9,62 | -- |
| Capital Adequacy Ratio (%) | 19,42 | -- |
| BUFFERS | | |
| Total Additional Core Capital Requirement Ratio (a+b+c) | 2,58 | -- |
| a) Capital Conservation Buffer Requirement (%) | 2,50 | -- |
| b) Bank-specific Counter-Cyclical Buffer Requirement(%) | 0,08 | -- |
| c) Systemically Important Banks Buffer Requirement Ratio (%) | -- | -- |

(****)It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

| | Current Period (31/12/2020) 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 (%) | 3,62 | -- |
| | -- | -- |
| 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) | 415.871 | -- |
| Up to 1,25% of total risk-weighted amount of general provisions for receivables where the standard approach used | 238.462 | -- |
| 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 01/01/2018-01/01/2022) | -- | -- |
| | -- | -- |
| 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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | Prior Period (31/12/2019) 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 | 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 | -- | |
| Minority shares | 1.818.949 | |
| Tier I Capital Before Deductions | | |
| Deductions From Tier I Capital | | -- |
| Valuation adjustments calculated as per the Article 9 (i) of the Regulation on Bank Capital | 26.524 | |
| Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (**) | 11.382 | -- |
| Improvement costs for operational leasing | -- | -- |
| Goodwill and other intangible assets and related deferred taxes | 100.064 | -- |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 9.790 | -- |
| | -- | |
| Excess amount arising from deferred tax assets from temporary differences | -- | -- |
| | -- | |
| Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting | | -- |
| Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach | -- | -- |
| Securitization gains | -- | -- |
| 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 Equity of Banks, related amount is shown net by adding back 60% of the provision difference, net of tax.

(***) Within the scope of the relevant letter of BRSA dated 23 March 2020 and numbered 3397, among the securities included in the "Securities with Fair Value Difference to Other Comprehensive Income" portfolio, those with negative net valuation differences are not taken into account in the equity calculation.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | Prior Period (31/12/2019) 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 | 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 | -- | -- |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | Prior Period (31/12/2019) 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 | 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 | |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | Prior Period (31/12/2019) Amount | Amount as per the regulation before 1/1/2014 (*) |
|---|--|--|
| 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 (%) | -- | -- |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | Prior 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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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) | 1.868.480 | 100.000 | 220.215 |
| Nominal value of debt instrument (Thousand TL) | 2.202.150 | 100.000 | 220.215 |
| 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 debt instrument | 11 years | -- | -- |
| Issuer call subject to prior BRSA approval | Has pre-payment right | Has pre-payment right | Has pre-payment 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 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| Interest/Dividend Payments | | | |
|--|--|---|---|
| Fixed or floating interest/dividend payments | Floating interest | Floating interest | Floating interest |
| | Up to 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 are 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 are 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 are convertible bonds, trigger incidents cause this conversion | -- | -- | -- |
| If there are convertible bonds, feature of full or partially conversion | -- | -- | -- |
| If there are convertible bonds, rate of conversion | -- | -- | -- |
| If there are convertible bonds, feature of conversion -obligatory or optional- | -- | -- | -- |
| If there are convertible bonds, types of convertible instruments | -- | -- | -- |
| If there are 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 are a feature of value reduction, trigger incidents cause this reduction | -- | -- | -- |
| If there are a feature of value reduction, feature of full or partially reduction of value | -- | Partially and totally | Partially and totally |
| If there are a feature of value reduction, feature of being constant of temporary | -- | -- | -- |
| If there are 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 | After depositors, other borrowers and Tier II capital | After depositors, other borrowers and Tier II capital |
| Whether meeting the conditions defined by 7th or 8th articles of Shareholders' Equity of Banks Regulation | Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article. | Meets the conditions defined by 7th article, does not meet the conditions defined by 8th article. | Meets the conditions defined by 7th article, does not meet the conditions defined by 8th article. |
| The conditions not met which were defined by 7th or 8th of the 7th or 8th articles of Shareholders' Equity of Banks Regulation | -- | Cannot be converted to stock. | Cannot be converted to stock. |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

Explanations on TFRS 9 Transition Process

| | 2020 | 2021 | 2022 |
|--|------------|------------|------------|
| EQUITY ITEMS | | | |
| Common Equity | 1.746.695 | 1.706.155 | 1.628.145 |
| Common Equity if transition process not implemented ^a | 1.628.145 | 1.628.145 | 1.628.145 |
| Tier 1 Capital | 2.066.910 | 2.026.370 | 1.948.360 |
| Tier 1 Capital if transition process not implemented ^b | 1.948.360 | 1.948.360 | 1.948.360 |
| Total Capital | 4.173.852 | 4.133.312 | 4.055.302 |
| Equity if transition process not implemented ^c | 4.055.302 | 4.055.302 | 4.055.302 |
| TOTAL RISK WEIGHTED AMOUNTS | | | |
| Total Risk Weighted Amounts | 21.493.545 | 21.493.545 | 21.493.545 |
| CAPITAL ADEQUACY RATIO | | | |
| Common Equity Adequacy Ratio (%) | 8,13 | 7,94 | 7,58 |
| Common Equity Ratio if transition process not implemented ^d (%) | 7,58 | 7,58 | 7,58 |
| Tier 1 Capital Adequacy Ratio (%) | 9,62 | 9,43 | 9,06 |
| Tier 1 Capital Adequacy Ratio if transition process not implemented ^d (%) | 9,06 | 9,06 | 9,06 |
| Capital Adequacy Ratio (%) | 19,42 | 19,23 | 18,87 |
| Capital Adequacy Ratio if transition process not implemented ^d (%) | 18,87 | 18,87 | 18,87 |
| LEVERAGE | | | |
| Leverage Ratio Total Risk Amount | 29.803.543 | 29.803.543 | 29.803.543 |
| Leverage (%) | 6,94 | 6,80 | 6,54 |
| Leverage Ratio if transition process not implemented ^e (%) | 6,54 | 6,54 | 6,54 |

^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

^d Capital Adequacy Ratio calculated with Equity Items if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

^e Leverage Ratio calculated with Equity Items if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

(*)It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

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 59% and 69% of the total cash loan portfolio, respectively (31 December 2019: 65% and 74%, respectively).

The Bank's largest 100 and 200 non-cash loan customers compose 87% and 96% of the total non-cash loan portfolio, respectively (31 December 2019: 85% and 95%, respectively).

The Bank's largest 100 and 200 cash and non-cash loan customers represent 57% and 67% of the total "on and off balance sheet" assets, respectively (31 December 2019: 61% and 72%, respectively).

Expected credit loss for total cash and nonsh credit risk of the Parent Bank amounts to TL 447.960 (Stage 1 and Stage 2) (31 December 2019: TL 296.663).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 4.117.134 | 3.767.754 |
| Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises | 199.815 | 53.845 |
| Conditional and Unconditional Exposures to Banks and Brokerage Houses | 3.087.104 | 2.589.049 |
| Conditional and Unconditional Exposures to Corporates | 12.215.782 | 11.343.045 |
| Conditional and Unconditional Retail Exposures | 5.415.227 | 3.861.471 |
| Conditional and Unconditional Exposures Secured by Real Estate Property | 1.577.214 | 1.551.653 |
| Past Due Receivables | 247.397 | 318.170 |
| Receivables Defined in High Risk Category by BRSA | 28.001 | 23.745 |
| Exposures in the Form of Collective Investment Undertakings | 103.531 | 87.572 |
| Equity share investments | 9.764 | 4.853 |
| Other Receivables | 1.170.302 | 1.053.777 |
| Total | 28.171.271 | 24.654.934 |

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

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

(***)It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| | Prior 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.

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 | Equity share investments | Other receivables | Total |
|--|---|---|---|---|--|---|----------------------|---|------------------------------------|--------------------------|-------------------|-------------------|
| Current Period * | | | | | | | | | | | | |
| Domestic | 4.184.170 | 199.815 | 1.508.447 | 11.356.031 | 5.378.422 | 1.568.434 | 241.745 | 6.308 | 103.531 | 4.896 | 1.170.302 | 25.722.101 |
| EU Countries | -- | -- | 1.516.245 | 243.957 | 14 | 274 | -- | 21.693 | -- | 4.868 | -- | 1.787.051 |
| OECD Countries ** | -- | -- | 37.502 | -- | 61 | -- | -- | -- | -- | -- | -- | 37.563 |
| Off-Shore Banking Region | -- | -- | -- | 419.099 | -- | -- | -- | -- | -- | -- | -- | 419.099 |
| USA, Canada | -- | -- | 13.280 | 28.297 | -- | -- | -- | -- | -- | -- | -- | 41.577 |
| Other Countries | -- | -- | 11.630 | 152.159 | 56 | 35 | -- | -- | -- | -- | -- | 163.880 |
| Associates, Subsidiaries and Joint -Ventures | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Unallocated Assets/Liabilities | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 4.184.170 | 199.815 | 3.087.104 | 12.199.543 | 5.378.553 | 1.568.743 | 241.745 | 28.001 | 103.531 | 9.764 | 1.170.302 | 28.171.271 |

(*) 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.

(****)It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| | Conditional and unconditional exposures to central governments or central banks | Conditional and unconditional exposures to administrative units and noncommercial enterprises | Conditional and unconditional exposures to banks and brokerage houses | Conditional and unconditional exposures to corporates | Conditional and unconditional retail exposures | Conditional and unconditional exposures secured by real estate property | Past due receivables | Receivables defined in high risk category by BRSA | Collective investment undertakings | Other receivables | Total |
|--|---|---|---|---|--|---|----------------------|---|------------------------------------|-------------------|-------------------|
| Prior Period (*) | | | | | | | | | | | |
| Domestic | 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 | -- | 2.508.213 | 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 11 | TL | FC | Total |
|---------------------------------|------------------|----------------|------------------|-------------------|------------------|------------------|----------------|---------------|----------------|--------------|------------------|-------------------|-------------------|-------------------|
| Agricultural | 13.012 | -- | -- | 99.472 | 124.653 | 16.310 | 22.217 | 688 | -- | -- | -- | 255.955 | 20.397 | 276.352 |
| Farming and Stockbreeding | 11.215 | -- | -- | 94.864 | 112.507 | 15.767 | 20.862 | 685 | -- | -- | -- | 237.184 | 18.716 | 255.900 |
| Forestry | 1.468 | -- | -- | 4.608 | 9.852 | 543 | 1.237 | 3 | -- | -- | -- | 17.506 | 205 | 17.711 |
| Fishing | 329 | -- | -- | -- | 2.294 | -- | 118 | -- | -- | -- | -- | 1.265 | 1.476 | 2.741 |
| Manufacturing | 16.917 | -- | -- | 3.375.608 | 883.486 | 179.212 | 51.302 | 986 | -- | -- | -- | 2.707.826 | 1.799.685 | 4.507.511 |
| Mining and Quarrying | 1.070 | -- | -- | 206.222 | 27.439 | -- | 850 | -- | -- | -- | -- | 53.565 | 182.016 | 235.581 |
| Production | 15.847 | -- | -- | 2.209.409 | 851.345 | 178.777 | 49.866 | 818 | -- | -- | -- | 2.199.184 | 1.106.878 | 3.306.062 |
| Electricity, Gas and Water | -- | -- | -- | 959.977 | 4.702 | 435 | 586 | 168 | -- | -- | -- | 455.077 | 510.791 | 965.868 |
| Construction | 4.183 | -- | -- | 1.637.925 | 2.889.302 | 183.231 | 61.184 | 2.104 | -- | -- | -- | 3.924.527 | 853.402 | 4.777.929 |
| Services | 4.145.788 | -- | 3.087.104 | 5.296.907 | 976.758 | 1.164.262 | 68.988 | 24.051 | -- | 9.764 | 1.170.302 | 6.192.185 | 9.751.739 | 15.943.924 |
| Wholesale and Retail Trade | 7.152 | -- | -- | 1.167.209 | 723.757 | 70.996 | 34.976 | 1.546 | -- | -- | -- | 1.624.262 | 381.374 | 2.005.636 |
| Accommodation and Dining | 6.238 | -- | -- | 1.863.605 | 47.262 | 697.508 | 5.262 | 681 | -- | -- | -- | 494.837 | 2.125.719 | 2.620.556 |
| Transportation and Telecom. | 12.644 | -- | -- | 825.422 | 104.184 | 217.521 | 6.628 | 21.693 | -- | -- | -- | 294.459 | 893.633 | 1.188.092 |
| Financial Institutions | 4.117.192 | -- | 3.087.104 | 478.833 | 12.384 | -- | 242 | -- | -- | 9.764 | 1.170.302 | 2.859.318 | 6.016.503 | 8.875.821 |
| Real Estate and Rental Services | 310 | -- | -- | 340.508 | 16.843 | 17.098 | 6.063 | -- | -- | -- | -- | 210.000 | 170.822 | 380.822 |
| Self-Employment Services | 15 | -- | -- | 718 | 5.033 | 3 | 597 | -- | -- | -- | -- | 6.366 | -- | 6.366 |
| Educational Services | 1.176 | -- | -- | 271.994 | 4.999 | 160.721 | 3.663 | 4 | -- | -- | -- | 281.694 | 160.863 | 442.557 |
| Health and Social Services | 1.061 | -- | -- | 348.618 | 62.296 | 415 | 11.557 | 127 | -- | -- | -- | 421.249 | 2.825 | 424.074 |
| Other* | 4.270 | 199.815 | -- | 1.789.631 | 504.354 | 25.728 | 38.054 | 172 | 103.531 | -- | -- | 2.314.217 | 351.338 | 2.665.555 |
| Total* | 4.184.170 | 199.815 | 3.087.104 | 12.199.543 | 5.378.553 | 1.568.743 | 241.745 | 28.001 | 103.531 | 9.764 | 1.170.302 | 15.394.710 | 12.776.561 | 28.171.271 |

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

(**) It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

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

2: Conditional and unconditional exposures to administrative units and non-commercial enterprises

3: Conditional and unconditional exposures to banks and brokerage houses

4: Conditional and unconditional exposures to corporates

5: Conditional and unconditional retail exposures

6: Conditional and unconditional exposures secured by real estate property

7: Past due receivables

8: Receivables defined in high risk category by BRSA

9: Exposures in the form of collective investment undertakings

10: Equity share investments

11: Other receivables

| Prior Period | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | TL | FC | Total |
|---------------------------------|------------------|-----------|------------------|-------------------|------------------|------------------|----------------|---------------|---------------|----------------|-------------------|-------------------|-------------------|
| Agricultural | 51.883 | -- | -- | 50.003 | 110.059 | 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 | 225.823 | 78.061 | 20.226 | -- | -- | 1.898.833 | 1.826.383 | 3.725.216 |
| Mining and Quarrying | 4.887 | -- | -- | 239.278 | 30.203 | 714 | 6.286 | 59 | -- | -- | 110.790 | 170.637 | 281.427 |
| Production | 87.238 | -- | -- | 1.690.266 | 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 | 104 | -- | -- | 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 | -- | -- | 807.063 | 405.660 | 1.212.723 |
| 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 | -- | 984.592 | 1.956.137 | 5.280.862 | 7.236.999 |
| Real Estate and Rental Services | 3.422 | -- | -- | 485.654 | 15.777 | 2.191 | 8.533 | 6 | -- | -- | 313.039 | 202.544 | 515.583 |
| Self-Employment Services | 585 | -- | -- | -- | 5.570 | 2.600 | 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 | 2.031.957 |
| 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 conversions.

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

2: Conditional and unconditional exposures to administrative units and non-commercial enterprises

3: Conditional and unconditional exposures to banks and brokerage houses

4: Conditional and unconditional exposures to corporates

5: Conditional and unconditional retail exposures

6: Conditional and unconditional exposures secured by real estate property

7: Past due receivables

8: Receivables defined in high risk category by BRSA

9: Exposures in the form of collective investment undertakings

10: Other receivables

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 2.620.130 | 78.861 | 224.971 | 86.658 | 975.142 |
| Conditional and Unconditional Exposures to Administrative Units and Non-Commercial Enterprises | -- | -- | 14.447 | 4.104 | 181.264 |
| Conditional and Unconditional Exposures to Banks and Brokerage Houses | 1.842.867 | 51.840 | 115.806 | 178.806 | 897.766 |
| Conditional and Unconditional Exposures to Other Corporates | -- | -- | -- | -- | -- |
| Conditional and Unconditional Exposures to SME Corporates | -- | -- | -- | -- | -- |
| Conditional and Unconditional Exposures to Corporates | 824.956 | 1.543.326 | 1.543.149 | 1.993.313 | 6.270.891 |
| Conditional and Unconditional Retail Exposures | 361.184 | 993.356 | 1.080.329 | 1.133.283 | 1.563.996 |
| Conditional and Unconditional Exposures Secured by Real Estate Property | 92.664 | 95.589 | 42.679 | 30.076 | 1.306.927 |
| Past Due Receivables | -- | -- | -- | -- | -- |
| Receivables Defined in High Risk Category by BRSA | 23.109 | 736 | 247 | 782 | 3.127 |
| 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** | 5.764.910 | 2.763.708 | 3.021.628 | 3.427.022 | 11.199.113 |

*Items with determined maturities are classified according to remaining maturities

** Items without determined maturities are not included: TL 198.408 central bank receivables, TL 313.017 cash and equivalents, TL 5.528 credit card limits, TL 301.541 non-cash loan limits ve payment commitments, TL 820.467 other receivables, TL 241.745 overdue receivables, TL 103.531 investment funds, TL 9.764 stock investment and TL 889 miscellaneous receivables.

***It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| 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 | 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 78.059 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 687.281 other receivables, TL 356.201 overdue receivables, 91.029 investment funds and TL 999 miscellaneous receivables.

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

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

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 4.552.138 | -- | 2.033.125 | -- | 1.387.605 | 5.520.841 | 14.608.555 | 69.007 | -- | 28.171.271 |
| Exposures After Credit Risk Mitigation | 5.598.912 | -- | 1.401.066 | 51.251 | 2.204.927 | 5.376.870 | 13.474.890 | 63.355 | -- | 28.171.271 |

*It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| Risk Weights / Prior 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 |

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 | | Expected Credit Losses |
| Major Sector / Counterparties | Significant Increase in Credit Risk (Stage 2) | Impaired (Stage 3) | |
| Agriculture | 22.058 | 53.394 | 32.469 |
| Farming and Stockbreeding | 21.739 | 46.668 | 28.236 |
| Forestry | 319 | 6.726 | 4.233 |
| Fishery | -- | -- | -- |
| Manufacturing | 441.805 | 114.951 | 84.228 |
| Mining and Quarrying | 28.064 | 33.264 | 26.454 |
| Production | 95.781 | 76.758 | 54.405 |
| Electricity, Gas and Water | 317.960 | 4.929 | 3.369 |
| Construction | 611.825 | 130.322 | 188.880 |
| Services | 1.749.996 | 264.969 | 251.585 |
| Wholesale and Retail Trade | 419.581 | 131.745 | 111.071 |
| Accommodation and Dining | 586.114 | 11.438 | 33.815 |
| Transportation and Telecommunication | 398.674 | 72.496 | 71.669 |
| Financial Institutions | 2.322 | 438 | 285 |
| Real Estate and Rental Services | 100.694 | 15.763 | 11.300 |
| Self-Employment Services | 228.891 | 3.040 | 6.263 |
| Educational Services | 2.954 | 8.991 | 5.817 |
| Health and Social Services | 10.766 | 21.058 | 11.365 |
| Other | 259.695 | 55.789 | 117.211 |
| Total | 3.085.379 | 619.425 | 674.373 |

| Prior Period | Loans | | Provisions |
|--------------------------------------|---|--------------------|------------------------|
| | Impaired | | Expected Credit Losses |
| Major Sector / Counterparties | Significant Increase in Credit Risk (Stage 2) | Impaired (Stage 3) | |
| 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 | 220.831 | 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 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

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) | 515.118 | 117.829 | (1.784) | (242.413) | 388.750 |
| General Provisions (Stage 1 and 2) | 288.992 | 164.426 | (12.052) | -- | 441.366 |

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

| Prior 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 | 102.777 | (3.308) | -- | 288.992 |

(*)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 | 17.765.821 | 160.569 | 17.926.390 |
| Russia | 160.918 | 62 | 160.980 |
| Malta | 186.571 | -- | 186.571 |
| Marshall Islands | 419.099 | -- | 419.099 |
| England | 52.267 | 189.227 | 241.494 |
| Germany | 2.928 | 40 | 2.968 |
| France | 3.016 | 1.525 | 4.541 |
| Others | 54.067 | 7.079 | 61.146 |
| Total | 18.644.687 | 358.502 | 19.003.189 |

*It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| Prior 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 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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: | 15.729.548 | 13.300.077 | 3.084.348 | 1.810.865 |
| Secured by Cash Collateral | 234.132 | 411.093 | -- | -- |
| Secured by Mortgages | 2.613.302 | 2.870.874 | 1.210.727 | 938.407 |
| 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) | 12.882.114 | 10.018.110 | 1.873.622 | 872.458 |
| Non-Secured Loans | 191.983 | 384.371 | 1.031 | 12.869 |
| Total | 15.921.532 | 13.684.448 | 3.085.379 | 1.823.734 |

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: | 1.205.145 | 941.317 | 61.417 | 31.350 |
| Secured by Cash Collateral | -- | -- | -- | -- |
| Secured by Mortgages | 36.616 | 58.046 | 20.203 | 778 |
| 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) | 1.168.529 | 883.271 | 41.214 | 30.572 |
| Non-Secured Loans | -- | 52.001 | -- | -- |
| Total | 1.205.145 | 993.318 | 61.417 | 31.350 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

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 2020, the Group's net long position is TL 260.389 (31 December 2019: TL 33.339 net long position) resulting from short position on the balance sheet amounting to TL 1.652.981 (31 December 2019: TL 689.834 short position) and long position on the off-balance amounting to TL 1.913.370 (31 December 2019: TL 724.173 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 balance sheet date and the previous five working days in full TL are as follows:

| | |
|--|-----------|
| US Dollar purchase rate as at the balance sheet date | TL 7,3405 |
| Euro purchase rate as at the balance sheet date | TL 9,0079 |

| Date | USD | EURO |
|------------------|--------|--------|
| 25 December 2020 | 7,6190 | 9,2948 |
| 28 December 2020 | 7,5517 | 9,2037 |
| 29 December 2020 | 7,4738 | 9,1370 |
| 30 December 2020 | 7,4062 | 9,0697 |
| 31 December 2020 | 7,3405 | 9,0079 |

The US Dollar buying rate is TL 7,7211 and EUR buying rate is TL 9,3842 (in full TL amounts) respectively, according to simple arithmetic average on December 2020.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 748.122 | 1.564.671 | 142.875 | 2.455.668 |
| Due From Banks | 163.968 | 233.598 | 25.401 | 422.967 |
| Financial Assets at Fair Value through Profit/Loss (*) | -- | 3 | -- | 3 |
| Money Market Placements | 72.063 | -- | -- | 72.063 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) | 261.966 | 747.155 | -- | 1.009.121 |
| Loans and Receivables(**) | 6.154.515 | 1.112.897 | 9.870 | 7.277.282 |
| Investments in Assoc., Subsidiaries and Entities under Common Control (Assets Measured at Amortized Cost) | 704.701 | 315.542 | -- | 1.020.243 |
| Derivative Financial Assets Hedging Purposes | -- | -- | -- | -- |
| Tangible Assets | -- | -- | -- | -- |
| Intangible Assets | -- | -- | -- | -- |
| Other Assets (***) | 1.429 | 1.276 | 380 | 3.085 |
| Total Assets | 8.106.764 | 3.975.142 | 178.526 | 12.260.432 |
| Liabilities | | | | |
| Bank Deposits | 36.092 | 518.782 | 20.669 | 575.543 |
| Foreign Currency Deposits | 996.741 | 5.871.621 | 937.305 | 7.805.667 |
| Money Market Borrowings | 20.841 | 589.319 | -- | 610.160 |
| Funds Provided from Other Financial Institutions | 353.750 | 781.022 | -- | 1.134.772 |
| Securities Issued(****) | -- | 3.608.499 | -- | 3.608.499 |
| Sundry Creditors | 4.841 | 124.048 | -- | 128.889 |
| Derivative Fin. Liabilities for Hedging Purposes | -- | -- | -- | -- |
| Other Liabilities(****) | 24.701 | 25.183 | -- | 49.884 |
| Total Liabilities | 1.436.966 | 11.518.474 | 957.974 | 13.913.414 |
| Net Balance Sheet Position | 6.669.798 | (7.543.332) | (779.448) | (1.652.982) |
| Net Off-Balance Sheet Position | (6.521.053) | 7.601.889 | 832.534 | 1.913.370 |
| Financial Derivative Assets (*****) | 2.804.595 | 10.922.254 | 1.209.021 | 14.935.870 |
| Financial Derivative Liabilities (*****) | 9.325.648 | 3.320.365 | 376.487 | 13.022.500 |
| Non-Cash Loans (*****) | 298.514 | 358.375 | 3.082 | 659.971 |
| Prior Period | | | | |
| Total Assets | 7.201.478 | 3.653.616 | 252.495 | 11.107.589 |
| 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 | -- | 591.809 |

(*) Accruals of trading derivative financial assets amounting to TL 10.406 are not included.

(**) Includes foreign currency indexed loans and accruals amounting to TL 53.572.

(***) TL 21.970 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 10.392 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 316.665 (31 December 2019: TL 2.115.194), foreign currency sale commitments within the derivative financial liabilities amounted to TL 294.748 (31 December 2019: TL 2.129.285).

(***** 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 2020 and 2019 (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 | 5.856 | 7.085 | 6.653 | 5.565 |
| Euro | 14.875 | 15.486 | (5.034) | (4.617) |
| Other FC | 5.309 | 5.309 | 136 | 136 |
| Total (Net) | 26.039 | 27.880 | 1.754 | 1.083 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

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 | 1.866.495 | -- | -- | -- | -- | 1.055.197 | 2.921.692 |
| Banks | 436.226 | -- | -- | -- | -- | 452.319 | 888.545 |
| Financial Assets at Fair Value Through Profit or Loss(*) | 301.624 | 24.185 | 102.834 | 416.930 | -- | -- | 845.573 |
| Interbank Money Market Placements | 412.231 | -- | -- | -- | -- | -- | 412.231 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 192.033 | 22.533 | 356.369 | 411.077 | 35.151 | 10.363 | 1.027.526 |
| Loans(**) | 2.561.382 | 4.601.714 | 4.968.879 | 5.456.936 | 1.417.999 | (210.691) | 18.796.219 |
| Financial Assets Measured at Amortized Cost | 21.376 | 52.051 | 231.707 | 406.955 | 495.407 | -- | 1.207.496 |
| Other Assets(***) | -- | -- | -- | -- | -- | 1.138.349 | 1.138.349 |
| Total Assets | 5.791.367 | 4.700.483 | 5.659.789 | 6.691.898 | 1.948.557 | 2.445.537 | 27.237.631 |
| Liabilities | | | | | | | |
| Bank Deposits | 576.032 | 373.840 | -- | -- | -- | 50.624 | 1.000.496 |
| Other Deposits | 11.963.450 | 2.574.787 | 90.603 | 3.136 | 86.968 | 1.947.968 | 16.666.912 |
| Interbank Money Market Received | 362.845 | 247.315 | -- | -- | -- | -- | 610.160 |
| Sundry Creditors | -- | -- | -- | -- | -- | 454.477 | 454.477 |
| Marketable Securities Issued(****) | 37.310 | 38.843 | 61 | 3.312.070 | 220.215 | -- | 3.608.499 |
| Funds Borrowed From Other Institutions | 519 | 591.837 | 560.968 | 1.818 | -- | -- | 1.155.142 |
| Other Liabilities(*****) | 384.959 | 263.522 | 129.222 | 383.419 | -- | 2.580.823 | 3.741.945 |
| Total Liabilities | 13.325.115 | 4.090.144 | 780.854 | 3.700.443 | 307.183 | 5.033.892 | 27.237.631 |
| Balance Sheet Long Position | -- | 610.339 | 4.878.935 | 2.991.455 | 1.641.374 | -- | 10.122.103 |
| Balance Sheet Short Position | (7.533.748) | -- | -- | -- | -- | (2.588.355) | (10.122.103) |
| Off-Balance Sheet Long Position | 10.000 | 215.000 | 524.130 | 700.641 | -- | 17.256.366 | 18.706.137 |
| Off-Balance Sheet Short Position | (10.000) | (215.000) | (524.130) | (700.641) | -- | (17.687.677) | (19.137.448) |
| Total Position | (7.533.748) | 610.339 | 4.878.935 | 2.991.455 | 1.641.374 | (3.019.666) | (431.311) |

(*) Includes derivative financial assets.

(**) Non-performing loans TL 619.425, net-off related stage 3 loans expected credit losses TL 388.750 and expected losses for stage 1 TL 155.743 and for stage 2 TL 285.623 are presented in "non-interest bearing" column (Includes factoring receivables amounting to TL 105.951).

(***) Non-interest bearing column includes TL 112.500 investments in subsidiaries, TL 360.135 tangible assets, TL 91.027 intangible assets, TL 193.104 tax asset, TL 102.748 assets held for sale, TL 280.775 other assets and TL 924 expected credit losses on 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 1.884.412 shareholders' equity, TL 757.140 other liabilities, TL 205.971 provisions and TL 187.777 tax liabilities.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 1.793.051 | -- | -- | -- | -- | 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 | 8.697 | 812.465 |
| 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(***) | -- | -- | -- | -- | -- | 811.971 | 811.971 |
| 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 Received | 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 |

(*) Includes derivative financial assets.

(**) 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 for stage 2 TL 171.618 are presented in "non-interest bearing" column. (Includes factoring receivables amounting to TL 3.092 and loans at fair value through profit or loss amounting to TL 1.948.020).

(***) Non-interest bearing column includes TL 31.500 investments in subsidiaries, 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 credit losses on 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | -- | -- | -- | 17,50 |
| Financial Assets at Fair Value Through Profit/ Loss | -- | 3,15 | -- | 11,74 |
| Interbank Money Market Placements | 0,01 | -- | -- | 18,08 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 3,12 | 5,65 | -- | 13,81 |
| Loans | 5,91 | 4,76 | -- | 18,13 |
| Financial Assets Measured at Amortized Cost | 4,52 | 6,70 | -- | 9,04 |
| Liabilities | | | | |
| Bank Deposits | -- | 1,17 | -- | 16,87 |
| Other Deposits | 0,85 | 1,85 | -- | 16,52 |
| Interbank Money Market Received | 1,47 | 2,17 | -- | -- |
| Sundry Creditors | -- | -- | -- | -- |
| Marketable Securities Issued(*) | -- | 7,19 | -- | -- |
| Funds Borrowed from Other Financial Institutions | 2,38 | 1,27 | -- | 10,66 |

(*) 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 | -- | -- | -- | -- |
| 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 Received | 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | Equity - Losses /Equity |
|------------------------------------|--------------------------------|------------------|-------------------------------|
| TRY | 500 | -258.373 | -6,19% |
| TRY | -400 | 234.459 | 5,62% |
| USD Dollar | 200 | 11.716 | 0,28% |
| USD Dollar | -200 | -8.815 | -0,21% |
| Euro | 200 | -155.789 | -3,73% |
| Euro | -200 | 171.514 | 4,11% |
| Total (For Positive Shocks) | | -402.445 | -9,64% |
| Total (For Negative Shocks) | | 397.158 | 9,52% |

| Prior 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% |

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

The Bank has position risk of equity shares to TL 9.764 as of 31 December 2020 (31 December 2019: 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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. In this way, the Bank's funding structure is closely monitored and actions are taken on behalf of existing risk management.

Alternative funding sources are identified in case of need. ALCO members are responsible for 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 ICAAP. 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. In accordance with the BRSA Decision No. E.3520 dated 26 March 2020, due to the COVID-19 pandemic process, it was decided that deposit and participation banks would be exempted from the mentioned ratios regarding there liabilities to meet that liquidity coverage ratio until 31 December 2020, In order to provide flexibility for banks to meet the minimum rates for liquidity levels.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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) | | | 3.853.952 | 3.432.561 |
| CASH OUTFLOWS | | | | |
| 2 Deposits from natural persons and retail deposits | 13.443.587 | 7.787.753 | 1.249.177 | 774.719 |
| 3 Stable deposits | 1.878.584 | -- | 94.004 | -- |
| 4 Less stable deposits | 11.565.003 | 7.787.753 | 1.155.174 | 774.719 |
| 5 Unsecured funding except for retail deposits and deposits from natural persons, of which: | 3.698.768 | 1.781.162 | 2.100.562 | 1.068.541 |
| 6 Operational deposits | -- | -- | -- | -- |
| 7 Non-Operational deposits | 2.615.663 | 1.136.152 | 1.055.610 | 446.962 |
| 8 Other unsecured funding | 1.083.105 | 645.010 | 1.044.952 | 621.578 |
| 9 Secured funding | -- | -- | 301.478 | 277.593 |
| 10 Other cash outflows | 3.143.418 | 1.033.621 | 766.638 | 552.840 |
| 11 Outflows related to derivative exposures and other collateral requirements | 488.506 | 467.146 | 495.404 | 472.259 |
| 12 Outflows related to restructured financial instruments | -- | -- | -- | -- |
| 13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments | 2.654.912 | 566.475 | 271.234 | 80.581 |
| 14 Other revocable off-balance sheet commitments and other contractual obligations | -- | -- | -- | -- |
| 15 Other irrevocable or conditionally revocable off-balance sheet obligations | 9.329 | 56 | 9.346 | 56 |
| 16 TOTAL CASH OUTFLOWS | | | 4.427.201 | 2.673.748 |
| CASH INFLOWS | | | | |
| 17 Secured receivables | 30.623 | 25.205 | 31.694 | 26.394 |
| 18 Unsecured receivables | 2.242.825 | 868.534 | 1.625.512 | 760.418 |
| 19 Other cash inflows | 246.404 | 230.374 | 251.073 | 234.738 |
| 20 TOTAL CASH INFLOWS | 2.519.852 | 1.124.114 | 1.908.279 | 1.021.549 |
| 21 TOTAL HQLA | | | 3.853.952 | 3.432.561 |
| 22 TOTAL NET CASH OUTFLOWS | | | 2.518.513 | 1.653.838 |
| 23 LIQUIDITY COVERAGE RATIO (%) | | | 153,02 | 207,55 |

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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) | | | 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 three months of the 1 October - 31 December 2020 period.

| Current Period | Highest | Date | Lowest | Date | Average |
|----------------|---------|------------|---------|------------|---------|
| TL+FC | 205,80% | 06/10/2020 | 108,83% | 21/10/2020 | 155,01% |
| FC | 517,79% | 14/10/2020 | 163,22% | 23/10/2020 | 222,85% |
| Prior 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% |

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

The Bank calculates cash outflows and transactions that are complete collateral arising from derivative transactions, taking into account the 24-month averages in accordance, with The Bank implements with the Regulation of Liquidity Coverage Ratio Calculation of Banks published in the Official Gazette dated 21 March 2014 and numbered 28948.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 1.526.247 | 1.395.445 | -- | -- | -- | -- | -- | 2.921.692 |
| Banks | 452.319 | 436.226 | -- | -- | -- | -- | -- | 888.545 |
| Financial Assets at Fair Value Through Profit or Loss(*) | -- | 301.627 | 24.139 | 102.990 | 416.814 | 3 | -- | 845.573 |
| Interbank Money Market Placements | -- | 412.231 | -- | -- | -- | -- | -- | 412.231 |
| Financial Assets Available-for-Sale | 10.363 | 192.033 | 22.533 | 353.440 | 414.006 | 35.151 | -- | 1.027.526 |
| Loans (**) | -- | 2.122.271 | 3.731.833 | 6.664.467 | 5.713.625 | 774.714 | (210.691) | 18.796.219 |
| Investment Securities Held-to-Maturity | -- | -- | 52.051 | 231.707 | 406.955 | 516.783 | -- | 1.207.496 |
| Other Assets(***) | -- | -- | -- | -- | -- | -- | 1.138.349 | 1.138.349 |
| Total Assets | 1.988.929 | 4.859.833 | 3.830.556 | 7.352.604 | 6.951.400 | 1.326.651 | 927.658 | 27.237.631 |
| Liabilities | | | | | | | | |
| Bank Deposits | 50.626 | 576.030 | 373.840 | -- | -- | -- | -- | 1.000.496 |
| Other Deposits | 1.947.968 | 11.963.450 | 2.574.787 | 90.603 | 3.136 | 86.968 | -- | 16.666.912 |
| Funds Borrowed from Other Financial Institutions | -- | 1.505 | 178.776 | 723.339 | 251.522 | -- | -- | 1.155.142 |
| Interbank Money Market Received | -- | 362.845 | 247.315 | -- | -- | -- | -- | 610.160 |
| Marketable Securities Issued(****) | -- | 37.310 | 38.843 | 61 | 1.443.590 | 2.088.695 | -- | 3.608.499 |
| Sundry Creditors | -- | 454.477 | -- | -- | -- | -- | -- | 454.477 |
| Other Liabilities (*****) | -- | 473.054 | 429.176 | 145.409 | 404.089 | 2.602 | 2.287.615 | 3.741.945 |
| Total Liabilities | 1.998.594 | 13.868.671 | 3.842.737 | 959.412 | 2.102.337 | 2.178.265 | 2.287.615 | 27.237.631 |
| Net Liquidity Surplus / (Gap) | (9.665) | (9.008.838) | (12.181) | 6.393.192 | 4.849.063 | (851.614) | (1.359.957) | -- |
| Net Off-Balance Sheet Position | | | | | | | | |
| Derivative Financial Assets | -- | (132.550) | (248.246) | (87.296) | 37.180 | -- | -- | (430.912) |
| Derivative Financial Liabilities | -- | 6.895.549 | 5.241.626 | 3.619.924 | 2.056.419 | -- | -- | 17.813.518 |
| Non-Cash Loans | -- | 70.868 | 169.508 | 520.054 | 96.829 | 409.303 | -- | 1.266.562 |
| Prior Period | | | | | | | | |
| 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 |
| 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 Gap | (94.406) | (6.640.346) | (686.801) | 4.950.320 | 3.731.113 | (387.691) | (872.189) | -- |
| Net Off-Balance Sheet Position | | | | | | | | |
| Derivative Financial Assets | -- | 15.048 | 10.035 | 5.928 | 94.533 | -- | -- | 125.544 |
| Derivative Financial Liabilities | -- | 4.174.644 | 5.037.678 | 3.140.414 | 4.168.309 | -- | -- | 16.521.045 |
| Non-Cash Loans | -- | 4.159.596 | 5.027.643 | 3.134.486 | 4.073.776 | -- | -- | 16.395.501 |
| Net Off-Balance Sheet Position | -- | 60.914 | 193.352 | 337.775 | 125.390 | 307.237 | -- | 1.024.668 |

(*) Includes derivatives financial assets.

(**) 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 1.000.496 | 1.002.033 | 50.626 | 576.744 | 374.663 | -- | -- | -- |
| Other Deposit | 16.666.912 | 16.758.701 | 1.947.966 | 11.992.441 | 2.615.113 | 95.128 | 3.585 | 104.468 |
| Money Market Funds | 610.160 | 611.843 | -- | 363.104 | 248.739 | -- | -- | -- |
| Securities Issued | 1.480.900 | 1.660.129 | -- | 43.308 | -- | 43.308 | 1.573.513 | -- |
| Funds Borrowed | 1.155.142 | 1.197.536 | -- | 521 | 168.932 | 768.225 | 259.858 | -- |
| Subordinated Debts | 2.127.599 | 2.906.266 | -- | -- | 72.404 | 72.404 | 579.229 | 2.182.229 |
| Total | 23.041.209 | 24.136.508 | 1.998.592 | 12.976.118 | 3.479.851 | 979.065 | 2.416.185 | 2.286.697 |

| 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 | 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 |

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 (*) | 44.928.955 | 44.547.190 |
| 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 | (17.141.341) | (15.985.526) |
| 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 | 27.787.614 | 28.561.664 |

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

(**) Represents nine-months average amounts.

(***) It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 6,94%. 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) | 23.578.237 | 22.022.023 |
| 2 | (Assets deducted in determining Tier 1 capital) | (242.604) | (147.927) |
| 3 | Total balance sheet risks (sum of lines 1 and 2) | 23.335.633 | 21.874.096 |
| Derivative financial instruments and credit derivatives | | | |
| 4 | Replacement cost associated with all derivative financial instruments and credit derivatives | 343.256 | 156.336 |
| 5 | Potential credit risk associated with all derivative financial instruments and credit derivatives | 188.771 | 285.715 |
| 6 | Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5) | 532.027 | 442.051 |
| Securities or commodity financing transactions (SCFT) | | | |
| 7 | Risks from SCFT assets (except for on-balance sheet) | 363.552 | 1.217.268 |
| 8 | Risks from brokerage activities related exposures | -- | -- |
| 9 | Total risks related with securities or commodity financing transactions (sum of lines 7 to 8) | 363.552 | 1.217.268 |
| Off-balance sheet transactions | | | |
| 10 | Gross notional amounts of off-balance sheet transactions | 3.556.402 | 5.028.249 |
| 11 | (Adjustments for conversion to credit equivalent amounts) | -- | -- |
| 12 | Total risks of off-balance sheet items (sum of lines 10 and 11) | 3.556.402 | 5.028.249 |
| Capital and total risks | | | |
| 13 | Tier 1 capital | 2.052.914 | 1.809.286 |
| 14 | Total risks (sum of lines 3, 6, 9 and 12) | 27.787.614 | 28.561.664 |
| Leverage ratio | | | |
| 15 | Leverage ratio | 7,40 | 6,33 |

(*)Represents three-month average amounts.

(**)It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 22.332.423 | 17.532.810 | 21.950.753 | 17.715.260 |
| Money market placements | 412.231 | 30.010 | 412.231 | 30.010 |
| Due from banks | 888.545 | 490.826 | 888.545 | 490.826 |
| Financial assets at fair value through other comprehensive income | 1.027.526 | 812.465 | 1.027.526 | 812.465 |
| Loans measured at amortised cost | 1.207.902 | 575.098 | 937.439 | 605.709 |
| Loans | 18.796.219 | 15.624.411 | 18.685.012 | 15.776.250 |
| Financial liabilities | 22.885.526 | 18.291.142 | 22.885.526 | 18.291.142 |
| Interbank deposits | 1.000.496 | 49.126 | 1.000.496 | 49.126 |
| Other deposits | 16.666.912 | 13.516.562 | 16.666.912 | 13.516.562 |
| Funds provided from other financial institutions | 1.155.142 | 859.381 | 1.155.142 | 859.381 |
| Marketable securities issued (*) | 3.608.499 | 3.507.350 | 3.608.499 | 3.507.350 |
| Miscellaneous payables | 454.477 | 358.723 | 454.477 | 358.723 |

(*) 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 | 1st Level TL | | 2nd Level TL | | 3rd Level 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 | 138.208 | 97.737 | -- | -- | -- | -- |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 1.027.526 | 812.465 | -- | -- | -- | -- |
| Derivative Financial Assets | -- | -- | 707.365 | 738.902 | -- | -- |
| Loans Measured at Fair Value through Profit and Loss | -- | -- | -- | 1.948.020 | -- | -- |
| Total | 1.165.734 | 910.202 | 707.365 | 2.686.922 | -- | -- |
| Financial Liabilities | | | | | | |
| Derivative Financial Liabilities | -- | -- | 1.107.492 | 788.205 | -- | -- |
| Total | -- | -- | 1.107.492 | 788.205 | -- | -- |

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)

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 2020:

- 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 | | Minumum Capital Requirements |
|--|-----------------------|--------------|------------------------------|
| | Current Period | Prior Period | Current Period |
| 1 Credit risk (excluding counterparty credit risk) (CCR) | 18.541.156 | 16.135.932 | 1.483.292 |
| 2 Of which standardised approach (SA) | 18.541.156 | 16.135.932 | 1.483.292 |
| 3 Of which internal rating-based (IRB) approach | -- | -- | -- |
| 4 Counterparty credit risk | 432.266 | 499.911 | 34.581 |
| 5 Of which standardised approach for counterparty credit risk (SA-CCR) | 432.266 | 499.911 | 34.581 |
| 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 | 103.531 | 83.713 | 8.282 |
| 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 | 596.750 | 552.463 | 47.740 |
| 17 Of which standardised approach (SA) | 596.750 | 552.463 | 47.740 |
| 18 Of which internal model approaches (IMM) | -- | -- | -- |
| 19 Operational risk | 1.819.842 | 1.485.530 | 145.587 |
| 20 Of which basic indicator approach | 1.819.842 | 1.485.530 | 145.587 |
| 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) | 21.493.545 | 18.757.549 | 1.719.482 |

*It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | Carrying values of items in accordance with Turkish Accounting Standards | | | | |
|---|--|--|--|--------------------------|-----------------------------|--|
| | 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 | 2.921.692 | 2.921.692 | -- | -- | -- -- | |
| Banks | 888.545 | 888.545 | -- | -- | -- | -- |
| Money Markets Placements | 412.231 | 242.147 | 170.084 | -- | -- | -- |
| Financial Assets Measured at Fair Value Through Profit or Loss | 138.208 | 96.655 | -- | -- | -- | -- |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 1.027.526 | 1.027.526 | 668.431 | -- | -- | -- |
| Financial Assets Measured at amortized cost | 1.207.902 | 1.207.902 | 290.103 | -- | -- | -- |
| Derivative financial assets | 707.365 | -- | 205.281 | -- | 707.365 | -- |
| Non-performing Financial Assets | (2.347) | (2.347) | -- | -- | -- | -- |
| Loans (net) | 18.796.219 | 18.796.219 | -- | -- | -- | -- |
| Assets Held for Sale and Assets of Discontinued Operations(net) | 102.748 | 102.748 | -- | -- | -- | -- |
| Investment in Associates (net) | -- | -- | -- | -- | -- | -- |
| Investment in Subsidiaries (net) | 112.500 | 112.500 | -- | -- | -- | -- |
| Joint-Ventures (net) | -- | -- | -- | -- | -- | -- |
| Tangible Assets (net) | 360.135 | 360.135 | -- | -- | -- | -- |
| Intangible Assets (net) | 91.027 | -- | -- | -- | -- | 91.027 |
| Investment Property (net) | -- | -- | -- | -- | -- | -- |
| Tax Asset | 193.104 | 193.104 | -- | -- | -- | -- |
| Other Assets | 280.776 | 280.776 | -- | -- | -- | -- |
| Total Assets | 27.237.631 | 26.227.602 | 1.333.899 | -- | 707.365 | 91.027 |
| Liabilities | | | | | | |
| Deposits | 17.667.408 | -- | -- | -- | -- | 17.667.408 |
| Funds Borrowed | 1.155.142 | -- | -- | -- | -- | 1.155.142 |
| Money Market Funds | 610.160 | -- | 610.160 | -- | -- | 610.160 |
| Securities Issued | 1.480.900 | -- | -- | -- | -- | 1.480.900 |
| Funds | -- | -- | -- | -- | -- | -- |
| Financial Assets at Fair Value Through Profit or Loss | -- | -- | -- | -- | -- | -- |
| Derivative financial liabilities | 1.107.492 | -- | -- | -- | 1.107.492 | 1.107.492 |
| Factoring Payables | -- | -- | -- | -- | -- | -- |
| Lease Payables | 53.630 | -- | -- | -- | -- | 53.630 |
| Provisions | 205.971 | -- | -- | -- | -- | -- |
| Tax Liability | 187.777 | -- | -- | -- | -- | 43.906 |
| Liabilities for Assets Held for Sale and Assets of Discontinued Operations (net) | -- | -- | -- | -- | -- | -- |
| Subordinated Debts | 2.127.599 | -- | -- | -- | -- | -- |
| Other liabilities | 757.140 | -- | -- | -- | -- | 757.140 |
| Shareholders' Equity | 1.884.412 | -- | -- | -- | -- | 1.884.412 |
| Total Liabilities | 27.237.631 | -- | 610.160 | -- | 1.107.492 | 24.760.190 |

(*) Refers to the unconsolidated financial statements of the Bank.

(**) The securities are shown in terms of their gross amounts.

(***) Filled on the basis of general market risk and gross position amounts included in the specific risk calculation.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 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.

(***) Filled on the basis of general market risk and gross position amounts included in the specific risk calculation.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 27.237.631 | 26.227.602 | -- | 1.333.899 | 707.365 |
| 2 Carrying value of liabilities that are subjected to counterparty credit risk as per TAS | -- | -- | -- | 610.160 | 1.107.492 |
| 3 Total Net Amount | 27.237.631 | 26.227.602 | -- | 723.739 | (400.127) |
| 4 Off-balance sheet amounts(**) | 21.172.856 | 3.736.469 | -- | 17.436.387 | 17.436.387 |
| 5 Valuation differences | -- | -- | -- | -- | -- |
| 6 Differences due to different netting rules | -- | -- | -- | -- | (16.439.510) |
| 7 Differences due to consideration of provisions | -- | -- | -- | -- | -- |
| 8 Differences resulted from the BRSA's applications | -- | -- | -- | (17.235.065) | -- |
| 9 Differences due to risk mitigation | -- | -- | -- | 610.160 | -- |
| 10 Risk Amounts | 48.410.487 | 29.964.071 | -- | 1.535.221 | 596.750 |

(*)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 | 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 | 788.205 |
| 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.

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 619.425 | 19.006.911 | 830.116 | 18.796.220 |
| 2 Debt securities | -- | 2.363.273 | 3.369 | 2.345.834 |
| 3 Off-balance sheet exposures | 8.591 | 3.822.178 | 11.077 | 3.819.692 |
| 4 Total | 628.016 | 25.178.292 | 844.562 | 24.961.746 |
| | | | | |
| | 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 | 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 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 920.338 | 621.863 |
| 2 Loans and debt securities defaulted since the last reporting period | 328.380 | 718.328 |
| 3 Receivables back to non-defaulted status | -- | -- |
| 4 Amounts written off(*) | 242.412 | 249.214 |
| 5 Other changes (**) | (386.881) | (170.639) |
| 6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) | 619.425 | 920.338 |

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

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

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

Breakdown by geographical area:

| Loans and Other Receivables | Current Period | Prior Period |
|-------------------------------|-------------------|-------------------|
| Domestic | 18.080.629 | 14.737.586 |
| European Union (EU) Countries | 269.060 | 175.043 |
| OECD Countries | 60 | 105 |
| Off-Shore Banking Regions | 458.198 | 402.193 |
| USA, Canada | 29.644 | 23.987 |
| Other Countries | 169.320 | 169.268 |
| Total | 19.006.911 | 15.508.182 |

Sectoral Breakdown:

| Loans and Other Receivables | Current Period | Prior Period |
|--------------------------------------|-------------------|-------------------|
| Agriculture | 281.562 | 292.098 |
| Farming and Stockbreeding | 236.486 | 249.587 |
| Forestry | 45.076 | 42.511 |
| Fishery | -- | -- |
| Manufacturing | 4.071.734 | 3.052.932 |
| Mining and Quarrying | 559.653 | 507.039 |
| Production | 2.288.954 | 1.656.486 |
| Electricity, Gas and Water | 1.223.127 | 889.407 |
| Construction | 2.312.369 | 2.957.739 |
| Services | 8.818.018 | 6.763.379 |
| Wholesale and Retail Trade | 2.108.454 | 1.359.296 |
| Accommodation and Dining | 2.859.089 | 2.318.262 |
| Transportation and Telecommunication | 1.744.724 | 975.185 |
| Financial Institutions | 166.516 | 240.621 |
| Real Estate and Rental Services | 386.059 | 479.302 |
| Self-Employment Services | 961.846 | 761.672 |
| Educational Services | 227.415 | 198.509 |
| Health and Social Services | 363.915 | 430.532 |
| Others | 3.523.228 | 2.442.034 |
| Total | 19.006.911 | 15.508.182 |

Breakdown by outstanding maturity:

Breakdown by outstanding maturity:

| | Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | 5 years and over | Total |
|----------------|---------------|------------|-------------|-----------|------------------|------------|
| Current Period | 2.122.272 | 3.731.833 | 6.664.467 | 5.713.625 | 774.714 | 19.006.911 |
| Prior Period | 1.904.238 | 2.357.855 | 5.611.010 | 4.714.373 | 920.706 | 15.508.182 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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

| Current Period | Non-performing loans | Specific Provisions | Write-offs |
|-------------------------------|----------------------|---------------------|----------------|
| Domestic | 619.425 | 388.750 | 242.412 |
| European Union (EU) Countries | -- | -- | -- |
| OECD Countries | -- | -- | -- |
| Off-Shore Banking Regions | -- | -- | -- |
| USA, Canada | -- | -- | -- |
| Other Countries | -- | -- | -- |
| Total | 619.425 | 388.750 | 242.412 |

| Prior 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 |

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

| Current Period | Non-performing loans | Specific Provisions | Write-offs |
|--------------------------------------|----------------------|---------------------|----------------|
| Agriculture | 53.394 | 31.684 | 16.517 |
| Farming and Stockbreeding | 46.668 | 27.467 | 11.558 |
| Forestry | 6.726 | 4.217 | 4.959 |
| Fishery | -- | -- | -- |
| Manufacturing | 114.951 | 79.779 | 74.238 |
| Mining and Quarrying | 33.264 | 24.606 | 18.376 |
| Production | 76.758 | 52.668 | 55.752 |
| Electricity, Gas and Water | 4.929 | 2.505 | 110 |
| Construction | 130.322 | 81.292 | 20.188 |
| Services | 264.969 | 162.429 | 91.902 |
| Wholesale and Retail Trade | 131.745 | 83.442 | 79.088 |
| Accommodation and Dining | 11.438 | 6.981 | 2.697 |
| Transportation and Telecommunication | 72.496 | 43.622 | 6.507 |
| Financial Institutions | 438 | 258 | -- |
| Real Estate and Rental Services | 15.763 | 9.737 | 305 |
| Self-Employment Services | 3.040 | 1.690 | 354 |
| Educational Services | 8.991 | 5.724 | 295 |
| Health and Social Services | 21.058 | 10.975 | 2.656 |
| Others | 55.789 | 33.566 | 39.567 |
| Total | 619.425 | 388.750 | 242.412 |

| Prior 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 | 0 | 0 | 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 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

Aging analysis:

| | Current Period | Prior Period |
|---------------|-------------------|-------------------|
| Days past due | Amount | Amount |
| 0-30 | 18.802.229 | 15.307.058 |
| 31-60 | 42.201 | 82.355 |
| 61-90 | 120.917 | 118.770 |
| 90+ | 660.989 | 920.338 |
| Total | 19.626.336 | 16.428.520 |

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

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

| Current Period | Performing loans | Loans under follow-up | Non-performing loans |
|---------------------|------------------|-----------------------|----------------------|
| Provisioned | -- | -- | 4.305 |
| Not provisioned (*) | 2.059.527 | 2.761.574 | -- |
| Total | 2.059.527 | 2.761.574 | 4.305 |

(*) 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 | -- | -- | 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 17.293.854 | 1.219.130 | 1.152.094 | 67.036 | 67.036 | -- | -- |
| 2 Debt Securities | 2.345.834 | -- | -- | -- | -- | -- | -- |
| 3 Total | 19.639.688 | 1.219.130 | 1.152.094 | 67.036 | 67.036 | -- | -- |
| 4 Of which defaulted | 160.395 | 70.280 | 70.280 | -- | -- | -- | -- |
| *It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date. | | | | | | | |
| 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 | 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 | -- | -- | -- | -- |

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 | 4.117.134 | -- | 4.184.170 | -- | -- | %0,0 |
| 2 Exposures to regional and local governments | 199.815 | -- | 199.815 | -- | 99.908 | %50,0 |
| 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 | 3.039.614 | 84.034 | 3.039.614 | 47.490 | 746.854 | %24,2 |
| 7 Exposures to corporates | 11.636.049 | 987.347 | 11.619.810 | 579.733 | 11.984.494 | %98,2 |
| 8 Retail exposures | 5.050.336 | 1.440.118 | 5.013.662 | 364.891 | 4.032.652 | %75,0 |
| 9 Exposures secured by residential property | 152.068 | 1.815 | 151.639 | 528 | 118.854 | %78,1 |
| 10 Exposures secured by commercial property | 1.385.231 | 46.874 | 1.377.189 | 39.387 | 942.441 | %66,5 |
| 11 Past-due items | 246.057 | 1.340 | 240.405 | 1.340 | 203.080 | %84,0 |
| 12 Exposures in high-risk categories | 26.256 | 3.489 | 26.256 | 1.745 | 26.313 | %94,0 |
| 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(*) | 103.531 | -- | 103.531 | -- | 103.531 | %100,0 |
| 16 Other exposures | 1.105.362 | 1.171.451 | 1.105.362 | 64.940 | 735.298 | %62,8 |
| 17 Equity share investments | 9.764 | -- | 9.764 | -- | 9.764 | %100,0 |
| 18 Total | 27.071.217 | 3.736.468 | 27.071.217 | 1.100.054 | 19.003.189 | %67,5 |

(*)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.

*It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| 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 | 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 | -- | 294.493 | %82,7 |
| 12 Exposures in high-risk categories | 49.506 | 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

Exposures by asset classes and risk weights

| (Current Period) | | | | | | | | | | | | Total risk amount |
|--|-----------|-----|-----------|--------------------|-----------|--------------------|-----------|------------|--------|------|----|-------------------|
| Risk Classes/ Risk Weight | 0% | 10% | 20% | 35% ^(*) | 50% | 50% ^(*) | 75% | 100% | 150% | 200% | | ^(**) |
| 1 Exposures to sovereigns and their central banks | 4.184.170 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 4.184.170 |
| 2 Exposures to regional and local governments | -- | -- | -- | -- | 199.815 | -- | -- | -- | -- | -- | -- | 199.815 |
| 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 | 763.006 | -- | 1.401.066 | -- | 912.782 | -- | -- | 10.250 | -- | -- | -- | 3.087.104 |
| 7 Exposures to corporates | 215.049 | -- | -- | -- | -- | -- | -- | 11.984.494 | -- | -- | -- | 12.199.543 |
| 8 Retail exposures | 1.683 | -- | -- | -- | -- | -- | 5.376.870 | -- | -- | -- | -- | 5.378.553 |
| 9 Exposures secured by residential property | -- | -- | -- | 51.251 | -- | -- | -- | 100.916 | -- | -- | -- | 152.167 |
| 10 Exposures secured by commercial property | -- | -- | -- | -- | -- | 948.269 | -- | 468.307 | -- | -- | -- | 1.416.576 |
| 11 Past-due items | -- | -- | -- | -- | 140.449 | -- | -- | 38.177 | 63.119 | -- | -- | 241.745 |
| 12 Exposures in high-risk categories | -- | -- | -- | -- | 3.612 | -- | -- | 24.153 | 236 | -- | -- | 28.001 |
| 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 | -- | -- | -- | -- | -- | -- | -- | 103.531 | -- | -- | -- | 103.531 |
| 16 Equity share investments | -- | -- | -- | -- | -- | -- | -- | 9.764 | -- | -- | -- | 9.764 |
| 17 Other Exposures | 435.004 | -- | -- | -- | -- | -- | -- | 735.298 | -- | -- | -- | 1.170.302 |
| 18 Total | 5.598.912 | -- | 1.401.066 | 51.251 | 1.256.658 | 948.269 | 5.376.870 | 13.474.890 | 63.355 | -- | -- | 28.171.271 |

(*) Collateralized by real estate mortgages

(*) After OCF 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.

(***) It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| (Prior Period) | | | | | | | | | | | | Total risk amount |
|--|-----------|-----|---------|--------------------|-----------|--------------------|-----------|------------|--------|------|----|-------------------|
| Risk Classes/ Risk Weight | 0% | 10% | 20% | 35% ^(*) | 50% | 50% ^(*) | 75% | 100% | 150% | 200% | | ^(**) |
| 1 Exposures to sovereigns and their central banks | 2.480.989 | -- | -- | -- | 1.109.000 | -- | -- | -- | -- | -- | -- | 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 | 763.157 | -- | 634.042 | -- | 1.100.483 | -- | -- | 10.531 | -- | -- | -- | 2.508.213 |
| 7 Exposures to corporates | 410.888 | -- | -- | -- | -- | -- | -- | 10.838.666 | -- | -- | -- | 11.249.554 |
| 8 Retail exposures | 2.975 | -- | -- | -- | -- | -- | 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 | -- | -- | 23.692.692 |

(*) Collateralized by real estate mortgages

(*) After OCF 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 4.184.170 | -- | -- | 67.036 |
| 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 | 3.087.104 | 763.006 | -- | -- |
| Corporate Receivables | 12.199.543 | 215.049 | -- | -- |
| Retail Receivables | 5.378.553 | 1.683 | -- | -- |
| Receivables that are Collateralized by Residential Property | 1.568.743 | -- | 999.520 | -- |
| Past due Receivables | 241.745 | -- | 46.593 | -- |
| Receivables Defined in High Risk Category by BRSA | 28.001 | -- | -- | -- |
| Securities Collateralised by Mortgages | -- | -- | -- | -- |
| Short-term Receivables from Banks, | -- | -- | -- | -- |
| Investments Similar to Collective Investment Funds | 103.531 | -- | -- | -- |
| Equity share investments | 9.764 | -- | -- | -- |
| Other Receivables | 1.170.302 | -- | -- | -- |
| Total | 28.171.271 | 979.738 | 1.046.113 | 67.036 |

(*) 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.

(***) It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| Exposure Categories * | Amount | Financial Collaterals | Other/Physical Collaterals ** | Guarantees and Credit Derivatives |
|--|-------------------|-----------------------|-------------------------------|-----------------------------------|
| Prior Donem | | | | |
| 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 |
|--|------------------|---------------------------|---|---|------------------|----------------|
| | Replacement Cost | | | | | |
| 1 Standardised Approach - CCR (for derivatives) | 205.281 | 201.322 | -- | 1,4 | 406.603 | 261.009 |
| 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) | -- | -- | -- | -- | 958.534 | 89.527 |
| 4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) | -- | -- | -- | -- | 170.084 | 7.966 |
| 5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions | -- | -- | -- | -- | -- | -- |
| 6 Total | 205.281 | 201.322 | -- | -- | 1.535.221 | 358.502 |
| * It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date. | | | | | | |
| Prior Period | Replacement Cost | Potential Credit Exposure | EEPE (Effective Expected Positive Exposure) | Alpha used for computing regulatory EAD | EAD post-CRM | RWA |
| | Replacement Cost | | | | | |
| 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 |

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 | 406.603 | 73.764 | 450.846 | 88.444 |
| 4 Total subject to the CVA capital obligation | 406.603 | 73.764 | 450.846 | 88.444 |
| * It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date. | | | | |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

CCR exposures by risk class and risk weights - standardised approach

| Current Period | | | | | | | | |
|---|----------------|-----------|----------------|----------------|--------------|----------------|-----------|--------------------------|
| Risk weights | 0% | 10% | 20% | 50% | 75% | 100% | 150% | Total credit risk (*) |
| Exposures to sovereigns and their central banks | 12.192 | .. | .. | .. | .. | .. | .. | 12.192 |
| 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 | 763.006 | .. | 316.392 | 291.896 | .. | 63 | .. | 1.371.357 |
| Exposures to corporates | .. | .. | .. | .. | .. | 143.732 | .. | 143.732 |
| Retail exposures | 632 | .. | .. | .. | 7.308 | .. | .. | 7.940 |
| 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 | 775.830 | .. | 316.392 | 291.896 | 7.308 | 143.795 | .. | 1.535.221 |

*It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| Prior Period | | | | | | | | |
|---|----------------|-----------|----------------|----------------|--------------|----------------|-----------|--------------------------|
| Risk weights | 0% | 10% | 20% | 50% | 75% | 100% | 150% | 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 |

Collaterals for CCR

| Current Period | Collateral for derivative transactions | | | | Collateral for other transactions | |
|--------------------------|--|--------------|--------------------------------|--------------|-----------------------------------|--------------------------------|
| | 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-domestic currency | .. | .. | .. | .. | .. | 170.084 |
| Cash-foreign currency | 632 | .. | .. | .. | 610.160 | .. |
| Domestic sovereign debts | .. | .. | .. | .. | 130.256 | .. |
| Other sovereign debts | .. | .. | .. | .. | .. | .. |
| Government agency debts | .. | .. | .. | .. | .. | .. |
| Corporate debts | .. | .. | .. | .. | .. | .. |
| Equity securities | .. | .. | .. | .. | .. | .. |
| Other collateral | .. | .. | .. | .. | .. | .. |
| Total | 632 | .. | .. | .. | 740.416 | 170.084 |

* It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| Prior Period | Collateral for derivative transactions | | | | Collateral for other transactions | |
|--------------------------|--|--------------|--------------------------------|--------------|-----------------------------------|--------------------------------|
| | 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-domestic 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 | 2746 | .. | .. | .. | 763.151 | 1.081.668 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

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".

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

Market risk under standardised approach

| | Current Period | Prior Period |
|---|----------------|----------------|
| | RWA | RWA |
| Outright Products | | |
| 1 Interest rate risk (general and specific) | 368.500 | 533.163 |
| 2 Equity risk (general and specific) | -- | -- |
| 3 Foreign exchange risk | 128.475 | 13.875 |
| 4 Commodity risk | 24.775 | -- |
| Options | | |
| 5 Simplified approach | -- | -- |
| 6 Delta-plus method | 75.000 | 5.425 |
| 7 Scenario approach | -- | -- |
| 8 Securitisation | -- | -- |
| 9 Total | 596.750 | 552.463 |

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.

| | Amount | Risk Weights | | | | | Total RWA |
|--------------------------------------|----------------|---------------|---------------|----------------|--------------|----------------|----------------|
| | | 0% | 20% | 50% | 75% | 100% | |
| Current Period | | | | | | | |
| Interest-Rate Contracts (*) | -- | -- | -- | -- | -- | -- | -- |
| Foreign-Exchange-Rate Contracts (**) | 201.322 | 12.824 | 26.218 | 102.936 | 2.777 | 56.567 | 115.361 |
| Commodity Contracts | -- | -- | -- | -- | -- | -- | -- |
| Equity-Shares Related Contracts | -- | -- | -- | -- | -- | -- | -- |
| Other | -- | -- | -- | -- | -- | -- | -- |
| Gross Positive Fair Values | 205.281 | -- | 5.797 | 107.725 | 4.531 | 87.228 | 145.648 |
| Netting Benefits | -- | -- | -- | -- | -- | -- | -- |
| Net Current Exposure Amount | -- | -- | -- | -- | -- | -- | -- |
| Collaterals Received | -- | -- | -- | -- | -- | -- | -- |
| Net Derivative Position (***) | 406.603 | 12.824 | 32.015 | 210.661 | 7.308 | 143.795 | 261.009 |

(*) 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.

(****) It is used simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date.

| | Amount | Risk Weights | | | | | Total RWA |
|--------------------------------------|----------------|--------------|---------------|----------------|--------------|----------------|----------------|
| | | 0% | 20% | 50% | 75% | 100% | |
| Prior Period | | | | | | | |
| 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 | 140.597 | 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

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’ (2019, 2018 an 2017) 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 145.587 (31 December 2019: TL 118.842) represents also the minimum capital requirement to recover the risk amount.

| Current Period | 31/12/2017 | 31/12/2018 | 31/12/2019 | Total/ No. of Years of Positive Gross Income | Rate (%) | Total |
|--|------------|------------|------------|--|----------|-----------|
| Gross Income | 716.364 | 1.038.186 | 1.157.197 | 970.582 | 15 | 145.587 |
| Value at Operational Risk (Total*12,5) | | | | | | 1.819.842 |

| Prior 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 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE

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 | 54.967 | 281.636 | 48.386 | 211.408 |
| Balances with the Central Bank of Turkey | 411.057 | 2.174.032 | 152.600 | 2.295.481 |
| Other | -- | -- | -- | -- |
| Total | 466.024 | 2.455.668 | 200.986 | 2.506.889 |

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

| | Current Period | | Prior Period | |
|------------------------------|----------------|------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Unrestricted Demand Deposits | 407.561 | 782.078 | 152.527 | 659.002 |
| Unrestricted Time Deposits | 3.496 | -- | 73 | 498.795 |
| Restricted Time Deposits | -- | 1.391.954 | -- | 1.137.684 |
| Total | 411.057 | 2.174.032 | 152.600 | 2.295.481 |

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% - 6% (31 December 2019: 1%-7%) for TL liabilities and at the rates varying from 5% - 21% (31 December 2019: 5%-21%) for FC liabilities, especially USD and EUR, 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 | 2.796 | -- | 24.580 | -- |
| Total | 2.796 | -- | 24.580 | -- |

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 2020, the amount of financial assets at fair value through profit or loss not given as collateral or not blocked is TL 135.412 (31 December 2019: TL 73.157).

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.

Loans recognised at fair value through profit or loss

As of 31 December 2020, there are no loans recognized at fair value through profit or loss (31 December 2019: TL 1.948.020).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

I. Explanations and disclosure related to the consolidated assets (continued)

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 | 97.046 | -- | 59.591 | -- |
| Swap Transactions | 368.124 | -- | 368.713 | -- |
| Futures Transactions | -- | -- | -- | -- |
| Options | 231.789 | 10.406 | 195.923 | 27.136 |
| Other | -- | -- | -- | -- |
| Total | 696.959 | 10.406 | 624.227 | 27.136 |

(*) 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 | 465.117 | 39.805 | 400.573 | 740 |
| Foreign | 461 | 383.162 | 2.058 | 87.455 |
| Foreign head-offices and branches | -- | -- | -- | -- |
| Total | 465.578 | 422.967 | 402.631 | 88.195 |

3.2 Due from foreign banks

| | Current Period | | Prior Period | |
|---------------------------|-----------------------|---------------------|-----------------------|---------------------|
| | Unrestricted Balances | Restricted Balances | Unrestricted Balances | Restricted Balances |
| EU Countries | 68.714 | 233.344 | 18.008 | 28.352 |
| USA and Canada | 8.447 | -- | 29.818 | -- |
| OECD Countries (*) | 719 | 59.798 | 1.433 | 3.624 |
| Off-Shore Banking Regions | -- | -- | -- | -- |
| Other | 12.601 | -- | 8.278 | -- |
| Total | 90.481 | 293.142 | 57.537 | 31.976 |

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 | 2.929 | 717.544 | 10.904 | 776.085 |
| Other | -- | -- | -- | -- |
| Total | 2.929 | 717.544 | 10.904 | 776.085 |

As of 31 December 2020, the amount of financial assets valued at fair value through other comprehensive income not given as collateral or not blocked is TL 307.053 (31 December 2019: TL 25.476).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

I. Explanations and disclosure related to the consolidated assets (continued)

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

| | Current Period | Prior Period |
|----------------------------|------------------|----------------|
| Debt instruments | 1.017.163 | 803.864 |
| Quoted on Stock Exchange | 1.017.163 | 803.864 |
| Unquoted on Stock Exchange | -- | -- |
| Share certificates | 10.363 | 8.697 |
| Quoted on Stock Exchange | 10.363 | 8.697 |
| Unquoted on Stock Exchange | -- | -- |
| Impairment provision (-) | -- | 96 |
| Total | 1.027.526 | 812.465 |

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 | 6.497 | -- | 4.653 | -- |
| Total | 6.497 | 20 | 4.653 | 20 |

5.2 Information on Standard Loans, Loans Under Close Monitoring and Loans Under Close Monitoring That Are Restructured

| Cash Loans | Standard Loans | Loans Under Close Monitoring | | |
|---------------------------|-------------------|------------------------------|------------------------|----------------|
| | | Non-restructured | Restructured | |
| | | | Revised Contract Terms | Refinanced |
| Loans | 15.921.532 | 323.805 | 2.408.979 | 352.595 |
| Working Capital Loans | 6.385.151 | 119.536 | 1.446.735 | 331.004 |
| Export Loans | -- | -- | 894 | -- |
| Import Loans | -- | -- | -- | -- |
| Loans to Financial Sector | 141.271 | -- | -- | -- |
| Consumer Loans | 2.643.793 | 47.991 | 16.335 | 3.933 |
| Credit Cards | 15.097 | 968 | -- | -- |
| Others | 6.736.220 | 155.310 | 945.015 | 17.658 |
| Specialization Loans | -- | -- | -- | -- |
| Other Receivables | -- | -- | -- | -- |
| Total (*) | 15.921.532 | 323.805 | 2.408.979 | 352.595 |

(*) Amounting to TL 105.851 factoring receivables are also included.

(**) 31 December 2020, in accordance with the decision of the BRSA dated 27 March 2020 and numbered 8970, with a past due of between 90 and 180 days effective from 17 March 2020, and the total amount of loans that continue to be classified in the second group is TL 44,941.

| | Current Period | | Prior Period | |
|-------------------------------------|----------------|------------------------------|----------------|------------------------------|
| | Standard Loans | Loans Under Close Monitoring | Standard Loans | Loans Under Close Monitoring |
| 12-months Expected Credit Losses | 155.743 | -- | 117.374 | -- |
| Significant Increase in Credit Risk | -- | 285.623 | -- | 171.618 |
| Total | 155.743 | 285.623 | 117.374 | 171.618 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

I. Explanations and disclosure related to the consolidated assets (continued)

The overdue analysis of close monitoring loans

| Current Period | Commercial Loans | Consumer Loans | Total |
|----------------|------------------|----------------|----------------|
| 1-30 days | 44.642 | 6.244 | 50.886 |
| 31-60 days | 16.355 | 6.219 | 22.574 |
| 61-90 days (*) | 127.971 | 24.885 | 152.856 |
| Total | 188.968 | 37.348 | 226.316 |

(*) According to BRSA's announcement numbered 8948 and dated 17 March 2020, up to 180 days past due loans are also included.

(**) 31 December 2020, in accordance with the decision of the BRSA dated 27 March 2020 and numbered 8970, with a past due of between 30 and 90 days effective from 17 March 2020, and the total amount of loans that continue to be classified in the first group is TL 34,084.

| Prior 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 |

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 | 6.252.540 | 286.659 | 79.649 | 206.854 |
| Loans | 6.252.540 | 286.659 | 79.649 | 206.854 |
| Specialized Loans | | | | |
| Other Loans | | | | |
| Medium and Long-term Loans and Other Receivables | 7.322.806 | 2.059.527 | 244.156 | 2.554.720 |
| Loans | 7.322.806 | 2.059.527 | 244.156 | 2.554.720 |
| Specialized Loans | | | | |
| Other Loans | | | | |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

I. Explanations and disclosure related to the consolidated assets (continued)

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 | 913.375 | 1.728.617 | 2.641.992 |
| Mortgage Loans | -- | 277.766 | 277.766 |
| Vehicle Loans | -- | 2.812 | 2.812 |
| General Purpose Loans | 913.375 | 1.448.039 | 2.361.414 |
| Other | -- | -- | -- |
| Consumer Loans-Indexed to FC | -- | 5.126 | 5.126 |
| Mortgage Loans | -- | 4.809 | 4.809 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 317 | 317 |
| Other | -- | -- | -- |
| Consumer Loans-FC | -- | 46 | 46 |
| Mortgage Loans | -- | 46 | 46 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Individual Credit Cards-TL | 6.406 | -- | 6.406 |
| With Installment | 969 | -- | 969 |
| Without Installment | 5.437 | -- | 5.437 |
| Individual Credit Cards-FC | 113 | -- | 113 |
| With Installment | -- | -- | -- |
| Without Installment | 113 | -- | 113 |
| Loans Given to Employees-TL | 566 | 5.266 | 5.832 |
| Mortgage Loans | -- | 41 | 41 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | 566 | 5.225 | 5.791 |
| Other | -- | -- | -- |
| Loans Given to Employees - Indexed to FC | -- | -- | -- |
| Mortgage Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Loans Given to Employees - FC | -- | -- | -- |
| Mortgage Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Personnel Credit Cards - TL | 643 | -- | 643 |
| With Installment | 150 | -- | 150 |
| Without Installment | 493 | -- | 493 |
| Personnel Credit Cards - FC | 22 | -- | 22 |
| With Installment | -- | -- | -- |
| Without Installment | 22 | -- | 22 |
| Overdraft Loans-TL (Real Persons) | 59.056 | -- | 59.056 |
| Overdraft Loans-FC (Real Persons) | -- | -- | -- |
| Total | 980.181 | 1.739.055 | 2.719.236 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

I. Explanations and disclosure related to the consolidated assets (continued)

5.4 Information on commercial loans with installments and corporate credit cards

| | Short-Term | Medium or Long Term | Total |
|--|----------------|---------------------|------------------|
| Installment Commercial Loans - TL | 839.822 | 2.896.433 | 3.736.255 |
| Real Estate Loans | -- | 153 | 153 |
| Vehicle Loans | 7.894 | 68.280 | 76.174 |
| General Purpose Loans | 831.928 | 2.828.000 | 3.659.928 |
| Other | -- | -- | -- |
| Installment Commercial Loans - Indexed to FC | -- | 40.058 | 40.058 |
| Real Estate Loans | -- | -- | -- |
| Vehicle Loans | -- | 6.354 | 6.354 |
| General Purpose Loans | -- | 33.704 | 33.704 |
| Other | -- | -- | -- |
| Installment Commercial Loans - FC | -- | -- | -- |
| Real Estate Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Corporate Credit Cards - TL | 8.720 | -- | 8.720 |
| With Installment | 2.413 | -- | 2.413 |
| Without Installment | 6.307 | -- | 6.307 |
| Corporate Credit Cards - FC | 161 | -- | 161 |
| With Installment | -- | -- | -- |
| Without Installment | 161 | -- | 161 |
| Overdraft Loans-TL (Legal Entities) | 76.144 | -- | 76.144 |
| Overdraft Loans-FC (Legal Entities) | -- | -- | -- |
| Total | 924.847 | 2.936.491 | 3.861.338 |

5.5 Allocation of loans by customers

| | Current Period | Prior Period |
|------------------|-------------------|-------------------|
| Public Sector | -- | -- |
| Private Sector | 19.006.911 | 15.508.182 |
| Total (*) | 19.006.911 | 15.508.182 |

(*) Factoring receivables amounting to TL 105.851 (31 December 2019: TL 3.092) are included. There are no financial loans at fair value through profit or loss (31 December 2019: TL 1.948.020).

5.6 Allocation of Domestic and Foreign Loans

| | Current Period | Prior Period |
|------------------|-------------------|-------------------|
| Domestic Loans | 18.080.629 | 14.737.586 |
| Foreign Loans | 926.282 | 770.596 |
| Total (*) | 19.006.911 | 15.508.182 |

(*) Factoring receivables amounting to TL 105.851 (31 December 2019: TL 3.092) are included. There are no financial loans at fair value through profit or loss (31 December 2019: TL 1.948.020).

5.7 Loans granted to subsidiaries and associates

The Bank does not have any loans granted to subsidiaries and associates as of 31 December 2020 (31 December 2019: None).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

I. Explanations and disclosure related to the consolidated assets (continued)

5.8 Provisions provided against loans (third stage)

| | Current Period | Prior Period |
|--|----------------|----------------|
| Loans and Receivables with Limited Collectability | 33.606 | 165.920 |
| Loans and Receivables with Doubtful Collectability | 56.774 | 133.848 |
| Uncollectible Loans and Receivables | 298.370 | 215.350 |
| Total | 388.750 | 515.118 |

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 | 18 | 1.779 | 2.508 |
| Gross Amounts before Provisions | -- | -- | -- |
| Restructured Loans and Other Receivables | 18 | 1.779 | 2.508 |
| Prior Period | 453 | 21.568 | 2.301 |
| Gross Amounts before Specific Provisions | -- | -- | -- |
| Restructured Loans and Other Receivables | 453 | 21.568 | 2.301 |

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 | 268.082 | 216.051 | 436.205 |
| Additions (+) | 258.983 | 51.340 | 18.057 |
| Transfers from Other Categories of Non-Performing Loans (+) | 14 | 320.477 | 409.449 |
| Transfers to Other Categories of Non-Performing Loans (-) | 320.477 | 409.449 | 14 |
| Collections (-) | 130.972 | 43.215 | 212.694 |
| Write-offs (-) | -- | -- | -- |
| Sold (-) (*) | 11.043 | 52.259 | 179.110 |
| Corporate and Commercial Loans | 11.027 | 50.876 | 149.387 |
| Retail Loans | 16 | 539 | 23.995 |
| Credit Cards | -- | 844 | 5.728 |
| Other | -- | -- | -- |
| Balances at End of the Period | 64.587 | 82.945 | 471.893 |
| Provisions (-) | 33.606 | 56.774 | 298.370 |
| Net Balance on Balance Sheet | 30.981 | 26.171 | 173.523 |

(*) The loan amounting to TL 242.412 has been written off from assets by selling to asset management company in 2020.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

I. Explanations and disclosure related to the consolidated assets (continued)

5.9.3 Information on expected credit losses

| | Stage 1 | Stage 2 | Stage 3 |
|--|----------------|----------------|----------------|
| Beginning of period (1 January 2020) | 117.374 | 171.618 | 515.118 |
| Loans and movements added during the period | 48.431 | 17.377 | 5.505 |
| Loans and movements moved out during the period | (13.904) | (17.267) | (36.662) |
| Movements of Stage 1 and Stage 2 | | | |
| Stage 1 Loans in two periods | 12.796 | -- | -- |
| Transfers from Stage 1 to Stage 2 | (16.165) | 91.475 | -- |
| Stage 2 Loans in two periods | -- | 44.426 | -- |
| Transfers from Stage 2 to Stage 1 | 8.341 | (10.759) | -- |
| Movements of Stage 3 | | | |
| Transfers from Stage 1 to Stage 3 (*) | (1.114) | -- | 35.924 |
| Transfers from Stage 2 to Stage 3 | -- | (10.259) | 56.445 |
| Stage 3 Loans in two periods (amount and parameter change) | -- | -- | (26.112) |
| Write-offs | -- | -- | -- |
| Sold | (15) | (989) | (161.470) |
| Period end (31 December 2020) | 155.743 | 285.623 | 388.750 |

(*)The mentioned customers are in Stage 1 at the end of 2019 and they recognized 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 | 39.441 | 16.545 | 42.344 |
| Provisions (-) | 17.748 | 14.239 | 29.235 |
| Net Balance on Balance Sheet | 21.693 | 2.306 | 13.109 |
| Prior 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 |

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) | 30.981 | 26.171 | 173.523 |
| Loans Granted to Real Persons and Legal Entities (Gross) | 64.587 | 82.945 | 471.893 |
| Provisions (-) | 33.606 | 56.774 | 298.370 |
| Loans Granted to Real Persons and Legal Entities (Net) | 30.981 | 26.171 | 173.523 |
| Banks (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Banks (Net) | -- | -- | -- |
| Other Loan and Receivables (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Other Loan and Receivables (Net) | -- | -- | -- |
| Prior 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) | -- | -- | -- |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

I. Explanations and disclosure related to the consolidated assets (continued)

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 and rediscount for non-performing loans.

5.11 Explanations about policy of write-off policy

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 | 48.344 | 858.607 | 188.506 | 386.592 |
| Other | -- | -- | -- | -- |
| Total | 48.344 | 858.607 | 188.506 | 386.592 |

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

| | Current Period | | Prior Period | |
|-----------------------|----------------|------------------|----------------|----------------|
| | TL | FC | TL | FC |
| Government Bond | 187.659 | 1.006.930 | 188.506 | 386.592 |
| Treasury Bill | -- | -- | -- | -- |
| Other Debt Securities | -- | -- | -- | -- |
| Total | 187.659 | 1.006.930 | 188.506 | 386.592 |

6.3 Information on financial assets measured at amortized cost

| | Current Period | Prior Period |
|----------------------------|------------------|----------------|
| Debt instruments | 1.207.902 | 575.098 |
| Quoted on Stock Exchange | 1.207.902 | 575.098 |
| Unquoted on Stock Exchange | -- | -- |
| Share certificates | -- | -- |
| Quoted on Stock Exchange | -- | -- |
| Unquoted on Stock Exchange | -- | -- |
| Impairment provision (-) | -- | -- |
| Total | 1.207.902 | 575.098 |

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 | 575.098 | 363.032 |
| Foreign Exchange Difference in Monetary Assets | 132.935 | 17.887 |
| Revaluation adjustments | 5.934 | 15.552 |
| Purchases during the year | 493.935 | 178.627 |
| Disposals through Sales and Redemptions | -- | -- |
| Impairment provision (-) | -- | -- |
| Total | 1.207.902 | 575.098 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

I. Explanations and disclosure related to the consolidated assets (continued)

7. Information on associates

The Group has no investment in an associate as of 31 December 2020 (31 December 2019: None).

The Bank has started to present the amount of TL 4.897, which was reported as "Subsidiaries" in the previous period, under the "Financial Assets at Fair Value Through Other Comprehensive Income" in the current period, and the comparative information has been rearranged accordingly.

8. Information on consolidated subsidiaries

The Bank has TL 117.945 investment in subsidiaries as of 31 December 2020 (31 December 2019: TL 36.945).

Non-financial subsidiaries

The Bank has TL 112.500 investment in a non-financial subsidiary as of 31 December 2020 (31 December 2019: TL 31.500).

The capital of Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş. has been increased in cash by TL 6.000 and TL 75.000 on 7 January 2020 and 6 August 2020.

| 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. | Istanbul | 100% | 100% |

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

Financial subsidiaries

The Bank has TL 5.445 investment in a financial subsidiary as of 31 December 2020 (31 December 2019: 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. | Istanbul | 99% | 99% | Full Consolidation |

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

The financial information about Fiba Portföy Yönetimi A.Ş. as of 31 December 2020 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 |
|--------------|-------------------------|---------------------------|-----------------|--------------------------------------|-------------------------------|-----------------------------|-------------------------|
| 18.098 | 15.954 | 367 | 12 | -- | 7.220 | 2.912 | -- |

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

I. Explanations and disclosure related to the consolidated assets (continued)

8. Information on subsidiaries (continued)

Information on capital adequacy of major subsidiary

| Current Period | Fiba Portföy Yönetimi A.Ş. |
|---|----------------------------|
| Core Capital | 15.954 |
| Paid-in Capital | 5.500 |
| Inflation Adjustments to Paid-in Capital | -- |
| Share Premium | -- |
| Reserves | -- |
| Current Period's Profit and Prior Periods' Profit | 10.454 |
| Current Period's Losses and Prior Periods' Losses | -- |
| Leasehold Improvements on Operational Leases (-) | -- |
| Intangible Assets (-) | -- |
| Goodwill (Net) (-) | -- |
| Supplementary Capital | -- |
| Capital | 15.954 |
| Deductions From Capital | -- |
| Net Available Equity | 15.954 |

The Parent Bank does not have any capital 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 Subsidiaries | -- | -- |
| 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 |

Valuation of investments in consolidated subsidiaries

| | Current Period | Prior Period |
|---------------------------|----------------|--------------|
| Valuation with Cost Value | 5.445 | 5.445 |
| Valuation with Fair Value | -- | -- |

Quoted consolidated investments in subsidiaries

None

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

I. Explanations and disclosure related to the consolidated assets (continued)

9. Information on entities under common control

The Group does not have investments in entities under common control as of 31 December 2020.

10. Information on lease receivables

The Group does not have lease receivables as of 31 December 2020.

11. Information on derivative financial assets held for hedging purposes

As of 31 December 2020, The Bank has no hedging derivative financial assets (31 December 2019: TL 87.539).

12. Information on tangible assets

| Current Period | Mortgage | Cars | Ongoing Investments(**) | Other Tangible Assets(*) | Total |
|---|-----------------|----------------|-------------------------|--------------------------|------------------|
| Cost | | | | | |
| Beginning Balance, 1 January 2020 | 295.376 | 12.800 | -- | 106.776 | 414.952 |
| Additions | 766 | 6.739 | 62.911 | 17.592 | 88.007 |
| Disposals | 5.225 | -- | -- | 6.907 | 12.132 |
| Ending Balance, 31 December 2020 | 290.917 | 19.539 | 62.911 | 117.461 | 490.828 |
| Accumulated Depreciation | | | | | |
| Beginning Balance, 1 January 2020 | (29.056) | (897) | -- | (60.890) | (90.843) |
| Depreciation | (22.497) | (2.269) | (2.269) | (21.249) | (46.015) |
| Disposals | (164) | -- | -- | 6.329 | 6.165 |
| Ending Balance, 31 December 2020 | (51.717) | (3.166) | -- | (75.810) | (130.693) |
| Net Book Value, 31 December 2020 | 239.200 | 16.373 | 62.911 | 41.650 | 360.135 |

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

(**) The item in progress includes the total capitalized project cost following the completion of the projects.

| Prior Period | Mortgage | 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.

12.1 Disclosure for impairment losses or releases individually 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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

I. Explanations and disclosure related to the consolidated assets (continued)

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

| Cost | Current Period | Prior Period |
|---|----------------|--------------|
| Beginning Balance, 1 January | 138.252 | 90.570 |
| Additions | 51.384 | 50.298 |
| Disposal | 4.153 | 2.616 |
| Ending Balance, 31 December | 185.483 | 138.252 |
| Accumulated Depreciation | | |
| Beginning Balance, 1 January | (68.357) | (55.569) |
| Amortisation Expense for Current Period (-) | -- | (24) |
| Disposal | (26.099) | (12.812) |
| Ending Balance, 31 December | (94.456) | (68.358) |
| Net Book Value, 31 December | 91.027 | 69.894 |

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

I. Explanations and disclosure related to the consolidated assets (continued)

14. Information on intangible assets

None.

15. Information on investment properties

None.

15. Information on deferred tax asset

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

As of 31 December 2020, the deferred tax asset amounting to TL 191.840 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2019: TL 54.503 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 | 294.394 | 58.879 |
| Unearned Commission Income/Prepaid Commission Expenses | 43.865 | 8.773 |
| Retirement Pay and Unused Vacation Provision | 37.613 | 7.523 |
| Tangible Assets Base Differences | (36.784) | (7.357) |
| Provisions | 605.850 | 121.170 |
| Other | 14.268 | 2.852 |
| Deferred Tax Asset/(Liability) | 959.206 | 191.840 |
| | Prior Period | |
| | Deferred Tax Base | Deferred Tax Asset/ (Liability) |
| Financial Assets Valuation | (124.029) | (24.671) |
| Unearned Commission Income/Prepaid Commission Expenses | 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 |

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

| | 1 January - 31 December 2020 | 1 January - 31 December 2019 |
|--|------------------------------|------------------------------|
| Deferred Tax Asset, 1 January | 54.503 | 79.351 |
| Deferred Tax Income / (Expense) | 138.053 | (15.309) |
| Deferred Tax Recognized Directly Under Equity | (716) | (9.539) |
| Deferred Tax Asset/(Liability) , Period End Balance | 191.840 | 54.503 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020

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

- I. Explanations and disclosure related to the consolidated assets (continued)
- 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 2019: 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 2020, the Group has TL 102.748 assets held for sale (31 December 2019: TL 63.247).
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 2020, total prepaid expenses are TL 41.636 (31 December 2019: TL 42.018).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 239.170 | -- | 3.296.030 | 2.162.226 | 82.919 | 40.295 | 19.070 | -- | 5.839.710 |
| Foreign Currency Deposits | 1.022.955 | -- | 3.826.483 | 1.841.608 | 143.243 | 12.482 | 124.436 | -- | 6.971.207 |
| Residents in Turkey | 921.277 | -- | 3.805.228 | 1.832.539 | 143.243 | 12.428 | 124.345 | -- | 6.839.060 |
| Residents Abroad | 101.678 | -- | 21.255 | 9.069 | -- | 54 | 91 | -- | 132.147 |
| Public Sector Deposits | 1.394 | -- | 409 | 865 | -- | -- | -- | -- | 2.668 |
| Commercial Deposits | 308.622 | -- | 469.252 | 2.082.225 | 4.362 | 3.572 | 29 | -- | 2.868.062 |
| Other Ins. Deposits | 3.340 | -- | 3.485 | 125.948 | 17.516 | 516 | -- | -- | 150.805 |
| Precious Metal Deposits | 372.485 | -- | 461.975 | -- | -- | -- | -- | -- | 834.460 |
| Interbank Deposits | 50.624 | -- | 558.252 | 391.620 | -- | -- | -- | -- | 1.000.496 |
| Central Bank of Turkey | -- | -- | 386.108 | -- | -- | -- | -- | -- | 386.108 |
| Domestic Banks | 79 | -- | 146.815 | 379.982 | -- | -- | -- | -- | 526.876 |
| Foreign Banks | 45.473 | -- | 25.329 | 11.638 | -- | -- | -- | -- | 82.440 |
| Special Finan.Inst. | 5.072 | -- | -- | -- | -- | -- | -- | -- | 5.072 |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 1.998.590 | -- | 8.615.886 | 6.604.492 | 248.040 | 56.865 | 143.535 | -- | 17.667.408 |

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 | 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 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

II. Explanations and disclosures related to consolidated liabilities (continued)

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 | | Exceeding | |
|--|--------------------------------|------------------|------------------|------------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Saving Deposits | 2.701.076 | 2.739.691 | 3.100.426 | 2.736.619 |
| Foreign Currency Saving Deposits | 1.554.183 | 1.025.106 | 5.118.091 | 4.415.973 |
| 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 | 4.255.259 | 3.764.797 | 8.218.517 | 7.152.592 |

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 | 11.366 | 23.907 |
| Deposits of Chairman and Members of the Board of Directors and their Close Families | | |
| Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004. | 43.256 | 21.646 |
| 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 | 100.750 | -- | 65.341 | -- |
| Swap Transactions | 767.895 | -- | 386.379 | -- |
| Futures Transactions | -- | -- | -- | -- |
| Options | 228.455 | 10.392 | 195.948 | 27.093 |
| Other | -- | -- | -- | -- |
| Total | 1.097.100 | 10.392 | 647.668 | 27.093 |

(*) 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 | 20.370 | 180.458 | 16.773 | 391.415 |
| From Foreign Banks, Institutions and Funds | -- | 954.314 | -- | 451.193 |
| Total | 20.370 | 1.134.772 | 16.773 | 842.608 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

II. Explanations and disclosures related to consolidated liabilities (continued)

3.2 Maturity analysis of borrowing

| | Current Period | | Prior Period | |
|----------------------|----------------|------------------|---------------|----------------|
| | TL | FC | TL | FC |
| Short Term | 20.370 | 98.963 | 16.773 | 112.037 |
| Medium and Long Term | -- | 1.035.809 | -- | 730.571 |
| Total | 20.370 | 1.134.772 | 16.773 | 842.608 |

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 | -- | -- | -- | 1.443.590 |
| Book Value | -- | -- | -- | 1.480.900 |
| Prior 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 |

5. Other Liabilities

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

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 lessees.

| | Current Period | | Prior Period | |
|-------------------|----------------|---------------|---------------|---------------|
| | Gross | Net | Gross | Net |
| Less than 1 Year | 50.854 | 37.604 | 31.985 | 37.899 |
| Between 1-4 Years | 33.330 | 15.470 | 54.263 | 29.917 |
| More than 4 Years | 2.774 | 556 | 3.429 | 820 |
| Total | 86.958 | 53.630 | 89.677 | 68.636 |

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

None

7. Information on derivative financial liabilities for hedging purposes

As of 31 December 2020, there are no derivative financial liabilities for hedging purposes (31 December 2019: TL 113.444).

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 2020, there is no provision of foreign exchange loss on the foreign currency indexed loans. (31 December 2019: None).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

II. Explanations and disclosures related to liabilities (continued)

8.2 The specific provisions provided for unindemnified non cash loans

As of 31 December 2020, the specific provision provided for unindemnified non cash loans is TL 4.566 (31 December 2019: TL 11.449).

8.3 Explanation on other provisions

8.3.1 Provisions for possible losses

| | Current Period | Prior Period |
|--------------------------------|----------------|--------------|
| Provisions for Possible Losses | 151.000 | 44.500 |

8.3.2 The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total provisions
None.

8.3.3 Explanations on reserves for employee benefits

As of 31 December 2020, reserves for employee benefits amounting to TL 37.613 (31 December 2019: TL 29.953) comprise of TL 19.874 reserve for employee termination benefits (31 December 2019: TL 15.083), TL 6.193 unused vacation pay liability (31 December 2019: TL 4.965) and TL 11.546 personnel bonus accrual (31 December 2019: TL 9.905).

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

| | Current Period | Prior Period |
|---|----------------|--------------|
| Balance at the Beginning | 15.083 | 11.187 |
| Change in the period | 6.891 | 6.338 |
| Aktuerial Loss/Profit Transferred to Equity | 3.763 | 2.542 |
| Paid in the Period | (5.863) | (4.984) |
| Balance at the End | 19.874 | 15.083 |

9. Explanations on Tax Liability

9.1 Explanations on current tax liability

9.1.1 Explanations on tax provision

As of 31 December 2020, the Group's current tax liability is TL 187.777 (31 December 2019: TL 41.045)

9.1.2 Information on taxes payable

| | Current Period | Prior Period |
|--|----------------|---------------|
| Corporate taxes payable | 143.871 | -- |
| Taxation on securities | 13.359 | 17.703 |
| Property tax | 173 | 357 |
| Banking and Insurance Transaction Tax (BITT) | 13.397 | 10.555 |
| Taxes on foreign exchange transactions | 1.433 | 584 |
| Value added taxes payable | 1.715 | 1.364 |
| Income tax ceased from wages | 6.945 | 4.755 |
| Other | 1.004 | 787 |
| Total | 181.897 | 36.105 |

9.1.3 Information on premium

| | Current Period | Prior Period |
|---|----------------|--------------|
| Social Security Premiums- Employee | 2.494 | 2.089 |
| Social Security Premiums- Employer | 2.864 | 2.415 |
| 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 | 174 | 146 |
| Unemployment Insurance- Employer | 348 | 290 |
| Other | -- | -- |
| Total | 5.880 | 4.940 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

II. Explanations and disclosures related to liabilities (continued)

9.2 Explanations on deferred tax liabilities

None (31 December 2019: None).

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

None (31 December 2019: None).

11. Explanations on subordinated loans

| | Current Period | | Prior Period | |
|---|----------------|------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Debt instruments subject to common equity | 100.000 | 220.276 | 100.000 | 178.263 |
| Subordinated loans | -- | -- | -- | -- |
| Subordinated debt instruments(*) | 100.000 | 220.276 | 100.000 | 178.263 |
| Debt instruments subject to Tier 2 equity | -- | 1.907.323 | -- | 1.610.755 |
| Subordinated loans | -- | -- | -- | -- |
| Subordinated debt instruments | -- | 1.907.323 | -- | 1.610.755 |
| Total | 100.000 | 2.127.599 | 100.000 | 1.789.018 |

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

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

II. Explanations and disclosures related to liabilities (continued)

12.8 Common stock issue premiums, shares and equity instruments

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

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

12.9 Information on marketable securities value increase fund

| | Current Period | | Prior Period | |
|---|----------------|---------------|--------------|---------------|
| | TL | FC | TL | FC |
| From Subsidiaries, Associates, and Entities Under Common Control (Joint Ventures) | -- | -- | -- | -- |
| Security Valuation Difference | 3.850 | 18.413 | 3.033 | 12.741 |
| Exchange Difference | -- | -- | -- | -- |
| Total | 3.850 | 18.413 | 3.033 | 12.741 |

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. The debt instrument and its coupon payments are presented under "Other Capital Reserves" account for 2020.

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 | 42.321 | 31.719 |
| Special Reserves | -- | -- |

12.14 Information on extraordinary reserves

| | Current Period | Prior Period |
|---|----------------|--------------|
| Reserves allocated by the General Assembly | 454.071 | 252.629 |
| Retained Earnings | -- | -- |
| Accumulated Losses | -- | -- |
| Foreign Currency Capital Exchange Differences | -- | -- |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

II. Explanations and disclosures related to liabilities (continued)

13. Information on minority shares:

| | Current Period | Prior Period |
|---|----------------|--------------|
| Opening Balance | 87 | 58 |
| Minority Shares in Net Profit of Subsidiaries | 72 | 29 |
| Dividend Payment in Prior Period | -- | -- |
| Increase /(Decrease) in Minority Shares due to Sale | -- | -- |
| Others | -- | -- |
| Period-end Balance | 159 | 87 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 996.421 | 4.527.252 |
| Credit Card Limit Commitments | 27.643 | 32.901 |
| Credit Card and Bank Trans. Promo. Guarantee | -- | 1 |
| Commitments for Credit Allocation with the Guarantee of Usage | 1.332.248 | 876.316 |
| Export Commitments | 8.878 | 5.940 |
| Commitment for Cheques | 184.090 | 187.578 |
| Other Irrevocable Commitments | 14.927 | 15.152 |
| Total | 2.564.207 | 5.645.140 |

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 | 584.041 | 432.859 |
| Letters of Guarantee FC | 277.530 | 317.754 |
| Letters of Credit | 248.224 | 168.208 |
| Bills of Exchange and Acceptances | 156.767 | 105.847 |
| Total | 1.266.562 | 1.024.668 |

The Bank has set aside TL 9.788 of expected credit loss allowance for non-cash loans (31 December 2019: TL 13.331).

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

| | Current Period | Prior Period |
|---------------------------------------|----------------|----------------|
| Revocable Letters of Guarantee | 18.446 | 37.188 |
| Irrevocable Letters of Guarantee | 728.239 | 659.784 |
| Letters of Guarantee Given in Advance | 66.645 | 28.699 |
| Letters of Guarantee Given to Customs | 14.100 | 5.423 |
| Other Letters of Guarantee | 34.141 | 19.519 |
| Total | 861.571 | 750.613 |

2. Total amount of non-cash loans

| | Current Period | Prior Period |
|--|------------------|------------------|
| Non-Cash Loans Given against Cash Loans | -- | 7.898 |
| With Original Maturity of 1 Year or Less Than 1 Year | -- | -- |
| With Original Maturity of More Than 1 Year | -- | 7.898 |
| Other Non-Cash Loans | 1.266.562 | 1.016.770 |
| Total | 1.266.562 | 1.024.668 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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

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

| | Current Period | | | | Prior Period | | | |
|--------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | TL | (%) | FC | (%) | TL | (%) | FC | (%) |
| Agricultural | 1.767 | %0,3 | 21.193 | %3,2 | 2.050 | %0,5 | 27.275 | %4,6 |
| Farming and raising livestock | 389 | %0,1 | 13.569 | %2,1 | -- | %0,0 | -- | %0,0 |
| Forestry | 1.378 | %0,2 | 7.624 | %1,2 | 2.050 | %0,5 | 27.275 | %4,6 |
| Fishing | -- | %0,0 | -- | %0,0 | -- | %0,0 | -- | %0,0 |
| Manufacturing | 130.215 | %21,5 | 318.836 | %48,3 | 28.713 | %6,6 | 180.630 | %30,5 |
| Mining | 3.237 | %0,5 | -- | %0,0 | 2.406 | %0,6 | 1.496 | %0,3 |
| Production | 123.266 | %20,3 | 311.495 | %47,2 | 20.674 | %4,8 | 179.134 | %30,3 |
| Electric, gas and water | 3.712 | %0,6 | 7.341 | %1,1 | 5.633 | %1,3 | -- | %0,0 |
| Construction | 146.632 | %24,2 | 47.920 | %7,3 | 86.747 | %20,0 | 39.551 | %6,7 |
| Services | 138.531 | %22,8 | 203.524 | %30,8 | 148.571 | %34,3 | 186.821 | %31,6 |
| Wholesale and retail trade | 40.268 | %6,6 | 37.854 | %5,7 | 57.757 | %13,3 | 93.435 | %15,8 |
| Hotel, food and beverage services | 14.783 | %2,4 | 47.561 | %7,2 | 4.312 | %1,0 | 36.930 | %6,2 |
| Transportation and telecommunication | 20.047 | %3,3 | 28.693 | %4,3 | 15.030 | %3,5 | 9.014 | %1,5 |
| Financial Institutions | 49.256 | %8,1 | 78.810 | %11,9 | 41.370 | %9,6 | 37.608 | %6,4 |
| Real estate and renting services | 1.245 | %0,2 | 1.172 | %0,2 | 14.626 | %3,4 | 655 | %0,1 |
| Self-employment services | 4.013 | %0,7 | 143 | %0,0 | 10.986 | %2,5 | 7.482 | %1,3 |
| Education services | 2.687 | %0,4 | -- | %0,0 | 1.687 | %0,4 | -- | %0,0 |
| Health and social services | 6.232 | %1,0 | 9.291 | %1,4 | 2.803 | %0,6 | 1.697 | %0,3 |
| Other | 189.446 | %31,2 | 68.498 | %10,4 | 166.778 | %38,5 | 157.532 | %26,6 |
| Total | 606.591 | %100,0 | 659.971 | %100,0 | 432.859 | %100,0 | 591.809 | %100,0 |

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

| Current Period | I. Group | | II. Group | |
|--|----------------|----------------|---------------|---------------|
| | TL | FC | TL | FC |
| Letters of Guarantee | 545.520 | 272.645 | 38.521 | 4.885 |
| Bills of Exchange and Bank Acceptances | 22.550 | 134.217 | -- | -- |
| Letters of Credit | -- | 230.213 | -- | 18.011 |
| Endorsements | -- | -- | -- | -- |
| Underwriting Commitments | -- | -- | -- | -- |
| Factoring Related Guarantees | -- | -- | -- | -- |
| Other Guarantees and Sureties | -- | -- | -- | -- |
| Non-Cash Loans | 568.070 | 637.075 | 38.521 | 22.896 |

| Prior Period | I. Group | | II. Group | |
|--|----------------|----------------|---------------|--------------|
| | TL | FC | TL | FC |
| 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 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

5. Information related to derivative financial instruments

| | Current Period | Prior Period |
|---|-------------------|-------------------|
| Types of trading transactions | | |
| Foreign Currency Related Derivative Transactions (I) | 33.526.782 | 28.917.977 |
| Forward Transactions | 4.022.259 | 4.459.648 |
| Swap Transactions | 23.374.081 | 18.989.037 |
| Futures Transactions | -- | -- |
| Option Transactions | 6.130.442 | 5.469.292 |
| Interest Related Derivative Transactions (II) | 2.899.546 | 644.020 |
| Forward Rate Transactions | -- | -- |
| Interest Rate Swap Transactions | 2.899.546 | 644.020 |
| Interest Option Transactions | -- | -- |
| Futures Interest Transactions | -- | -- |
| Other Trading Derivative Transactions (III) | 420.836 | 1.157.032 |
| A. Total Derivative Transactions Held for Trading (I+II+III) | 36.847.164 | 30.719.029 |
| Types of hedging transactions | | |
| Fair Value Hedges | -- | 2.197.519 |
| Cash Flow Hedges | -- | -- |
| Net Investment Hedges | -- | -- |
| B. Total Derivative Transactions Held for Hedging Purposes | -- | 2.197.519 |
| Total Derivative Transactions (A+B) | 36.847.164 | 32.916.548 |

6. Credit derivatives and risk exposures on credit derivatives

None.

7. Explanations on contingent liabilities and assets

The Group provided provision of TL 6.198 for the legal cases pending against the Group where the cash outflows are probable (31 December 2019: TL 2.107).

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | |
|---|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Interest on loans(*) | 1.500.921 | 501.698 | 1.815.576 | 406.944 |
| Short Term Loans | 692.596 | 65.373 | 1.039.354 | 88.811 |
| Medium and Long Term Loans | 808.325 | 436.325 | 776.222 | 318.133 |
| Interest on Non-Performing Loans | 15.576 | -- | 9.776 | -- |
| Premiums received from Resource Utilization | -- | -- | -- | -- |
| Support Fund | -- | -- | -- | -- |
| Total | 1.516.497 | 501.698 | 1.825.352 | 406.944 |

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

1.2 Information on interest income received from banks

| | Current Period | | Prior Period | |
|---------------------------------|----------------|------------|----------------|--------------|
| | TL | FC | TL | FC |
| The Central Bank of Turkey | -- | -- | 5.831 | -- |
| Domestic Banks | 24.882 | 53 | 109.615 | 375 |
| Foreign Banks | -- | 229 | -- | 1.414 |
| Branches and Head Office Abroad | -- | -- | -- | -- |
| Total | 24.882 | 282 | 115.446 | 1.789 |

1.3 Interest received from marketable securities portfolio

| | Current Period | | Prior Period | |
|---|----------------|---------------|---------------|---------------|
| | TL | FC | TL | FC |
| Financial Assets at Fair Value Through Profit or Loss | 8.389 | 131 | 17.736 | 67 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 549 | 45.751 | 903 | 41.926 |
| Financial Assets Measured at Amortized Cost | 15.930 | 41.645 | 10.220 | 18.376 |
| Total | 24.868 | 87.527 | 28.859 | 60.369 |

1.4 Information on interest income received from associates and subsidiaries

None (31 December 2019: None).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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

2. Interest expense

2.1 Information on interest on funds borrowed

| | Current Period | | Prior Period | |
|---------------------------------|----------------|----------------|--------------|----------------|
| | TL | FC | TL | FC |
| Banks | 1.613 | 41.668 | 1.548 | 35.922 |
| The Central Bank of Turkey | -- | -- | -- | -- |
| Domestic Banks | 1.613 | 23.116 | 1.548 | 22.468 |
| Foreign Banks | -- | 18.552 | -- | 13.454 |
| Branches and Head Office Abroad | -- | -- | -- | -- |
| Other Institutions | -- | 165.407 | -- | 146.966 |
| Total | 1.613 | 207.075 | 1.548 | 182.888 |

(*)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 728 (1 January - 31 December 2019: TL 408).

2.3 Information on interest expenses to marketable securities

| | Current Period | | Prior Period | |
|--|----------------|---------|--------------|--------|
| | TL | FC | TL | FC |
| Interest Paid to Marketable Securities | 28.310 | 110.398 | 100.699 | 79.165 |

2.4 Information on maturity structure of interest expenses paid for deposits

| Account Description | Demand Deposits | Time Deposits | | | | | Cumulative Deposits | Total |
|---------------------------|-----------------|---------------|----------------|----------------|--------------|-----------------|---------------------|---------|
| | | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | 1 Year and Over | | |
| Turkish Lira | | | | | | | | |
| Bank Deposits | -- | 7.506 | -- | -- | -- | -- | -- | 7.506 |
| Saving Deposits | -- | 388.931 | 153.898 | 13.003 | 6.759 | 10.055 | -- | 572.646 |
| Public Sector Deposits | -- | 46 | 80 | -- | -- | -- | -- | 126 |
| Commercial Deposits | -- | 26.697 | 84.423 | 1.297 | 110 | 183 | -- | 112.710 |
| Other | -- | 270 | 2.739 | 470 | 20 | 22 | -- | 3.521 |
| 7 Days Notice | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | -- | 423.450 | 241.140 | 14.770 | 6.889 | 10.260 | -- | 696.509 |
| Foreign Currency | | | | | | | | |
| Foreign Currency Deposits | -- | 46.886 | 50.228 | 6.699 | 3.054 | 2.251 | -- | 109.118 |
| Bank Deposits | -- | 3.011 | -- | -- | -- | -- | -- | 3.011 |
| 7 Days Notice | -- | -- | -- | -- | -- | -- | -- | -- |
| Precious Metal Deposits | -- | 1.802 | -- | -- | -- | -- | -- | 1.802 |
| Total | -- | 51.699 | 50.228 | 6.699 | 3.054 | 2.251 | -- | 113.931 |
| Grand Total | -- | 475.149 | 291.368 | 21.469 | 9.943 | 12.511 | -- | 810.440 |

3. Information on dividend income

None (31 December 2019: None).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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

4. Information on net trading income / loss

| | Current Period | Prior Period |
|--|----------------|--------------|
| Income | 2.420.186 | 1.803.527 |
| Gains on Capital Market Operations | 62.668 | 66.313 |
| Gains on Derivative Financial Instruments | 1.371.297 | 807.204 |
| Foreign Exchange Gains | 986.221 | 930.010 |
| Loss (-) | 2.272.068 | 1.730.412 |
| Losses on Capital Market Operations | 18.969 | 3.973 |
| Losses on Derivative Financial Instruments | 1.298.946 | 807.645 |
| Foreign Exchange Losses | 954.153 | 918.794 |
| Net Trading Income / (Loss) | 148.118 | 73.115 |

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 | 285.864 | 489.872 |
| 12 Months Expected Credit Losses (Stage 1) | 41.832 | 16.442 |
| Significant Increase In Credit Risk (Stage 2) | 126.137 | 2.902 |
| Impaired Credits (Stage 3) | 117.895 | 470.528 |
| 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 (*) | 110.595 | 98 |
| Total | 396.459 | 489.970 |

(*) TL 106.500 of the total amount is the provision for possible losses (31 December 2019: None).

7. Information related to other operational expenses

| | Current Period | Prior Period |
|---|----------------|--------------|
| Provision for Employee Termination Benefits | 1.027 | 1.354 |
| Provision for Bank's Social Aid Fund Deficit | -- | -- |
| Impairment Losses on Tangible Assets | -- | -- |
| Depreciation Charges of Tangible Assets | 17.762 | 14.361 |
| Impairment Losses on Intangible Assets | -- | -- |
| Depreciation Charges of Intangible Assets | 26.160 | 12.886 |
| Impairment Losses on Investment Accounted for under Equity Method | -- | -- |
| Impairment of Assets to be Disposed | -- | -- |
| Depreciation of Assets to be Disposed | -- | -- |
| Impairment of Assets Held for Sale | 28.162 | 27.766 |
| Impairment of Assets Held for Sale | -- | -- |
| Other Operating Expenses | 140.573 | 120.856 |
| Operational leases expenses related with TFRS 16 exceptions | 818 | 1.073 |
| Repair and Maintenance Expenses | 2.215 | 3.520 |
| Advertisement Expenses | 16.669 | 13.392 |
| Other Expenses | 120.871 | 102.871 |
| Losses on Sale of Assets | 4.060 | 2.283 |
| Other | 109.570 | 82.596 |
| Total | 327.314 | 262.102 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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

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 | 2.179.532 | 2.496.641 |
| Interest Expenses (-) | 1.223.484 | 1.680.573 |
| Net Fee and Commission income | 165.054 | 206.746 |
| Dividend income | -- | -- |
| Trading Profit/Loss (Net) | 148.118 | 73.115 |
| Other Operating Income(*) | 83.957 | 171.485 |
| Provision for Impairment in Loans and Other Receivables | 285.864 | 489.872 |
| Other Provision Expenses (-) | 110.595 | 98 |
| Personnel Expenses (-) | 303.949 | 261.476 |
| Other Operating Expenses (-) | 327.314 | 262.102 |
| Profit/(loss) Before Tax | 325.455 | 253.866 |

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

As of 31 December 2020, the Group provided current tax expense of TL 226.453 in the statement of profit or loss for the 12 months period (1 January - 31 December 2019: TL 23.601 expense).

As of 31 December 2020, the Group provided the deferred tax expense of TL 101.224 and the deferred tax income of TL 239.277 in the statement of profit or loss for 12 months period (1 January - 31 December 2019: TL 15.309 deferred tax expense).

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

| | Current Period | Prior Period |
|---|----------------|----------------|
| Profit/(Loss) Before Tax from Continuing Operations | 325.455 | 253.866 |
| Tax Benefit/(Charge) on Continuing Operations | (88.400) | (38.910) |
| Net Profit/(Loss) from Continuing Operations | 237.055 | 214.956 |

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 72 (1 January - 31 December 2019: TL 29)

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.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 2020 profit will be made at the General Assembly.

At the General Assembly meeting held on 27 March 2020, 2019 profit of the Parent Bank was decided to be distributed as follows:

| | |
|---------------------------|----------------|
| Profit or Loss | 212.044 |
| A- Legal Reserves | 10.602 |
| B- Extraordinary Reserves | 201.442 |

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 measured at fair value through other comprehensive income 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. In case the related assets are securities representing a share in the capital, in the account "Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss" under equity.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 2020 | 1 January 2019 |
|--|------------------|------------------|
| 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 |

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

| | 31 December 2020 | 31 December 2019 |
|--|------------------|------------------|
| Cash | 336.603 | 259.794 |
| Banks and Other Financial Institutions | 1.788.538 | 1.833.199 |
| Money Market Placements | 412.231 | 30.010 |
| Total Cash and Cash Equivalent Assets | 2.537.372 | 2.123.003 |

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 293.142 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 2019: TL 31.976).

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 87.315 in "operating profit before changes in operating assets and liabilities" consists of other operating expenses and realized derivative losses (31 December 2019: TL (256.217)).

"Net increase/decrease in other liabilities" amounting to TL (2.882) in "Changes in operating assets and liabilities" consists of changes in sundry creditors, taxes and due payables, other liabilities (31 December 2019: TL (26.753)).

"Net increase/decrease in other assets" amounting to TL (9.883) in "Changes in operating assets and liabilities" consists of changes in sundry receivables, other receivables (31 December 2019: TL (101.962)).

"Other" amounting to TL (51.382) in "Net cash flows from investment activities" consists of purchases of intangible asset (31 December 2019: TL (47.682)).

"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 (754.562) the current period (1 January- 31 December 2019: TL (75.065)).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

V. 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 | 331.014 | 61.073 |
| Balance at the End of the Period | -- | -- | -- | 20 | 635.851 | 70.760 |
| Interest and Commission Income Received | -- | -- | -- | -- | 36.884 | 126 |

(*) 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 | -- | -- | -- | 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.

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 | 7.685 | 1.774 | 57.840 | 80.750 | 231.137 | 460.871 |
| Balance at the End of the Period | 2.544 | 7.685 | 18.479 | 57.840 | 512.953 | 231.137 |
| Deposit Interest Expense | 728 | 408 | 4.778 | 20.577 | 20.532 | 49.554 |

(*) 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 2020, there are no funds other than deposit obtained from Bank's risk group (31 December 2019: None).

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

V. Explanations and disclosures on the risk group of the Parent Bank (continued)

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 | -- | -- | -- | -- | 741.741 | 780.609 |
| Balance at the End of the Period | -- | -- | -- | -- | 1.181.279 | 741.741 |
| Total Income/Loss | -- | -- | -- | -- | 578 | (37.471) |
| 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 2020, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 3,38% (31 December 2019: 2,12%) and the ratio of the deposits of entities of risk group to total deposits is 3,02% (31 December 2019: 2,19%). There are no funds obtained from entities of risk group (31 December 2019: None).

In the current period, benefits such as salaries and bonuses; provided to the key management are TL 21.892 (1 January - 31 December 2019: TL 15.964).

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

None.

2.4 Transactions accounted for under equity method

None.

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

None.

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY- 31 DECEMBER 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

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 | 50 | 1.564 | | | |
| | | | 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. | 14 | 18.092 | 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 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

SECTION SEVEN

DISCLOSURES ON AUDIT REPORT

I. Disclosures on audited report

The consolidated financial statements of the Bank and its subsidiary as of 31 December 2020, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (The Turkish member firm of KPMG International Cooperative) and a audit report is presented before the accompanying financial statements.

II. Disclosures and footnotes prepared by independent auditors

None.