

Fibabanka Anonim Şirketi and Its Subsidiary

Consolidated Financial Statements
as of and for the Six-Month Period Ended
30 June 2019

With Independent Auditor's
Limited Review Report Thereon

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

This report contains "Limited Review Report"
comprising 2 pages and "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 93 pages.

Convenience Translation of the Review Report Originally Prepared and Issued in
Turkish to English

REVIEW REPORT on CONSOLIDATED INTERIM FINANCIAL STATEMENT

To the Board of Directors of Fibabanka Anonim Şirketi,

Introduction

We have reviewed the consolidated statement of financial position of Fibabanka A.Ş. ("the Bank") and its subsidiary ("the Group") at 30 June 2019 and the related 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 six month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Group management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the Banking Regulation and Supervision Agency Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "*Interim Financial Reporting*" for the matters not regulated by the aforementioned regulations (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion.

Basis for Qualified Conclusion

The accompanying consolidated interim financial information as at 30 June 2019 includes a general provision of total of TL 189.000 thousands out of which TL 65.000 thousands were provided during previous years and TL 124.000 thousands within the current period; with a deferred tax asset amounting to TL 41.580 thousands out of which TL 14.300 thousands were provided during previous years and TL 27.280 thousands within the current period; which is provided for the possible effects of the negative circumstances which may arise in the economy or market conditions which is not in line with the requirements of BRSA Accounting and Reporting Legislation.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, its consolidated financial position of Fibabanka A.Ş. as at 30 June 2019 and its consolidated financial performance and consolidated cash flows for the six month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The consolidated financial statements of the Bank as at and for the year ended 31 December 2018 and as at and for the six-month period ended 30 June 2018 were audited and reviewed by another auditor who expressed a qualified opinion and a qualified conclusion due to general reserve provided by the Bank on 8 February 2019 and 7 August 2018, respectively.

Report on Other Regulatory Requirements Arising from Legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the interim activity report in Section VII, is not consistent, in all material respects, with the reviewed consolidated interim financial information and explanatory notes.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Alper Güvenç, SMMM
Partner

7 August 2019
İstanbul, Turkey

**THE CONSOLIDATED FINANCIAL REPORT OF
FİBABANKA A.Ş.
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019**

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The consolidated financial report for the six months period 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:

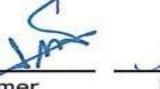
- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE PARENT BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES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

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

Subsidiary:

- Fiba Portföy Yönetimi A.Ş.

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

 Hüsnü Mustafa Özyeğin Chairman of the Board of Directors	 Fevzi Bozer Deputy Chairman of the Board of Directors and Chairman of the Audit Committee	 Mevlüt Hamdi Aydın Member of the Audit Committee	 Ömer Mert General Manager and Member of the Board of Directors	 Elif Alsev Utku Özbey Deputy General Manager	 Ayşe Akdaş Director Financial Control and Reporting
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Information related to personnel to whom questions related to this financial report may be directed:

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

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FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 30 JUNE 2019

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

Credit Europe Bank N.V.'s share of capital increased from 95% to 97,6% after the capital increases during 2011 and 2012. Fiba Holding A.Ş. became the ultimate parent of the Bank after acquiring 97,6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2,4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012. There were sales of equity shares to the management of the Bank in 2013. As of 30 June 2019 the total shares held by the Bank's Management represent 0,56% of the Bank's Capital.

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 30 JUNE 2019

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

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

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

As of 30 June 2019, paid-in capital of the Bank is TL 941.161 and all paid in.

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

<u>Name Surname</u>	<u>Title</u>	<u>Assignment Date</u>
<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
Mevlüt Hamdi Aydın	Member	24-Jan-13
İsmet Kaya Erdem	Member	11-Feb-13
Memduh Aslan Akçay	Member	13-Apr-16
Selçuk Yorgancıoğlu	Member	22-Sep-16
Hülya Kefeli	Member	15-May-17
Faik Onur Umut	Member	23-Jan-19
Ömer Mert	General Manager - Member	18-Jan-17
<i>Audit Committee</i>		
Fevzi Bozer	Member	27-Dec-10
Mevlüt Hamdi Aydın	Member	24-Jan-13
<i>Assistant General Managers</i>		
Elif Alsev Utku Özbey	Deputy GM - Financial Control & Reporting	07-Jan-11
Adem Aykın	AGM - Information Technologies	01-Jul-11
Sezin Erken	AGM - Consumer Banking & Funding Resource Management	10-Aug-17
Kerim Lokman Kuriş	AGM - Corporate & Commercial Banking	01-Dec-15
Turgay Hasdikier	AGM - Credits	01-Dec-15
Ahu Dolu	AGM - Financial Institutions and Project Finance	01-Dec-15
Orhan Hatipoğlu	AGM - Banking Operations & Supporting Services	02-Jan-17
Ömer Rifat Gencal	AGM - Treasury	01-May-17
Gerçek Önal	AGM - Chief Legal Officer	01-Feb-16

(*) Mr. Adem Aykın has resigned as of 31.07.2019 and Mr. Orhan Hatipoğlu has been assigned as Assistant General Manager in charge of Information Technologies, Banking Operations & Supporting Services as of 01.08.2019.

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY- 30 JUNE 2019

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

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

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

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

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

The Bank was incorporated as a privately owned bank authorized for customer deposit acceptance and the Head Office of the Bank is located in Istanbul, Turkey. As of 30 June 2019, the Bank serves with 66 domestic branches and 1.560 employees.

VI. Other Information

The Bank's Commercial Title	: Fibabanka Anonim Şirketi
The Bank's General Directorate Address	: Esentepe Mah. Büyükdere Caddesi No:129 Şişli 34394 İstanbul
The Bank's Phone and Fax Numbers	: Telephone : (0212) 381 82 82 Fax : (0212) 258 37 78
The Bank's Web Site Address	: www.fibabanka.com.tr
The Bank's E-Mail Address	: malikontrol@fibabanka.com.tr
Reporting Period	: 1 January 2019 - 30 June 2019

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

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

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

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

None

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
FOR THE PERIOD ENDED 30 JUNE 2019

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

ASSETS	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		(30/06/2019)			(31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		1.577.916	3.347.409	4.925.325	4.490.504	2.323.300	6.813.804
1.1 Cash and Cash Equivalents	(5.1.1)	369.059	2.496.057	2.865.116	1.441.078	1.595.013	3.036.091
1.1.1 Cash and Balances at Central Bank		158.873	2.326.719	2.485.592	403.654	1.360.908	1.764.562
1.1.2 Banks	(5.1.3)	199.664	123.483	323.147	731.709	234.105	965.814
1.1.3 Money Market Placements		11.023	45.855	56.878	306.208	-	306.208
1.1.4 Expected Credit Loss (-)		501	-	501	493	-	493
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(5.1.2)	90.054	15.500	105.554	1.587.304	5.315	1.592.619
1.2.1 Government Debt Securities		22.905	3.612	26.517	22.097	3.986	26.083
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		67.149	11.888	79.037	1.565.207	1.329	1.566.536
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5.1.4)	11.193	815.324	826.517	7.399	696.939	704.338
1.3.1 Government Debt Securities		11.193	171.296	182.489	7.399	16.376	23.775
1.3.2 Equity Securities		-	3.400	3.400	-	2.713	2.713
1.3.3 Other Financial Assets		-	640.628	640.628	-	677.850	677.850
1.4 Derivative Financial Assets	(5.1.2)	1.107.610	20.528	1.128.138	1.454.723	26.033	1.480.756
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		1.107.610	20.528	1.128.138	1.454.723	26.033	1.480.756
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)	(5.1.6)	8.765.951	5.957.613	14.723.564	7.729.631	5.237.999	12.967.630
2.1 Loans	(5.1.5)	9.180.892	5.586.477	14.767.369	8.096.236	5.063.831	13.160.067
2.2 Lease Receivables	(5.1.10)	-	-	-	-	-	-
2.3 Factoring Receivables	(5.1.5)	5.259	-	5.259	14.311	-	14.311
2.4 Financial Assets Measured at Amortised Cost	(5.1.6)	248.129	371.136	619.265	188.864	174.168	363.032
2.4.1 Government Debt Securities		188.631	371.136	559.767	188.864	174.168	363.032
2.4.2 Other Financial Assets		59.498	-	59.498	-	-	-
2.5 Expected Credit Losses (-)		668.329	-	668.329	569.780	-	569.780
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(5.1.16)	153.128	-	153.128	215.235	-	215.235
3.1 Assets Held for Sale		153.128	-	153.128	215.235	-	215.235
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		26.397	-	26.397	26.397	-	26.397
4.1 Investments in Associates (Net)	(5.1.7)	4.897	-	4.897	4.897	-	4.897
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		4.897	-	4.897	4.897	-	4.897
4.2 Investments in Subsidiaries (Net)	(5.1.8)	21.500	-	21.500	21.500	-	21.500
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-financial Subsidiaries		21.500	-	21.500	21.500	-	21.500
4.3 Joint Ventures (Net)	(5.1.9)	-	-	-	-	-	-
4.3.1 Joint Ventures Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(5.1.12)	319.056	-	319.056	257.069	-	257.069
VI. INTANGIBLE ASSETS (Net)	(5.1.13)	47.804	-	47.804	35.001	-	35.001
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		47.804	-	47.804	35.001	-	35.001
VII. INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		142	-	142	365	-	365
IX. DEFERRED TAX ASSET	(5.1.15)	79.617	-	79.617	79.351	-	79.351
X. OTHER ASSETS	(5.1.17)	99.168	24.008	123.176	206.484	17.840	224.324
		-	-	-	-	-	-
TOTAL ASSETS		11.069.179	9.329.030	20.398.209	13.040.037	7.579.139	20.619.176

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
FOR THE PERIOD ENDED 30 JUNE 2019

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

LIABILITIES	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		(30/06/2019)			(31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.1)	5.504.985	5.839.095	11.344.080	6.314.662	4.998.479	11.313.141
II. FUNDS BORROWED	(5.II.3)	8.042	1.138.498	1.146.540	10.298	1.328.914	1.339.212
III. MONEY MARKET FUNDS		-	708.443	708.443	-	495.936	495.936
IV. SECURITIES ISSUED (Net)	(5.II.4)	597.360	1.356.278	1.953.638	503.729	1.338.856	1.842.585
4.1 Bills		597.360	-	597.360	480.459	-	480.459
4.2 Asset Backed Securities		-	-	-	23.270	-	23.270
4.3 Bonds		-	1.356.278	1.356.278	-	1.338.856	1.338.856
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	1.047.873	20.534	1.068.407	1.490.186	26.067	1.516.253
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.047.873	20.534	1.068.407	1.490.186	26.067	1.516.253
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(5.II.6)	61.149	7.644	68.793	-	463	463
X. PROVISIONS		233.334	-	233.334	109.751	-	109.751
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		23.122	-	23.122	23.499	-	23.499
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions	(5.II.8)	210.212	-	210.212	86.252	-	86.252
XI. CURRENT TAX LIABILITIES		62.842	-	62.842	39.477	-	39.477
XII. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations	(5.II.9)	-	-	-	-	-	-
XIV. SUBORDINATED DEBTS		-	1.609.571	1.609.571	-	1.596.143	1.596.143
14.1 Loans	(5.II.10)	-	-	-	-	-	-
14.2 Other Debt Instruments		-	1.609.571	1.609.571	-	1.596.143	1.596.143
XV. OTHER LIABILITIES		336.394	318.071	654.465	691.315	352.651	1.043.966
XVI. SHAREHOLDERS' EQUITY	(5.II.11)	1.554.804	(6.708)	1.548.096	1.348.458	(26.209)	1.322.249
16.1 Paid-in Capital		941.161	-	941.161	941.161	-	941.161
16.2 Capital Reserves		221.447	-	221.447	128.678	-	128.678
16.2.1 Equity Share Premium	(5.II.5)	128.678	-	128.678	128.678	-	128.678
16.2.2 Share Cancellation Profits	(5.II.12)	-	-	-	-	-	-
16.2.3 Other Capital Reserves		92.769	-	92.769	-	-	-
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(5.743)	-	(5.743)	(5.743)	-	(5.743)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		3.030	(6.708)	(3.678)	(363)	(26.209)	(26.572)
16.5 Profit Reserves		284.348	-	284.348	410.286	-	410.286
16.5.1 Legal Reserves		31.719	-	31.719	21.886	-	21.886
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		252.629	-	252.629	388.400	-	388.400
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		110.494	-	110.494	(125.619)	-	(125.619)
16.6.1 Prior Periods' Profit or Loss		319	-	319	(322.629)	-	(322.629)
16.6.2 Current Period Net Profit or Loss		110.175	-	110.175	197.010	-	197.010
16.7 Minority Interest		67	-	67	58	-	58
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9.406.783	10.991.426	20.398.209	10.507.876	10.111.300	20.619.176

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

FOR THE PERIOD ENDED 30 JUNE 2019

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

	Footnotes	CURRENT PERIOD (30/06/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		13.129.151	30.699.577	43.828.728	14.192.074	28.752.316	42.944.390
I. GUARANTIES AND WARRANTIES	(5.III.1)	395.056	560.276	955.332	419.636	451.914	871.550
1.1. Letters of guarantee		395.056	288.518	683.574	419.207	266.723	685.930
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		395.056	288.518	683.574	419.207	266.723	685.930
1.2. Bank Acceptances		-	151.717	151.717	429	128.996	129.425
1.2.1. Import Letter of Acceptances		-	151.717	151.717	429	128.996	129.425
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	120.041	120.041	-	56.195	56.195
1.3.1. Documentary Letters of Credit		-	120.041	120.041	-	56.195	56.195
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS		2.561.102	2.608.666	5.169.768	2.090.036	1.909.177	3.999.213
2.1. Irrevocable Commitments	(5.III.1)	2.561.102	2.608.666	5.169.768	2.090.036	1.909.177	3.999.213
2.1.1. Asset Purchase Commitments		1.559.069	2.608.666	4.167.735	1.168.457	1.909.177	3.077.634
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		740.037	-	740.037	615.901	-	615.901
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		201.888	-	201.888	199.635	-	199.635
2.1.8. Tax and Fund Liabilities from Export Commitments		6.708	-	6.708	6.502	-	6.502
2.1.9. Commitments for Credit Card Limits		38.725	-	38.725	85.881	-	85.881
2.1.10. Commitments for Credit Cards and Banking Services Promotions		2	-	2	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		14.673	-	14.673	13.659	-	13.659
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.5)	10.172.993	27.530.635	37.703.628	11.682.402	26.391.225	38.073.627
3.1. Hedging Derivative Financial Instruments		-	-	-	503.405	427.169	930.574
3.1.1. Fair Value Hedges		-	-	-	503.405	427.169	930.574
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		10.172.993	27.530.635	37.703.628	11.178.997	25.964.056	37.143.053
3.2.1. Forward Foreign Currency Buy/Sell Transactions		1.413.484	4.417.368	5.830.852	1.468.168	3.893.850	5.362.018
3.2.1.1. Forward Foreign Currency Transactions - Buy		707.251	2.207.991	2.915.242	622.317	2.048.015	2.670.332
3.2.1.2. Forward Foreign Currency Transactions - Sell		706.233	2.209.377	2.915.610	845.851	1.845.835	2.691.686
3.2.2. Swap Transactions Related to Foreign Currency and Interest		6.566.277	19.561.689	26.127.966	7.002.428	17.823.279	24.825.707
3.2.2.1. Foreign Currency Swap- Buy		2.010.477	10.767.158	12.777.635	2.669.515	9.553.843	12.223.358
3.2.2.2. Foreign Currency Swap- Sell		4.505.800	8.219.021	12.724.821	4.282.913	7.743.346	12.026.259
3.2.2.3. Interest Rate Swap- Buy		25.000	287.755	312.755	25.000	263.045	288.045
3.2.2.4. Interest Rate Swap- Sell		25.000	287.755	312.755	25.000	263.045	288.045
3.2.3. Foreign Currency, Interest Rate and Securities Options		2.180.825	2.697.697	4.878.522	2.700.476	3.545.849	6.246.325
3.2.3.1. Foreign Currency Options- Buy		1.100.162	1.334.799	2.434.961	1.258.568	1.853.870	3.112.438
3.2.3.2. Foreign Currency Options- Sell		1.080.663	1.362.898	2.443.561	1.441.908	1.691.979	3.133.887
3.2.3.3. Interest Rate Options- Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options- Sell		-	-	-	-	-	-
3.2.3.5. Securities Options- Buy		-	-	-	-	-	-
3.2.3.6. Securities Options- Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	5.484	-	5.484
3.2.4.1. Foreign Currency Futures- Buy		-	-	-	5.484	-	5.484
3.2.4.2. Foreign Currency Futures- Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures- Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures- Sell		-	-	-	-	-	-
3.2.6. Other		12.407	853.881	866.288	2.441	701.078	703.519
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		126.842.196	61.877.596	188.719.792	119.227.962	57.297.849	176.525.811
IV. ITEMS HELD IN CUSTODY		2.816.681	301.548	3.118.229	1.499.164	299.350	1.798.514
4.1. Customer Fund and Portfolio Balances		1.244.924	-	1.244.924	260.501	-	260.501
4.2. Investment Securities Held in Custody		619.832	138.378	758.210	270.090	124.099	394.189
4.3. Cheques Received for Collection		477.558	144.996	622.554	469.250	161.039	630.289
4.4. Commercial Notes Received for Collection		141.928	18.174	160.102	141.021	14.212	155.233
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		332.439	-	332.439	358.302	-	358.302
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		124.025.515	61.576.048	185.601.563	117.728.798	56.998.499	174.727.297
5.1. Marketable Securities		250.567	12.467	263.034	245.559	330	245.889
5.2. Guarantee Notes		195.781	191.337	387.118	183.471	203.345	386.816
5.3. Commodity		-	45.855	45.855	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		9.490.069	9.619.869	19.109.938	9.339.825	8.405.100	17.744.925
5.6. Other Pledged Items		114.089.098	51.706.520	165.795.618	107.959.943	48.389.724	156.349.667
5.7. Pledged Items - Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		139.971.347	92.577.173	232.548.520	133.420.036	86.050.165	219.470.201

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

FİBABANKA A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2019

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

INCOME AND EXPENSE ITEMS	Footnotes	CURRENT PERIOD (01/01/2019 - 30/06/2019)	PRIOR PERIOD (01/01/2018 - 30/06/2018)	CURRENT PERIOD (01/04/2019 - 30/06/2019)	PRIOR PERIOD (01/04/2018 - 30/06/2018)
I. INTEREST INCOME	(5.IV.1)	1.264.361	1.133.155	629.171	586.375
1.1 Interest on Loans		1.130.038	1.029.732	566.759	524.813
1.2 Interest on Reserve Deposits		17.123	14.847	8.608	7.825
1.3 Interest on Banks		67.695	61.148	25.883	39.209
1.4 Interest on Money Market Placements		4.015	1.925	2.356	1.035
1.5 Interest on Marketable Securities Portfolio		44.710	25.256	25.141	13.342
1.5.1 Financial Assets Measured at Fair Value Through Profit or Loss		2.006	1.297	1.106	666
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		22.680	16.340	11.733	8.800
1.5.3 Financial Assets Measured at Amortized Cost		20.024	7.619	12.302	3.876
1.6 Financial Lease Income		-	-	-	-
1.7 Other Interest Income		780	247	424	151
II. INTEREST EXPENSE (-)		871.863	752.881	401.872	394.298
2.1 Interest on Deposits	(5.IV.2)	656.124	526.437	292.637	270.945
2.2 Interest on Funds Borrowed	(5.IV.2)	95.371	93.468	47.343	50.572
2.3 Interest on Money Market Placements		12.506	6.334	6.721	3.501
2.4 Interest on Securities Issued	(5.IV.2)	99.246	126.277	50.965	69.274
2.5 Interest on Leasing Expenses		7.953	9	4.140	2
2.6 Other Interest Expenses		663	356	66	4
III. NET INTEREST INCOME (I - II)		392.498	380.274	227.299	192.077
IV. NET FEES AND COMMISSIONS INCOME		114.783	36.247	56.927	18.977
4.1 Fees and Commissions Received		132.105	58.901	65.869	27.978
4.1.1 Non-cash Loans		6.950	6.993	3.493	3.087
4.1.2 Other	(5.IV.12)	125.155	51.908	62.376	24.891
4.2 Fees and Commissions Paid (-)		17.322	22.654	8.942	9.001
4.2.1 Non-cash Loans		132	56	48	28
4.2.2 Other	(5.IV.12)	17.190	22.598	8.894	8.973
V. DIVIDEND INCOME	(5.IV.3)	-	-	-	-
VI. TRADING INCOME / LOSS (Net)	(5.IV.4)	101.299	11.641	(41.877)	33.529
6.1 Trading Gain / Loss on Securities		46.130	3.046	18.830	1.827
6.2 Gain / Loss on Derivative Financial Transactions		4.757	(393)	(83.502)	17.732
6.3 Foreign Exchange Gain / Loss		50.412	8.988	22.795	13.970
VII. OTHER OPERATING INCOME	(5.IV.5)	101.417	168.533	(11.021)	128.783
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		709.997	596.695	231.328	373.366
IX. EXPECTED CREDIT LOSS (-)	(5.IV.6)	209.878	193.160	57.554	146.593
X. OTHER PROVISION EXPENSES (-)		124.056	63.670	(6.972)	47.217
XI. PERSONNEL EXPENSES (-)		130.674	118.943	65.737	63.499
XII. OTHER OPERATING EXPENSES (-)	(5.IV.7)	122.120	105.497	60.537	54.855
XIII. NET OPERATING INCOME / LOSS (VIII-IX-X-XI-XII)		123.269	115.425	54.472	61.202
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)	123.269	115.425	54.472	61.202
XVIII. TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(13.085)	(35.989)	(5.867)	(21.838)
18.1 Current Tax Provision		(18.353)	(45)	(18.240)	(30)
18.2 Deferred Tax Expense Effect (+)		-	(35.944)	7.105	(21.808)
18.3 Deferred Tax Income Effect (-)		5.268	-	5.268	-
XIX. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.IV.10)	110.184	79.436	48.605	39.364
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)	110.184	79.436	48.605	39.364
25.1 Group Profit/Loss		110.175	79.435	48.600	39.364
25.2 Minority Interest		9	1	5	-
Earnings per share		0,00117	0,00084	0,00052	0,00039

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 SIX-MONTH PERIOD ENDED 30 JUNE 2019

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

	CURRENT PERIOD (01/01/2019 - 30/06/2019)	PRIOR PERIOD (01/01/2018 - 30/06/2018)
I. CURRENT PERIOD PROFIT / LOSS	110.184	79.436
II. OTHER COMPREHENSIVE INCOME	22.894	(11.620)
2.1 Not Reclassified Through Profit or Loss	-	-
2.1.1 Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurements Gain/Loss	-	-
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2 Reclassified Through Profit or Loss	22.894	(11.620)
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	27.897	(14.704)
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	(5.003)	3.084
III. TOTAL COMPREHENSIVE INCOME (I+II)	133.078	67.816

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 ENDED 30 JUNE 2019

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income or Expense That Will Be Reclassified in Profit and Loss								
	Paid-in Capital	Share Premium	Share Certificate	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Income / Loss	Current Period Net Income / Loss	Total Equity Excluding Minority Interests	Minority Interests	Total Equity
(30/06/2018)																
I. Balances at beginning of the period	941.161	128.678	-	-	-	(4.636)	-	-	(10.899)	-	243.284	(158)	167.128	1.464.558	54	1.464.612
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	(322.597)	-	(322.597)	-	(322.597)
Z.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Z.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	(322.597)	-	(322.597)	-	(322.597)
III. Adjusted balances at beginning of the period (I+II)	941.161	128.678	-	-	-	(4.636)	-	-	(10.899)	-	243.284	(322.755)	167.128	1.141.961	54	1.142.015
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	(11.620)	-	-	-	79.435	67.815	-	67.815
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	167.002	126	(167.128)	-	1	1
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	167.002	(167.002)	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	167.128	(167.128)	-	1	1
Balances at the end of the period (III+IV+.....+X+XI)	941.161	128.678	-	-	-	(4.636)	-	-	(22.519)	-	410.286	(322.629)	79.435	1.209.776	55	1.209.831
CURRENT PERIOD (30/06/2019)																
I. Prior period ending balance	941.161	128.678	-	-	-	(5.743)	-	-	(26.572)	-	410.286	(322.629)	197.010	1.322.191	58	1.322.249
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Z.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Z.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balance (I+II)	941.161	128.678	-	-	-	(5.743)	-	-	(26.572)	-	410.286	(322.629)	197.010	1.322.191	58	1.322.249
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	22.894	-	-	-	110.175	133.069	9	133.078
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 (*)	-	-	-	92.769	-	-	-	-	-	-	-	-	-	92.769	-	92.769
X. Increase / decrease due to other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	(125.938)	322.948	(197.010)	-	-	-
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	(125.938)	322.597	(196.659)	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	351	(351)	-	-	-
Balances at the end of the period (III+IV+.....+X+XI)	941.161	128.678	-	92.769	-	(5.743)	-	-	(3.678)	-	284.348	319	110.175	1.548.029	67	1.548.096

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

1. Tangible and intangible asset revaluation reserve

2. Accumulated gains/losses on remeasurement of defined benefit plans

3. Other (other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss and other comprehensive income that will not be reclassified to profit or loss.

4. Exchange differences on transition,

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

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

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

	Footnotes	CURRENT PERIOD (01/01/2019 - 30/06/2019)	PRIOR PERIOD (01/01/2018 - 30/06/2018)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		88.291	(131.574)
1.1.1 Interest received (+)		1.259.036	1.173.969
1.1.2 Interest paid (-)		896.619	736.972
1.1.3 Dividend received (+)		-	-
1.1.4 Fees and commission received (+)		131.924	55.084
1.1.5 Other income (+)		14.098	44.222
1.1.6 Collections from previously written off loans and other receivables (+)		3.803	2.062
1.1.7 Cash payments to personnel and service suppliers (-)		221.494	233.959
1.1.8 Taxes paid (-)		10.795	90.925
1.1.9 Other (+/-)		(191.662)	(345.055)
1.2 Changes in Operating Assets and Liabilities		(375.347)	(660.304)
1.2.1 Net (increase) / decrease in financial assets at fair value through profit or loss (+/-)		1.487.203	604.639
1.2.2 Net (increase) / decrease in due from banks (+/-)		(1.172)	210.956
1.2.3 Net (increase) / decrease in loans (+/-)		(1.714.887)	(928.936)
1.2.4 Net (increase) / decrease in other assets (+/-)		86.897	(164.090)
1.2.5 Net (increase) / decrease in bank deposits (+/-)		(502.807)	319.109
1.2.6 Net (increase) / decrease in other deposits (+/-)		562.943	(1.476.692)
1.2.7 Net (increase) / decrease in financial liabilities at fair value through profit or loss (+/-)		-	(3.664)
1.2.8 Net (increase) / decrease in funds borrowed (+/-)		(197.172)	208.869
1.2.9 Net (increase) / decrease in matured payables (+/-)		-	-
1.2.10 Net (increase) / decrease in other liabilities (+/-)		(96.352)	569.505
I. Net Cash Provided from Banking Operations (+/-)		(287.056)	(791.878)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		-	-
II. Net Cash Flow Provided from Investment Activities (+/-)		(219.517)	(106.805)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-)		-	5.000
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 (-)		(34.348)	10.209
2.4 Cash obtained from the sale of tangible and intangible assets (+)		114.965	52.781
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		-	24.782
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		(102.769)	40.570
2.7 Cash paid for the purchase of financial assets at amortised cost (-)		256.233	150.699
2.8 Cash obtained from the sale of financial assets at amortised cost (+)		-	-
2.9 Other (+/-)		(9.828)	(9.466)
C. CASH FLOWS FROM FINANCING ACTIVITIES		-	-
III. Net Cash Provided from Financing Activities (+/-)		203.881	1.436.798
3.1 Cash obtained from funds borrowed and securities issued (+)		130.060	1.528.078
3.2 Cash outflow from funds borrowed and securities issued (-)		18.948	91.280
3.3 Equity instruments issued (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for financial leases liabilities (-)		-	-
3.6 Other (+/-)		92.769	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)		130.369	86.642
V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)		(172.323)	624.757
VI. Cash and Cash Equivalents at the Beginning of the Period (+)		2.088.158	1.296.272
VII. Cash and Cash Equivalents at the End of the Period (V+VI)		1.915.835	1.921.029

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

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SECTION THREE

ACCOUNTING PRINCIPLES

I. Explanations on the basis of presentation

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

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

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

Explanations about Leases Standard TFRS 16

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

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

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

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

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

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

1. Usage strategy of the financial instruments

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

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

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

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

2. Foreign currency transactions

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

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

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

	30 June 2019	31 December 2018
US Dollar	5,7551	5,2609
Euro	6,5507	6,0280

2.2 Foreign exchange gains and losses included in the statement of profit or loss

As of 30 June 2019, net foreign exchange profit included in the statement of profit or loss is TL 50.412 (1 January - 30 June 2018: TL 8.988 profit).

III. Explanations on consolidated subsidiaries

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

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

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

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

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

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IV. Explanations on forward transactions, options and derivative instruments

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

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

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

Explanations on derivative financial instruments held for hedging

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

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

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

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

V. Explanations on interest income and expenses

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

VI. Explanations on fee and commission income and expenses

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

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.

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1. Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

3. Financial assets measured at amortized cost

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

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

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

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4. Loans

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

VIII. Explanations on expected credit loss

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

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

Calculation of expected credit loss

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

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

Stage 1

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

Stage 2

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

Stage 3

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

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

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

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

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VIII. Explanations on expected credit loss (continued)

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

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

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

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

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

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

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

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

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

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

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

IX. Explanations on offsetting financial instruments

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

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

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

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

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

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

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

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

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

The Group does not have any discontinued operations.

XII. Explanations on goodwill and other intangible assets

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

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

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

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

XIII. Explanations on tangible assets

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

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

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

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

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

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

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

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XIII. Explanations on tangible assets (continued)

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

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

XIV. Explanations on leasing transactions

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

XV. Explanations on provisions and contingent liabilities

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

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

XVI. Explanations on contingent assets

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

XVII. Explanations on liabilities for employee benefits

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

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

- Calculation is based on discount rate of 13,50%, inflation rate of 6,00% and real rate of rise in salary of 0,00%.
- Effective as of 31 December 2018, ceiling salary amount is considered as TL 5.434,42 (full TL).
- Individuals’ earliest retirement age is considered as retirement age.
- CSO 1980 mortality table is used for the death probabilities of male and female employees.

There is no employee foundation, fund or similar institutions.

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XVIII. Explanations on taxation

1. Current Tax

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

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

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

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

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

2. Deferred Tax

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

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

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

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

As of 30 June 2019, the deferred tax asset is TL 79.617 (31 December 2018: TL 79.351 the deferred tax asset). The deferred tax asset is calculated as the net of taxable and deductible temporary differences.

Deferred tax income/(expense) is recognized within "Deferred Tax Income Effect" in the statement of profit or loss; deferred tax income for the current period is TL 5.268 (1 January - 30 June 2018: TL 35.944 expense). Deferred tax effects of the transactions and events recognized directly in the shareholders' equity are also recognized directly in the shareholders' equity which is TL 5.003 expense (1 January -30 June 2018: TL 3.084 income).

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3. Transfer Pricing

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

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

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

XIX. Additional explanations on borrowings

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

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

Additional Tier I Capital

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

XX. Explanations on share certificates issued

None.

XXI. Explanations on bank acceptances and bills of guarantee

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

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

XXII. Explanation on government incentives

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

XXIII. Explanations on segment reporting

Segment reporting is presented in Note VII of Section Four.

XXIV. Profit reserves and distribution of the profit

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

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

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

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XXV. Earnings Per Share

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

	30 June 2019	30 June 2018
Net Profit / (Loss) distributable to Common Shares	110.184	79.436
Average Number of Issued Common Shares (Thousand)	94.116.055	94.116.055
Earnings Per Share (Amounts presented as full TL)	0,00117	0,00084

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

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

XXVI. Cash and Cash Equivalent Assets

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

XXVII. Explanation on TFRS 16 Leases standard

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

TFRS 16 “Lease” Standard

The Bank - lessee:

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

Existence of right to use:

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

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

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

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

Lease obligations:

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

XXVII. Explanation on TFRS 16 Leases standard (continued)

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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:

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

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

First Transition to TFRS 16 Leasing Standard

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

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

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

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

	31 December 2018	TFRS 16 Classification Effect	TFRS16 Transition Effect	1 January 2019
Tangible Assets (Net) (*)(**)	256.817	1.557	75.901	334.275
Intangible Assets (Net)	--	--	--	--
Other Assets (Net) (**)	223.889	(1.557)	--	222.332
Finance Lease Liabilities (Net) (***)	463	--	75.901	76.364

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

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

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

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SECTION FOUR

INFORMATION ON 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 30 June 2019, the Group’s total capital has been calculated as TL 3.399.700 and the capital adequacy ratio is 19,77% (As of 31 December 2018, the Group’s total capital amounted to TL 3.215.203 and the capital adequacy ratio was 19,47%).

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

	Current Period (30/06/2019) Amount	1/1/2014 Amount as per the regulation before *
TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	941.161	
Share Premium	128.678	
Reserves (**)	518.380	
Other comprehensive income according to TAS	3.030	
Profit	110.184	
Current period profit	110.184	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Tier I Capital Before Deductions	1.701.433	
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 (-)	19.360	--
Improvement costs for operational leasing (-)	11.044	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	47.804	--
Excess amount arising from deferred tax assets from temporary differences	41.580	--
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	--	--
Paid-in capital to be entitled for compensation after all creditors	--	--

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

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	Current Period (30/06/2019) Amount	1/1/2014 Amount as per the regulation before *
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets from temporary differences (-)	--	--
Other items to be defined by the BRSA	--	--
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	--
Total Deductions From Common Equity Tier I Capital	119.788	--
Total Common Equity Tier I Capital	1.581.645	--
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	100.000	--
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	--
Additional Core Capital before Deductions	100.000	--
Deductions from Additional Core Capital	--	--
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	--
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--

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	Current Period (30/06/2019) Amount	1/1/2014 Amount as per the regulation before *
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	--	--
Total Deductions from Additional Tier I Capital	--	--
Total Additional Tier I Capital	100.000	--
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1.681.645	--
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.577.156	--
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	140.909	--
Tier II Capital before Deductions	1.718.065	--
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	10	--
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	10	
Total Tier II Capital	1.718.055	
Total Equity (Total Tier I and Tier II Capital)	3.399.700	

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	Current Period (30/06/2019) Amount	1/1/2014 Amount as per the regulation before *
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	--
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	--	--
Other items to be defined by the BRSA (-)	--	--
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	3.399.700	
Total Capital (Total of Tier I Capital and Tier II Capital)	3.399.700	--
Total Risk Weighted Assets	17.197.767	--
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	9,20	--
Tier I Capital Adequacy Ratio (%)	9,78	--
Capital Adequacy Ratio (%)	19,77	--
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 (%)	--	--

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	Current Period (30/06/2019) 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	3,78	--
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)	298.848	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	140.909	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, limited by 0.6% risk weighted assets	--	--
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)	--	--
Upper limit for Additional Tier I Capital items subject to Temporary Article 4	--	--
Amount of Additional Tier I Capital items subject to Temporary Article 4 that exceeds upper limit	--	--
Upper limit for Additional Tier II Capital items subject to Temporary Article 4	--	--
Amount of Additional Tier II Capital items subject to Temporary Article 4 that exceeds upper limit	--	--

* The amounts to be considered under the transitional provisions

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	941.161	--
Share premium	128.678	
Reserves	410.286	
Other comprehensive income according to TAS	--	
Profit	197.014	
Current period profit	197.014	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Minority shares		
Tier I Capital Before Deductions	1.677.139	
Deductions From Tier I Capital	--	
Valuation adjustments calculated as per the Article 9 (i) of the Regulation on Bank Capital	--	
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-) (**)	42.904	--
Improvement costs for operational leasing (-)	12.259	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	35.001	--
Excess amount arising from deferred tax assets from temporary differences	13.000	--
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	--	--
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Securitization gains	--	--
Gains and losses due to changes in own credit risk on fair valued liabilities	--	--

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

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets from temporary differences (-)	--	--
Other items to be defined by the BRSA	--	--
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	--
Total Deductions From Common Equity Tier I Capital	103,164	
Total Common Equity Tier I Capital	1,573,975	
ADDITIONAL TIER I CAPITAL	--	
Preferred stock not included in Tier I capital and the related share premiums	--	
Debt instruments and the related issuance premiums defined by the BRSA	--	
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	--	
Additional Core Capital before Deductions	--	
Deductions from Additional Core Capital	--	
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	--	--
Total Deductions from Additional Tier I Capital	--	--
Total Additional Tier I Capital	--	--
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1.573.975	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.563.671	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Shares of third parties on Additional Tier I Capital	--	
Shares of third parties on Additional Tier I Capital (Temporary Article 3)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	77.804	
Tier II Capital before Deductions	1.641.475	
Deductions from Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	245	
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	--
Total Deductions from Tier II Capital	245	--
Total Tier II Capital	1.641.230	
Total Equity (Total Tier I and Tier II Capital)	3.215.205	

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	--
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	--	--
Other items to be defined by the BRSA (-)	2	--
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank Owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	--	--
EQUITY	3.215.203	
Total Capital (Total of Tier I Capital and Tier II Capital)	3.215.203	--
Total Risk Weighted Assets	16.514.413	--
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	9,53	--
Tier I Capital Adequacy Ratio (%)	9,53	--
Capital Adequacy Ratio (%)	19,47	--
BUFFERS		
Total Additional Core Capital Requirement Ratio (a+b+c)	1,95	
a)Capital Conservation Buffer Requirement (%)	1,88	--
b)Bank-specific Counter-Cyclical Buffer Requirement(%)	0,07	--
c)Systemically Important Banks Buffer Requirement Ratio (%)	--	--

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	Prior Period (31/12/2018) Amount	Amount as per the regulation before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to risk weighted assets	3,53	--
Amounts lower than Excesses as per Deduction Rules	--	--
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital	--	--
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	--	--
Remaining mortgage servicing rights	--	--
Net deferred tax assets arising from temporary differences	--	--
Limits for Provisions Used in Tier II Capital Calculation	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	288.131	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	77.804	--
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	--	--
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	--	--
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)	--	--
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	--	--
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	--	--

* The amounts to be considered under the transitional provisions

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

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

On the other hand, in the calculation of the "Equity", improvement costs 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.
Code of debt instrument (CUSIP, ISIN etc.)	XS1386178237	TRSFIBA10016
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"
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
Eligible at unconsolidated / consolidated	Unconsolidated and Consolidated	Unconsolidated and Consolidated
Type of debt instrument	Subordinated Security	Subordinated Security
Recognized amount in shareholders' equity calculation (As of the most recent reporting date - Thousand TL)	1.577.156	92.769
Nominal value of debt instrument (Thousand TL)	1.726.530	100.000
Related account of debt instrument	Subordinated Debt Instruments	Shareholders' Equity
Issuing date of debt instrument	24/03/16-10/05/17	20/03/19
Maturity structure of debt instrument (Demand/Time)	Time	Demand
Initial term of of debt instrument	11 years	--
Issuer call subject to prior BRSA approval	Has repayment right	Has repayment right
Optional call date, reimbursement amount	24/11/2022; USD 300 million	13/03/2024; TL 100 million
Subsequent call date, if any	None	End of every following 5th year

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

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Explanations on TFRS9 Transition Process

	T-1	T-2	T-3	T-4
EQUITY ITEMS				
Common Equity	1.581.645	1.503.635	1.425.624	1.347.614
Common Equity if transition process not implemented ^a	1.347.614	1.347.614	1.347.614	1.347.614
Tier 1 Capital	1.681.645	1.603.635	1.525.624	1.447.614
Tier 1 Capital if transition process not implemented ^b	1.447.614	1.447.614	1.447.614	1.447.614
Total Capital	3.399.700	3.371.499	3.293.488	3.215.478
Equity if transition process not implemented ^c	3.215.478	3.215.478	3.215.478	3.215.478
TOTAL RISK WEIGHTED AMOUNTS				
Total Risk Weighted Amounts	17.197.767	17.197.767	17.197.767	17.197.767
CAPITAL ADEQUACY RATIO				
Common Equity Adequacy Ratio (%)	9,20	8,74	8,29	7,84
Common Equity Ratio if transition process not implemented ^d (%)	7,84	7,84	7,84	7,84
Tier 1 Capital Adequacy Ratio (%)	9,78	9,32	8,87	8,42
Tier 1 Capital Adequacy Ratio if transition process not implemented	8,42	8,42	8,42	8,42
Capital Adequacy Ratio (%)	19,77	19,60	19,15	18,70
Capital Adequacy Ratio if transition process not implemented ^d (%)	18,70	18,70	18,70	18,70
LEVERAGE				
Leverage Ratio Total Risk Amount	28.109.387	28.109.387	28.109.387	28.109.387
Leverage (%)	5,98	5,70	5,43	5,15
Leverage Ratio if transition process not implemented ^e (%)	5,15	5,15	5,15	5,15

^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

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II. Explanations on Risk Management

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 30 June 2019:

- CR8 - RWA flow statements of credit risk exposures under IRB (Internal Ratings Based)
- CCR7 - RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- CR6 - IRB - Credit risk exposures by portfolio and PD range
- CR7 - IRB - Effect on RWA of credit derivatives used as CRM techniques
- CR10 - IRB - Specialised lending and equities under the Simple Risk-Weight Method
- CCR4 - CCR exposures by portfolio and PD scale
- MR2 - RWA flow statements of market risk exposures under an IMA
- MR3 - IMA values for trading securities
- MR4 - Comparison of VaR estimates with gains/losses

In addition to this, the following tables those have to be disclosed in accordance with the Communiqué were not included as the Bank does not have such transactions:

- CCR6 - Credit derivatives exposures
- CCR8 - Exposures to central counterparties
- SEC1 - Securitisation exposures in the banking book
- SEC2 - Securitisation exposures in the trading book
- SEC3 - Securitisation exposures in the banking book and associated regulatory capital requirements bank acting as originator or as sponsor
- SEC4 - Securitisation exposures in the banking book and associated capital requirements - bank acting as investor

a. Overview of Risk Weighted Amounts

	Risk Weighted Amounts		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	14.504.946	13.596.968	1.160.396
2 Of which standardised approach (SA)	14.504.946	13.596.968	1.160.396
3 Of which internal rating-based (IRB) approach	--	--	--
4 Counterparty credit risk	672.999	850.549	53.840
5 Of which standardised approach for counterparty credit risk (SA-CCR)	672.999	850.549	53.840
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	79.504	40.619	6.360
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	454.788	911.638	36.383
17 Of which standardised approach (SA)	454.788	911.638	36.383
18 Of which internal model approaches (IMM)	--	--	--
19 Operational risk	1.485.530	1.114.639	118.842
20 Of which basic indicator approach	1.485.530	1.114.639	118.842
21 Of which standardised approach	--	--	--
22 Of which advanced measurement approach	--	--	--
23 Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	17.197.767	16.514.413	1.375.821

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II. Explanations on Consolidated Risk Management (continued)

1. 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	663.823	14.108.805	668.227	14.104.401
2 Debt securities	--	1.547.941	3.159	1.544.782
3 Off-balance sheet exposures	17.338	6.107.762	18.999	6.106.101
4 Total	681.161	21.759.032	690.385	21.749.808
	Gross carrying values in accordance with Turkish Accounting Standards (TAS) in financial statements prepared in accordance with statutory consolidation		Allowances/ amortisation and impairments	Net value
	Defaulted	Non-defaulted		
Prior Period				
1 Loans	621.863	14.069.334	569.780	14.121.417
2 Debt securities	--	1.138.927	3.961	1.134.966
3 Off-balance sheet exposures	14.768	4.855.995	19.084	4.851.679
4 Total	636.631	20.064.256	592.825	20.108.062

2. Changes in stock of default loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	621.863	468.493
2 Loans and debt securities defaulted since the last reporting period	236.058	896.886
3 Receivables back to non-defaulted status	--	--
4 Amounts written off(*)	109.316	442.120
5 Other changes (**)	(84.782)	301.396
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	663.823	621.863

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

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

3. 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	12.569.128	1.825.360	1.141.150	684.210	684.210	--	--
2 Debt Securities	1.544.782	--	--	--	--	--	--
3 Total	14.113.910	1.825.360	1.141.150	684.210	684.210	--	--
4 Of which defaulted	201.347	84.337	84.337	--	--	--	--
Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	11.225.357	3.170.005	2.142.464	1.027.541	1.027.541	--	--
2 Debt Securities	1.134.966	--	--	--	--	--	--
3 Total	12.360.323	3.170.005	2.142.464	1.027.541	1.027.541	--	--
4 Of which defaulted	208.740	117.288	117.288	--	--	--	--

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II. Explanations On Consolidated Risk Management (continued)

4. Credit risk exposure and credit risk mitigation techniques:

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	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	3.113.843	--	3.798.053	--	645.438	16,99%
2 Exposures to regional and local governments	--	--	--	--	--	0,00%
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	0,00%
4 Exposures to multilateral development banks	59.498	--	59.498	--	--	0,00%
5 Exposures to international organizations	--	--	--	--	--	0,00%
6 Exposures to banks and brokerage houses	2.344.968	49.477	2.344.968	31.395	717.547	30,20%
7 Exposures to corporates	9.333.935	688.532	9.232.245	407.009	9.361.470	97,12%
8 Retail exposures	3.412.063	936.594	2.924.512	260.507	2.387.134	74,95%
9 Exposures secured by residential property	389.338	3.384	381.701	828,3	227.999	59,60%
10 Exposures secured by commercial property	1.251.759	34.692	1.164.540	23.320	792.514	66,72%
11 Past-due items	281.642	--	281.529	--	255.401	90,72%
12 Exposures in high-risk categories	4.394	10.043	4.394	5.022	9.912	105,27%
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0,00%
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	0,00%
15 Exposures in the form of coll. investment undertakings(*)	79.504	--	79.504	--	79.504	100,00%
16 Other exposures	806.193	4.419.822	806.193	67.437	655.433	75,05%
17 Equity share investments	--	--	--	--	--	0,00%
18 Total	21.077.137	6.142.544	21.077.137	795.518	15.132.599	69,18%

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

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to sovereigns and their central banks	2.101.754	--	3.129.295	--	170.450	5,40%
2 Exposures to regional and local governments	--	--	--	--	--	0,00%
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	0,00%
4 Exposures to multilateral development banks	--	--	--	--	--	0,00%
5 Exposures to international organizations	--	--	--	--	--	0,00%
6 Exposures to banks and brokerage houses	3.211.158	40.442	3.211.158	21.506	950.580	29,40%
7 Exposures to corporates	9.085.125	562.649	8.880.693	322.068	8.795.135	95,60%
8 Retail exposures	3.522.110	827.975	2.797.651	252.732	2.286.640	75,00%
9 Exposures secured by residential property	361.124	2.189	349.714	742	182.877	52,20%
10 Exposures secured by commercial property	1.430.988	50.203	1.343.748	37.031	878.543	63,60%
11 Past-due items	287.004	--	287.004	--	291.549	101,60%
12 Exposures in high-risk categories	39.100	9.508	39.100	4.754	58.266	132,90%
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	0,00%
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	0,00%
15 Exposures in the form of coll. investment undertakings(*)	40.619	--	40.619	--	40.619	100,00%
16 Other exposures	849.402	3.378.901	849.402	100.252	645.617	68,00%
17 Equity share investments	--	--	--	--	--	0,00%
18 Total	20.928.384	4.871.867	20.928.384	739.085	14.300.276	66,00%

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

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II. Explanations On Consolidated Risk Management (continued)

5. Exposures by asset classes and risk weights

(Current Period)

Risk Classes/ Risk Weight	0%	10%	20%	%35(*)	50%	%50(*)	75%	100%	150%	200%	Total risk amount (**)
1 Exposures to sovereigns and their central banks	2.507.178	--	--	--	1.290.875	--	--	--	--	--	3.798.053
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	708.452	--	408.470	--	1.247.176	--	--	12.265	--	--	2.376.363
7 Exposures to corporates	277.784	--	--	--	--	--	--	9.361.470	--	--	9.639.254
8 Retail exposures	2.174	--	--	--	--	--	3.182.845	--	--	--	3.185.019
9 Exposures secured by residential property	--	--	--	237.739	--	--	--	144.790	--	--	382.529
10 Exposures secured by commercial property	--	--	--	--	--	790.693	--	397.167	--	--	1.187.860
11 Past-due items	--	--	--	--	128.731	--	--	76.324	76.475	--	281.530
12 Exposures in high-risk categories	--	--	--	--	4.211	--	--	1	5.204	--	9.416
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	--	--	--	--	--	--	--	79.504	--	--	79.504
16 Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17 Other Exposures	217.950	--	--	--	--	--	--	655.680	--	--	873.630
18 Total	3.773.036	--	408.470	237.739	2.670.993	790.693	3.182.845	10.727.201	81.679	--	21.872.656

(*) Collateralized by real estate mortgages

(**) After CCF and CRM

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

(Prior Period)

Risk Classes/ Risk Weight	0%	10%	20%	%35(*)	50%	%50(*)	75%	100%	150%	200%	Total risk amount (**)
1 Exposures to sovereigns and their central banks	2.788.396	--	--	--	340.899	--	--	--	--	--	3.129.295
2 Exposures to regional and local governments	--	--	--	--	--	--	--	--	--	--	--
3 Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organizations	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to banks and brokerage houses	495.940	--	1.401.604	--	1.329.722	--	--	5.398	--	--	3.232.664
7 Exposures to corporates	407.626	--	--	--	--	--	--	8.795.135	--	--	9.202.761
8 Retail exposures	1.530	--	--	--	--	--	3.048.853	--	--	--	3.050.383
9 Exposures secured by residential property	--	--	--	257.814	--	--	--	92.642	--	--	350.456
10 Exposures secured by commercial property	--	--	--	--	--	1.004.471	--	376.308	--	--	1.380.779
11 Past-due items	--	--	--	--	99.767	--	--	78.380	108.857	--	287.004
12 Exposures in high-risk categories	--	--	--	--	4.593	--	--	5.844	33.417	--	43.854
13 Exposures in the form of bonds secured by mortgages	--	--	--	--	--	--	--	--	--	--	--
14 Short term exposures to banks, brokerage houses and corp.	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of coll. investment undertakings	--	--	--	--	--	--	--	40.619	--	--	40.619
16 Equity share investments	--	--	--	--	--	--	--	--	--	--	--
17 Other Exposures	304.037	--	--	--	--	--	--	645.617	--	--	949.654
18 Total	3.997.529	--	1.401.604	257.814	1.774.981	1.004.471	3.048.853	10.039.943	142.274	--	21.667.469

(*) Collateralized by real estate mortgages

(**) After CCF and CRM

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

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II. Explanations On Consolidated Risk Management (continued) :

c. Explanations on counterparty credit risk (CCR)

1. Evaluation of counterparty credit risk according to approach analysis

Current Period	Replacement Cost	Potential Credit Exposure	EEPE (Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1 Standardised Approach - CCR (for derivatives)	242.372	348.716	--	1,4	591.088	409.713
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)	--	--	--	--	1.009.494	138.435
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	--	--	--	--	--	--
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	--	--	--	--	--	--
6 Total	242.372	348.716	--	--	1.600.582	548.148

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

1. 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 3×multiplier)	--	--	--	--
2 (ii) Stressed VaR component (including the 3×multiplier)	--	--	--	--
3 All portfolios subject to the Standardised CVA capital obligation	591.088	124.851	860.559	187.860
4 Total subject to the CVA capital obligation	591.088	124.851	860.559	187.860

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II. Explanations On Consolidated Risk Management (continued)

3. CCR exposures by risk class and risk weights - standardised approach

Current Period

Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk (*)
Exposures to sovereigns and their central banks	--	--	--	--	--	--	--	--	--
Exposures to regional and local governments	--	--	--	--	--	--	--	--	--
Exposures to adm. bodies and non-commercial entities	--	--	--	--	--	--	--	--	--
Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--
Exposures to international organizations	--	--	--	--	--	--	--	--	--
Exposures to banks and brokerage houses	708.452	--	89.150	542.474	--	51	--	--	1.340.127
Exposures to corporates	--	--	--	--	--	256.988	--	--	256.988
Retail exposures	747	--	--	--	2.721	--	--	--	3.468
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	--	--	--	--	--	--	--	--	--
Othr Exposures	--	--	--	--	--	--	--	--	--
Other Assets	--	--	--	--	--	--	--	--	--
Total	709.199	--	89.150	542.474	2.721	257.039	--	--	1.600.583

Prior Period

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

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II. Explanations On Consolidated Risk Management (continued)

4. Collaterals for CCR

	Collateral for derivative transactions				Collateral for other	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Current Period						
Cash-domestic currency	--	--	--	--	--	--
Cash-foreign currency	747	--	--	--	708.452	--
Domestic sovereign debts	--	--	--	--	--	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	1.009.494
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
Total	747	--	--	--	708.452	1.009.494
	Collateral for derivative transactions				Collateral for other	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Prior Period						
Cash-domestic currency	--	--	--	--	--	--
Cash-foreign currency	728	--	--	--	495.940	--
Domestic sovereign debts	--	--	--	--	--	--
Other sovereign debts	--	--	--	--	--	--
Government agency debts	--	--	--	--	--	--
Corporate debts	--	--	--	--	--	733.417
Equity securities	--	--	--	--	--	--
Other collateral	--	--	--	--	--	--
Total	728	--	--	--	495.940	733.417

d. Explanations on market risk

Market risk under standardised approach

Market risk under standardised approach		Current Period	Prior Period
		RWA	RWA
Outright Products			
1 Interest rate risk (general and specific)		383.413	820.250
2 Equity risk (general and specific)		25025	--
3 Foreign exchange risk		45.175	80.313
4 Commodity risk		--	--
Options			
5 Simplified approach		--	--
6 Delta-plus method		1.175	11.075
7 Scenario approach		--	--
8 Securitisation		--	--
9 Total		454.788	911.638

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III. Explanations on Consolidated Currency Risk

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

As of 30 June 2019, the Bank's net long position is TL 17.599 (31 December 2018: TL 193.087 net long position) resulting from short position on the balance sheet amounting to TL 1.518.821 (31 December 2018: TL 2.327.850 short position) and long position on the off-balance amounting to TL 1.536.420 (31 December 2018: TL 2.520.937 long position). The Bank uses "Standard Method" in legal reporting to measure the foreign exchange risk.

The announced foreign exchange buying rates of the Bank at 30 June 2019 and the previous five working days in full TL are as follows:

US Dollar purchase rate as at the balance sheet date	TL 5,7551
Euro purchase rate as at the balance sheet date	TL 6,5507

Date	USD	EURO
25 June 2019	5,7444	6,5409
26 June 2019	5,7904	6,5935
27 June 2019	5,7630	6,5476
28 June 2019	5,7665	6,5571
30 June 2019	5,7551	6,5507

The US Dollar buying rate is TL 5,8088 and EUR buying rate is TL 6,5565 according to simple arithmetic average on June 2019.

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III. Explanations on Consolidated Currency Risk (continued)

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	1.031.364	1.116.252	179.103	2.326.719
Due From Banks	63.918	50.533	9.032	123.483
Financial Assets at Fair Value through Profit/Loss (*)	373	15.127	--	15.500
Money Market Placements	45.855	--	--	45.855
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	157.906	657.418	--	815.324
Loans and Receivables(**)	3.838.165	1.906.468	14.431	5.759.064
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	--	--	--	--
Financial Assets Measured at Amortized Cost	371.136	--	--	371.136
Derivative Financial Assets Hedging Purposes	--	--	--	--
Tangible Assets	--	--	--	--
Intangible Assets	--	--	--	--
Other Assets (***)	1.386	312	--	1.698
Total Assets	5.510.103	3.746.110	202.566	9.458.779
Liabilities				
Bank Deposits	39.245	29.183	10.973	79.401
Foreign Currency Deposits	718.498	4.978.034	63.162	5.759.694
Money Market Borrowings	286.380	422.063	--	708.443
Funds Provided from Other Financial Institutions	418.002	719.005	1.491	1.138.498
Securities Issued(****)	--	2.965.849	--	2.965.849
Sundry Creditors	32.396	248.934	8.518	289.848
Derivative Fin. Liabilities for Hedging Purposes	--	--	--	--
Other Liabilities(*****)	29.531	6.336	--	35.867
Total Liabilities	1.524.052	9.369.404	84.144	10.977.600
Net Bilanço Pozisyonu	3.986.051	(5.623.294)	118.422	(1.518.821)
Net Off-Balance Sheet Position	(4.036.393)	5.689.878	(117.065)	1.536.420
Financial Derivative Assets (*****)	4.110.610	11.397.898	329.353	15.837.861
Financial Derivative Liabilities (*****)	8.147.003	5.708.020	446.418	14.301.441
Non-Cash Loans (*****)	311.441	248.194	641	560.276
Prior Period				
Total Assets	4.435.491	3.063.703	284.398	7.783.592
Total Liabilities	1.247.226	8.791.604	72.612	10.111.442
Net Balance Sheet Position	3.188.265	(5.727.901)	211.786	(2.327.850)
Net Off-Balance Sheet Position	(3.178.584)	5.939.735	(240.214)	2.520.937
Financial Derivative Assets	4.413.738	10.667.639	329.291	15.410.668
Financial Derivative Liabilities	7.592.322	4.727.904	569.505	12.889.731
Non-Cash Loans	247.145	204.723	47	451.915

(*) Accruals of trading derivative financial assets are not included amounting to TL 20.528.

(**) Includes foreign currency indexed loans and accruals amounting to TL 172.587.

(***) TL 22.310 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 20.534 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 813.216 (31 December 2018: TL 912.202), foreign currency sale commitments within the derivative financial liabilities amounted to TL 1.795.450 (31 December 2018: TL 996.974).

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

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IV. Explanations on Consolidated Interest Rate Risk

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

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

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

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

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances	1.800.674	--	--	--	--	684.918	2.485.592
Banks	156.842	--	--	--	--	166.305	323.147
Financial Assets at Fair Value Through Profit or Loss	175.698	18.207	182.253	854.470	3.064	--	1.233.692
Interbank Money Market Placements	56.878	--	--	--	--	--	56.878
Financial Assets Measured at Fair Value through Other Comprehensive Income	17.634	--	168.295	623.500	13.688	3.400	826.517
Loans(*)	3.205.104	3.725.447	3.127.742	3.251.918	798.592	(4.504)	14.104.299
Financial Assets Measured at Amortized Cost	20.776	--	59.498	117.020	421.971	--	619.265
Other Assets(**)	--	--	--	--	--	748.819	748.819
Total Assets	5.433.606	3.743.654	3.537.788	4.846.908	1.237.315	1.598.938	20.398.209
Liabilities							
Bank Deposits	71.846	6.836	--	--	--	61.294	139.976
Other Deposits	7.525.137	1.471.720	832.541	12.048	--	1.362.658	11.204.104
Interbank Money Market Received	216.016	443.250	49.177	--	--	--	708.443
Sundry Creditors	--	--	--	--	--	530.104	530.104
Marketable Securities Issued(***)	284.271	361.989	--	2.916.949	--	--	3.563.209
Funds Borrowed From Other Institutions	109.560	820.448	214.549	1.983	--	--	1.146.540
Other Liabilities(****)	138.278	48.255	180.655	770.012	--	1.968.633	3.105.833
Total Liabilities	8.345.108	3.152.498	1.276.922	3.700.992	--	3.922.689	20.398.209
Balance Sheet Long Position	--	--	--	--	--	--	--
Balance Sheet Short Position	--	591.156	2.260.866	1.145.916	1.237.315	--	5.235.253
Off-Balance Sheet Long Position	(2.911.502)	--	--	--	--	(2.323.751)	(5.235.253)
Off-Balance Sheet Short Position	--	--	--	312.755	--	20.648.296	20.961.051
Total Position	(2.916.718)	591.156	2.260.866	1.145.916	1.237.315	(2.267.796)	50.739

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

(**) Non-interest bearing column includes TL 26.397 TL associations, TL 318.808 tangible assets, TL 47.804 intangible assets, TL 79.756 tax asset, TL 153.128 assets held for sale and TL 123.177 other assets.

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

(****) Non-interest bearing column includes TL 1.548.106 shareholders' equity, TL 124.361 other liabilities, TL 233.334 provisions and TL 68.533 tax liabilities.

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IV. Explanations on Consolidated Interest Rate Risk (continued)

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

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances	1.031.089	--	--	--	--	733.473	1.764.562
Banks	724.480	--	--	--	--	241.334	965.814
Financial Assets at Fair Value Through Profit or Loss	153.974	60.461	242.369	1.096.761	2.991	--	1.556.556
Interbank Money Market Placements	306.208	--	--	--	--	--	306.208
Financial Assets Measured at Fair Value through Other Comprehensive Income	--	--	178.444	522.855	326	2.713	704.338
Loans(*)	3.036.288	3.849.812	2.920.235	3.762.600	500.399	52.083	14.121.417
Financial Assets Measured at Amortized Cost	20.631	--	--	104.114	238.287	--	363.032
Other Assets(**)	--	--	--	--	--	837.249	837.249
Total Assets	5.272.670	3.910.273	3.341.048	5.486.330	742.003	1.866.852	20.619.176
Liabilities							
Bank Deposits	538.394	12.950	--	--	--	88.411	639.755
Other Deposits	5.636.092	3.164.948	1.121.893	46.253	--	704.200	10.673.386
Interbank Money Market Received	16.694	434.228	45.014	--	--	--	495.936
Sundry Creditors	--	--	--	--	--	699.090	699.090
Marketable Securities Issued(***)	204.462	365.965	--	2.868.301	--	--	3.438.728
Funds Borrowed From Other Institutions	195.549	627.885	515.778	--	--	--	1.339.212
Other Liabilities(****)	106.774	52.553	114.431	1.241.850	645	1.816.816	3.333.069
Total Liabilities	6.697.965	4.658.529	1.797.116	4.156.404	645	3.308.517	20.619.176
Balance Sheet Long Position	--	--	1.543.932	1.329.926	741.358	--	3.615.216
Balance Sheet Short Position	(1.425.295)	(748.256)	--	--	--	(1.441.665)	(3.615.216)
Off-Balance Sheet Long Position	--	--	--	288.045	--	20.330.867	20.618.912
Off-Balance Sheet Short Position	--	--	--	(288.045)	--	(20.244.305)	(20.532.350)
Total Position	(1.425.295)	(748.256)	1.543.932	1.329.926	741.358	(1.355.103)	86.562

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

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

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

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

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IV. Explanations on Consolidated Interest Rate Risk (continued)

Average interest rates applied to financial instruments

Current Period	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Banks	--	2,00	--	13,00
Financial Assets at Fair Value Through Profit/ Loss	0,01	--	--	23,33
Interbank Money Market Placements	2,43	5,47	--	26,55
Financial Assets Measured at Fair Value through Other Comprehensive Income	0,01	--	--	25,03
Loans	3,27	5,41	--	8,55
Financial Assets Measured at Amortized Cost	6,22	6,92	--	23,93
	5,22	--	--	13,66
Liabilities				
Bank Deposits	--	2,86	--	22,40
Other Deposits	0,90	3,47	--	23,40
Interbank Money Market Received	0,65	4,47	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued(*)	--	6,95	--	23,65
Funds Borrowed from Other Financial Institutions	3,20	5,08	--	15,88

(*) Includes subordinated debts, which are classified under "Subordinated Loans - Other Loans" 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 Banks	--	2,00	--	13,00
Financial Assets at Fair Value Through Profit/ Loss	--	--	--	23,89
Interbank Money Market Placements	2,04	5,34	--	24,37
Financial Assets Measured at Fair Value through Other Comprehensive Income	--	--	--	24,81
Loans	3,43	5,39	--	8,38
Financial Assets Measured at Amortized Cost	6,25	7,91	--	24,82
	--	--	--	8,96
Liabilities				
Bank Deposits	--	2,45	--	22,46
Other Deposits	1,66	4,65	--	23,96
Interbank Money Market Received	0,80	4,53	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued(*)	--	6,95	--	24,76
Funds Borrowed from Other Financial Institutions	3,15	4,00	--	10,76

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

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

The Bank has no position risk of equity shares as of 30 June 2019 (31 December 2018: None).

VI. Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio

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

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

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

For long-term liquidity "Maturity Mismatch Report" is prepared and presented to ALCO on a weekly basis. The Bank, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 10 months maturity period. The Bank intends to eliminate liquidity mismatch shifting focus to long-term funding alternatives. Such decisions of the risk of incompatibility are taken by ALCO. The Bank diversifies its funding sources among customer deposits, domestic and foreign borrowings, bills and bonds issued, taking into consideration the maturity match between its assets and liabilities and keeps liquid assets in order to fully meet the liquidity requirements that may emerge in case of market volatility.

Information on the use of stress testing

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

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

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

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

Current Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS				
1 Total high-quality liquid assets (HQLA)			2.615.079	2.411.273
CASH OUTFLOWS				
2 Deposits from natural persons and retail deposits	7.971.570	4.534.781	793.205	453.518
3 Stable deposits	974.071	--	48.716	--
4 Less stable deposits	6.997.499	4.534.781	744.489	453.518
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	3.808.576	1.796.223	2.106.046	1.185.266
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	2.062.151	1.010.951	824.725	403.960
8 Other unsecured funding	1.746.425	785.272	1.281.321	781.306
9 Secured funding	--	--	161.547	159.853
10 Other cash outflows	2.360.789	978.569	584.998	350.362
11 Outflows related to derivative exposures and other collateral requirements	352.499	282.069	352.986	281.342
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	232.012	69.021
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	39.571	16	39.565	13
16 TOTAL CASH OUTFLOWS			3.685.362	2.149.012
CASH INFLOWS				
17 Secured receivables	32.845	32.845	21.977	21.743
18 Unsecured receivables	2.305.438	600.359	1.543.351	442.720
19 Other cash inflows	113.717	81.873	112.544	81.401
20 TOTAL CASH INFLOWS	2.451.999	715.077	1.677.871	545.863
21 TOTAL HQLA			2.615.079	2.411.273
22 TOTAL NET CASH OUTFLOWS			2.006.240	1.603.149
23 LIQUIDITY COVERAGE RATIO (%)			130,35	150,41

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

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

Prior Period	Total Unweighted Value *		Total Weighted Value *	
	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS				
1 Total high-quality liquid assets (HQLA)			2.322.797	1.927.058
CASH OUTFLOWS				
2 Deposits from natural persons and retail deposits	7.924.770	3.313.684	767.136	331.797
3 Stable deposits	835.698	--	41.786	--
4 Less stable deposits	7.089.072	3.313.684	725.350	331.797
5 Unsecured funding except for retail deposits and deposits from natural persons, of which:	3.617.698	1.883.101	2.390.062	1.400.156
6 Operational deposits	--	--	--	--
7 Non-Operational deposits	1.610.328	629.850	643.029	252.064
8 Other unsecured funding	2.007.371	1.253.251	1.747.034	1.148.092
9 Secured funding	--	--	180.956	178.936
10 Other cash outflows	1.934.670	614.893	370.704	157.209
11 Outflows related to derivative exposures and other collateral requirements	181.696	108.093	183.116	109.101
12 Outflows related to restructured financial instruments	--	--	--	--
13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments	1.752.974	506.800	187.588	48.109
14 Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15 Other irrevocable or conditionally revocable off-balance sheet obligations	33.761	114	33.899	110
16 TOTAL CASH OUTFLOWS			3.742.758	2.068.208
CASH INFLOWS				
17 Secured receivables	35.060	35.060	29.360	28.837
18 Unsecured receivables	3.228.841	800.885	2.184.971	704.647
19 Other cash inflows	185.124	148.742	186.149	149.422
20 TOTAL CASH INFLOWS	3.449.025	984.687	2.400.481	882.906
21 TOTAL HQLA			2.322.797	1.927.058
22 TOTAL NET CASH OUTFLOWS			1.342.278	1.185.302
23 LIQUIDITY COVERAGE RATIO (%)			173,05	162,58

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

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

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

Current Period	TL+ FC	FC
30 April 2019	130,99%	158,14%
31 May 2019	141,99%	158,81%
30 June 2019	122,35%	145,46%
Average	131,78%	154,14%

Prior Period	TL+ FC	FC
31 October 2018	182,64%	165,49%
30 November 2018	186,21%	180,03%
31 December 2018	153,56%	155,49%
Average	174,14%	167,00%

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

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

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

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over	Unallocated	Total
Assets								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances	954.243	1.531.349	--	--	--	--	--	2.485.592
Banks	166.305	156.842	--	--	--	--	--	323.147
Financial Assets at Fair Value Through Profit or Loss	--	153.265	18.175	182.270	876.918	3.064	--	1.233.692
Interbank Money Market Placements	--	56.878	--	--	--	--	--	56.878
Financial Assets Available-for-Sale	3.400	17.634	--	166.123	623.500	15.860	--	826.517
Loans (*)	--	2.616.736	2.596.956	4.563.122	3.816.887	515.102	(4.504)	14.104.299
Investment Securities Held-to-Maturity	--	--	--	59.498	117.020	442.747	--	619.265
Other Assets(**)	--	--	--	--	--	--	748.819	748.819
Total Assets	1.123.948	4.532.704	2.615.131	4.971.013	5.434.325	976.773	744.315	20.398.209
Liabilities								
Bank Deposits	61.294	71.846	6.836	--	--	--	--	139.976
Other Deposits	1.362.658	7.525.137	1.471.720	832.541	12.048	--	--	11.204.104
Funds Borrowed from Other Financial Institutions	--	109.853	67.125	510.484	459.078	--	--	1.146.540
Interbank Money Market Received	--	216.016	443.250	49.177	--	--	--	708.443
Marketable Securities Issued(***)	--	284.271	361.989	--	1.339.793	1.577.156	--	3.563.209
Sundry Creditors	--	530.104	--	--	--	--	--	530.104
Other Liabilities (****)	--	133.833	74.837	213.163	822.407	795	1.860.798	3.105.833
Total Liabilities	1.423.952	8.871.060	2.425.757	1.605.365	2.633.326	1.577.951	1.860.798	20.398.209
Net Liquidity Surplus / (Gap)	(300.004)	(4.338.356)	189.374	3.365.648	2.800.999	(601.178)	(1.116.483)	--
Net Off-Balance Sheet Position	--	(1.174)	(23.348)	(4.906)	85.680	--	--	56.252
Derivative Financial Assets	--	7.142.374	4.021.538	2.631.950	5.084.078	--	--	18.879.940
Derivative Financial Liabilities	--	7.143.548	4.044.886	2.636.856	4.998.398	--	--	18.823.688
Non-Cash Loans	--	63.619	137.709	422.396	69.512	262.096	--	955.332
Prior Period								
Total Assets	974.392	5.223.848	2.366.949	5.260.338	5.351.942	552.375	889.332	20.619.176
Total Liabilities	792.611	7.741.026	4.236.038	2.041.090	2.801.581	1.564.577	1.442.253	20.619.176
Net Liquidity Gap	181.781	(2.517.178)	(1.869.089)	3.219.248	2.550.361	(1.012.202)	(552.921)	--
Net Off-Balance Sheet Position	--	(11.408)	(23.834)	127.481	(6.816)	(350)	--	85.073
Derivative Financial Assets	--	7.823.307	1.934.703	2.438.061	6.878.019	5.260	--	19.079.350
Derivative Financial Liabilities	--	7.834.715	1.958.537	2.310.580	6.884.835	5.610	--	18.994.277
Non-Cash Loans	--	63.245	70.059	379.523	77.337	281.386	--	871.550

(*) Non-performing

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

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

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

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

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

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 (*)	49.936.252	43.219.725
2 The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	--	--
3 The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(20.481.921)	(18.554.523)
4 The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	--	--
5 The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	--	--
6 Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	--	--
7 Total risk amount	29.454.331	24.665.202

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

(**) Represents three-months average amounts.

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VII. Explanations on Consolidated Leverage Ratio

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

Bank's consolidated leverage ratio calculated in accordance with the "Regulation on Assessment and Calculation of Banks' Leverage Level" is 5,98%. The decrease in the ratio is due to the increase in total risk. Minimum leverage ratio has to be 3% according to the regulation.

	Balance sheet assets	Current Period(*)	Prior Period(*)
1	Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	20.849.006	19.226.259
2	(Assets deducted in determining Tier 1 capital)	(132.739)	(399.762)
3	Total balance sheet risks (sum of lines 1 and 2)	20.716.267	18.826.497
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit der	428.939	534.882
5	Potential credit risk associated with all derivative financial instruments and credit d	383.310	383.359
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	812.249	918.241
	Securities or commodity financing transactions (SCFT)		
7	Risks from SCFT assets (except for on-balance sheet)	1.092.174	607.250
8	Risks from brokerage activities related exposures	-	--
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1.092.174	607.250
	Off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	6.833.724	4.313.214
11	(Adjustments for conversion to credit equivalent amounts)	-	--
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	6.833.724	4.313.214
	Capital and total risks		
13	Tier 1 capital	1.654.382	1.593.770
14	Total risks (sum of lines 3, 6, 9 and 12)	29.454.414	24.665.202
	Leverage ratio		
15	Leverage ratio	5,63	6,48

(*)Represents three-month average amounts.

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VIII. 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.

	Retail Banking(*)	Corporate & Commercial Banking	Treasury & Headquarters	Total Operations of the Bank
Current Period -1 January - 30 June 2019				
Operating Income	121.607	441.081	147.308	709.997
Operating Profit	(133.814)	290.324	(33.241)	123.269
Taxation				(13.085)
Net Profit/(Loss) for the Period				110.184
Current Period -30 June 2019				
Segment Assets	2.065.572	12.043.232	6.289.405	20.398.209
Total Assets				20.398.209
Segment Liabilities	7.539.532	3.665.027	7.645.554	18.850.113
Shareholders' Equity				1.548.096
Total Liabilities				20.398.209

(*) January and February performance of SME segment, which has been reclassified as commercial segment as of March 2019, has been reported under Retail Banking column.

	Retail Banking	Corporate & Commercial Banking	Treasury & Headquarters	Total Operations of the Bank
Prior Period -1 January - 30 June 2018				
Operating Income	143.381	267.624	185.689	596.695
Operating Profit	(25.795)	81.302	59.917	115.424
Taxation				(35.989)
Net Profit/(Loss) for the Period				79.435
Prior Period -31 December 2018				
Segment Assets	3.528.275	10.541.060	6.549.841	20.619.176
Total Assets				20.619.176
Segment Liabilities	8.020.416	2.653.055	8.623.456	19.296.927
Shareholders' Equity				1.322.249
Total Liabilities				20.619.176

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FIFTH SECTION

EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosure related to the consolidated assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	30.795	164.288	37.341	100.990
Balances with the Central Bank of Turkey	128.078	2.162.431	366.313	1.259.918
Other	--	--	--	--
Total	158.873	2.326.719	403.654	1.360.908

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	119.470	639.690	80.959	511.053
Unrestricted Time Deposits	8.608	655.070	285.354	--
Restricted Time Deposits	--	867.671	--	748.865
Total	128.078	2.162.431	366.313	1.259.918

According to the communiqué No: 2005/1 on "Reserve Deposits" of CBRT, banks operating in Turkey are required to keep reserve deposit at the rates varying from 1% - 7% (31 December 2018: 1,5%-8%) for TL liabilities and at the rates 5% - 21% (31 December 2018: 4%-20%) for FC liabilities depending on maturities of liabilities. According to the Central Bank of Turkey's press announcement No. 2014-72 dated 21 October 2014, the Reserve Deposits as from November 2014 are paid interest on the portion held in Turkish Lira and according to the Central Bank of Turkey's press announcement No. 2015-35 dated 2 May 2015, the Reserve Deposits as from May 2015 are paid interest on the portion held in USD.

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	22.744	--	21.934	--
Total	22.744	--	21.934	--

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

As of 30 June 2019, financial assets at fair value through profit or loss not given as collateral or not blocked is TL 82.810 (31 December 2018: TL 48.868).

Loans recognised at fair value through profit or loss

As of 30 June 2019, there are no loans recognised at fair value at fair value through profit or loss (31 December 2018: TL 1.516.819).

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

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

None.

2.3 Positive differences relating to derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	114.627	--	98.585	--
Swap Transactions	697.325	--	1.015.077	--
Futures Transactions	--	--	--	--
Options	295.658	20.528	341.061	26.033
Other	--	--	--	--
Total	1.107.610	20.528	1.454.723	26.033

3. Information on Banks

3.1 Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	199.204	15.691	731.428	339
Foreign	460	107.792	281	233.766
Foreign head-offices and branches	--	--	--	--
Total	199.664	123.483	731.709	234.105

3.2 Due from foreign banks

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

3. 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	11.193	773.045	7.399	642.487
Other	--	--	--	--
Total	11.193	773.045	7.399	642.487

As of 30 June 2019, financial assets valued at fair value through other comprehensive income not given as collateral or not blocked is TL 42.279 (31 December 2018: TL 54.452).

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

	Current Period	Prior Period
Debt instruments	832.997	729.908
Quoted on Stock Exchange	832.997	729.908
Unquoted on Stock Exchange	--	--
Share certificates	3.400	2.713
Quoted on Stock Exchange	3.400	2.713
Unquoted on Stock Exchange	--	--
Impairment provision (-)	9.880	28.283
Total	826.517	704.338

5. Information on Loans

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans to Shareholders	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
Indirect Loans to Shareholders	--	--	--	--
Loans to Employees	4.398	--	4.695	--
Total	4.398	--	4.695	--

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

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	12.080.192	1.001.505	866.651	160.457
Working Capital Loans	56.481	--	268.722	89.143
Export Loans	225.929	343	4.002	1.425
Import Loans	--	--	--	--
Loans to Financial Sector	279.606	778	96	--
Consumer Loans	1.261.035	67.042	4.909	1.988
Credit Cards	42.908	16.698	--	--
Others	10.214.233	916.644	588.922	67.901
Specialization Loans	--	--	--	--
Other Receivables	--	--	--	--
Total (*)	12.080.192	1.001.505	866.651	160.457

(*) Amounting to TL 5.259 factoring receivables are also included.

Current Period	Standart Krediler	Yakın İzlemedeki Krediler
12-month Expected Credit Losses	111.842	--
Significant Increase in Credit Risk	--	178.245
Total	111.842	178.245

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

The overdue analysis of close monitoring loans

Current Period	Commercial Loans	Consumer Loans	Total
1-30 days	349.558	4.317	353.875
31-60 days	156.557	26.574	183.131
61-90 days	179.573	25.177	204.750
Total	685.688	56.068	741.756

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

Maturity analysis of cash loans

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

	Short-Term	Medium or Long	Total
Consumer Loans-TL	515.798	773.159	1.288.957
Real Estate Loans	84	339.064	339.148
Vehicle Loans	--	1.480	1.480
General Purpose Loans	515.714	432.615	948.329
Other	--	--	--
Consumer Loans-Indexed to FC	--	18.188	18.188
Real Estate Loans	--	17.670	17.670
Vehicle Loans	--	--	--
General Purpose Loans	--	518	518
Other	--	--	--
Consumer Loans-FC	--	825	825
Real Estate Loans	--	825	825
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Individual Credit Cards-TL	6.889	--	6.889
With Installment	1.026	--	1.026
Without Installment	5.863	--	5.863
Individual Credit Cards-FC	59	--	59
With Installment	--	--	--
Without Installment	59	--	59
Loans Given to Employees-TL	351	3.170	3.521
Real Estate Loans	--	765	765
Vehicle Loans	--	--	--
General Purpose Loans	351	2.405	2.756
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Personnel Credit Cards - TL	873	--	873
With Installment	268	--	268
Without Installment	605	--	605
Personnel Credit Cards - FC	4	--	4
With Installment	--	--	--
Without Installment	4	--	4
Overdraft Loans-TL (Real Persons)	23.483	--	23.483
Overdraft Loans-FC (Real Persons)	--	--	--
Total	547.457	795.342	1.342.799

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5.4 Information on commercial loans with installments and corporate credit cards

	Short-Term	Medium or Long Term	Total
Installment Commercial Loans - TL	661.110	2.653.875	3.314.985
Real Estate Loans	--	1.736	1.736
Vehicle Loans	8.484	40.235	48.719
General Purpose Loans	652.626	2.611.904	3.264.530
Other	--	--	--
Installment Commercial Loans - Indexed to FC	--	127.762	127.762
Real Estate Loans	--	141	141
Vehicle Loans	--	15.659	15.659
General Purpose Loans	--	111.962	111.962
Other	--	--	--
Installment Commercial Loans - FC	--	--	--
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Corporate Credit Cards - TL	51.781	--	51.781
With Installment	4.854	--	4.854
Without Installment	46.927	--	46.927
Corporate Credit Cards - FC	--	--	--
With Installment	--	--	--
Without Installment	--	--	--
Overdraft Loans-TL (Legal Entities)	66.282	--	66.282
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	779.173	2.781.637	3.560.810

5.5 Allocation of loans by customers

	Current Period	Prior Period
Public Sector	--	--
Private Sector	14.108.805	14.069.334
Total (*)	14.108.805	14.069.334

(*) Amounting to TL 5.259 factoring receivables are also included (31 December 2018: TL 14.311). There are no loans recognised at fair value through profit or loss (31 December 2018: TL 1.516.819).

5.6 Allocation of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	13.723.412	13.663.328
Foreign Loans	385.393	406.006
Total (*)	14.108.805	14.069.334

(*) Amounting to TL 5.259 factoring receivables are also included (31 December 2018: TL 14.311). There are no loans recognised at fair value through profit or loss (31 December 2018: TL 1.516.819).

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5.7 Loans granted to subsidiaries and associates

The Bank does not have any loans granted to subsidiaries and associates as of 30 June 2019 (31 December 2018: None).

5.8 Provisions provided against loans (third stage)

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	67.839	107.976
Loans and Receivables with Doubtful Collectability	158.204	66.127
Uncollectible Loans and Receivables	152.097	121.732
Total	378.140	295.835

5.9 Information on non-performing loans (Net)

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current Period	435	1.467	3.956
Gross Amounts before Provisions	--	--	--
Restructured Loans and Other Receivables	435	1.467	3.956
Prior Period	89	4.308	14
Gross Amounts before Specific Provisions	--	--	--
Restructured Loans and Other Receivables	89	4.308	14

5.9.2 Movement on non-performing loans

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Balances at the End of Prior Period	203.821	167.547	250.495
Additions (+)	221.657	2.849	11.552
Transfers from Other Categories of Non-Performing Loans (+)	--	290.187	153.153
Transfers to Other Categories of Non-Performing Loans (-)	292.838	150.503	--
Collections (-)	26.245	22.803	35.733
Write-offs (-)	--	--	13.022
Sold (-) (*)	14.480	23.523	58.291
Corporate and Commercial Loans	14.312	22.656	46.904
Retail Loans	34	144	6.749
Credit Cards	134	723	4.638
Other	--	--	--
Balances at End of the Period	91.915	263.754	308.154
Provisions (-)	67.839	158.204	152.097
Net Balance on Balance Sheet	24.076	105.550	156.057

(*) The loan amounting to TL 96.294 in 2019 has been written off from assets by transferring to asset management company.

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Balance as of Period End	5.232	50.762	46.433
Provisions (-)	4.110	13.559	22.831
Net Balance on Balance Sheet	1.122	37.203	23.602
Prior Period			
Balance as of Period End	50.101	46.335	40.260
Provisions (-)	12.756	5.526	9.989
Net Balance on Balance Sheet	37.345	40.809	30.271

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	24.076	105.550	156.057
Loans Granted to Real Persons and Legal Entities (Gross)	91.915	263.754	308.154
Provisions (-)	67.839	158.204	152.097
Loans Granted to Real Persons and Legal Entities (Net)	24.076	105.550	156.057
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
Prior Period (Net)	95.845	101.420	128.763
Loans Granted to Real Persons and Legal Entities (Gross)	203.821	167.547	250.495
Provisions (-)	107.976	66.127	121.732
Loans Granted to Real Persons and Legal Entities (Net)	95.845	101.420	128.763
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

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

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

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6. Information on financial assets measured at amortized cost

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	188.631	371.136	188.864	90.518
Other	--	--	--	--
Total	188.631	371.136	188.864	90.518

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	188.631	371.136	188.864	174.168
Treasury Bill	--	--	--	--
Other Debt Securities	--	--	--	--
Total	188.631	371.136	188.864	174.168

6.3 Information on financial assets measured at amortized cost

	Current Period	Prior Period
Debt instruments	619.265	363.032
Quoted on Stock Exchange	619.265	363.032
Unquoted on Stock Exchange	--	--
Share certificates	--	--
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange	--	--
Impairment provision (-)	--	--
Total	619.265	363.032

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

	Current Period	Prior Period
Balance at the beginning of period	363.032	--
Foreign Exchange Difference in Monetary Assets	--	--
Purchases during the year (*)	256.233	363.032
Disposals through Sales and Redemptions	--	--
Impairment provision (-)	--	--
Total	619.265	363.032

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

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7. Information on associates

The Bank has TL 4.897 investment in an associate as of 30 June 2019 (31 December 2018: TL 4.897).

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

8. Information on subsidiaries

The Bank has TL 26.945 investment in subsidiaries as of 30 June 2019 (31 December 2018: TL 26.945).

Non-financial subsidiaries

The Bank has TL 21.500 investment in a non-financial subsidiary as of 30 June 2019 (31 December 2018: TL 21.500).

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

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

Financial subsidiaries

The Bank has TL 5.445 investment in a financial subsidiary as of 30 June 2019 (31 December 2018: TL 5.445). The information on financial subsidiaries as of 30 June 2019 is given below:

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

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

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
7.569	6.717	490	35	--	895	146	--

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

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8. Information on subsidiaries (continued)

	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 the participation of Fibabanka A.Ş. by 99%.

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

Quoted consolidated investments insubsidiaries

None.

9. Information on entities under common control

The Group does not have investments in entities under common control as of 30 June 2019.

10. Information on lease receivables

The Group does not have lease receivables as of 30 June 2019.

11. Information on derivative financial assets held for hedging purposes

None.

12. Information on tangible assets

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

13. Information on intangible assets

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

14. Information on investment properties

None.

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15. Information on deferred tax asset

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

As of 30 June 2019, the deferred tax assets amounting to TL 79.617 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2018: TL 79.351 deferred tax asset).

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

	Current Period	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Assets Valuation	(143.532)	(30.531)
Unearned Commission Income/Prepaid	10.886	2.395
Retirement Pay and Unused Vacation Provision	23.122	4.820
Tangible Assets Base Differences	(20.021)	(4.004)
Provisions	490.900	105.568
Other	6.312	1.369
Deferred Tax Asset/(Liability)	367.667	79.617
	Prior Period	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Financial Loss	105.405	23.190
Financial Assets Valuation	(108.312)	(26.047)
Unearned Commission Income/Prepaid	20.772	4.570
Retirement Pay and Unused Vacation Provision	23.498	4.944
Tangible Assets Base Differences	(17.859)	(3.572)
Provisions	353.131	75.366
Other	4.182	900
Deferred Tax Asset/(Liability)	380.817	79.351

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

	1 January - 30 June 2019	1 January - 31 December 2018
Deferred Tax Asset, 1 January	79.351	9.504
Deferred Tax Income / (Expense)	5.268	(41.147)
Deferred Tax Recognized Directly Under Equity	(5.002)	110.994
Deferred Tax Asset/(Liability) , Period End Balance	79.617	79.351

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- 15.2** *Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in prior periods in the balance sheet*
- None.
- 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 30 June 2019, the Group has TL 153.128 assets held for sale (31 December 2018: TL 215.235).
- 17.** **Information on other assets**
- Other assets do not exceed 10% of total assets excluding the off-balance sheet items.
- 17.1** *Information on prepaid expenses, tax and similar items*
- As of 30 June 2019, total prepaid expenses are TL 40.762 (31 December 2018: TL 30.557).

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II. Explanations and disclosures related to liabilities

1. Information on deposits

1.1 Information on maturity structure of deposits

Demand	7 Days Notice	Up to 1 Month	Up to 3 Months	3-6 Months	6 Months - 1 Year	1 Year and Over	Cumulative Deposit	Total
121.016	--	1.259.372	1.174.196	133.485	158.742	348.573	--	3.195.384
524.058	--	1.555.330	3.088.750	134.628	404.316	36.002	--	5.743.084
465.909	--	1.546.741	3.082.083	134.357	403.556	35.919	--	5.668.565
58.149	--	8.589	6.667	271	760	83	--	74.519
143.216	--	--	--	--	--	--	--	143.216
555.422	--	223.196	1.177.520	17.599	7.608	76.597	--	2.057.942
2.276	--	4.042	38.539	34	221	2.699	--	47.811
16.667	--	--	--	--	--	--	--	16.667
61.294	--	6.181	72.501	--	--	--	--	139.976
--	--	--	--	--	--	--	--	--
66	--	--	14.987	--	--	--	--	15.053
43.114	--	6.181	57.514	--	--	--	--	106.809
18.114	--	--	--	--	--	--	--	18.114
--	--	--	--	--	--	--	--	--
1.423.949	--	3.048.121	5.551.506	285.746	570.887	463.871	--	11.344.080

Demand	7 Days Notice	Up to 1 Month	Up to 3 Months	3-6 Months	6 Months - 1 Year	1 Year and Over	Cumulative Deposit	Total
96.239	--	738.810	1.592.139	1.257.139	478.607	321.611	--	4.484.545
395.655	--	883.617	2.656.753	216.034	123.331	197.448	--	4.472.838
370.154	--	875.647	2.648.053	215.735	122.674	73.312	--	4.305.575
25.501	--	7.970	8.700	299	657	124.136	--	167.263
459	--	--	293	--	--	--	--	752
197.420	--	341.316	690.084	169.870	90.089	124.025	--	1.612.804
2.057	--	4.354	29.074	16.278	95	38.221	--	90.079
12.368	--	--	--	--	--	--	--	12.368
88.410	--	465.589	82.830	2.926	--	--	--	639.755
--	--	273.793	--	--	--	--	--	273.793
14.938	--	157.837	--	2.926	--	--	--	175.701
37.903	--	33.959	82.830	--	--	--	--	154.692
35.569	--	--	--	--	--	--	--	35.569
--	--	--	--	--	--	--	--	--
792.608	--	2.433.686	5.051.173	1.662.247	692.122	681.305	--	11.313.141

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

	Under the Guarantee of Deposit		Exceeding the Limit of Deposit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	1.251.645	1.208.164	1.932.467	3.253.366
Foreign Currency Saving Deposits	664.906	391.384	3.488.480	2.840.835
Other Deposits in the Form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--	--	--
Total	1.916.551	1.599.548	5.420.947	6.094.201

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

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

	Current Period	Prior Period
Deposits and Accounts in Branches Abroad	--	--
Deposits of Ultimate Shareholders and Their Close Families	32.501	37.448
Deposits of Chairman and Members of the Board of Directors and their Close		
Deposits Obtained through Illegal Acts Defined in the 5237	16.713	21.379
Numbered Turkish Criminal Code dated 26 September 2004.		
Saving Deposits in Banks Established in Turkey Exclusively for Off	--	--
Shore Banking Activities	--	--

2. Information on derivative financial liabilities held for trading

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	88.346	--	101.503	--
Swap Transactions	663.843	--	846.126	--
Futures Transactions	--	--	--	--
Options	295.684	20.534	340.718	26.067
Other	--	--	--	--
Total	1.047.873	20.534	1.288.347	26.067

(*) Derivatives for hedging purpose are excluded.

3. Information on banks and other financial institutions

3.1 Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	--	--	--	--
From Domestic Banks and Institutions	8.042	562.567	10.298	255.075
From Foreign Banks, Institutions and Fund	--	575.931	--	1.073.839
Total	8.042	1.138.498	10.298	1.328.914

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3.2 Maturity analysis of borrowing

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	8.042	118.757	10.298	66.671
Medium and Long Term	--	1.019.741	--	1.262.243
Total	8.042	1.138.498	10.298	1.328.914

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

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

4. Information related with issued instruments

Current Period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	614.695	--	--	1.322.240
Book Value	597.360	--	--	1.356.278

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

5. Other Liabilities

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

6. Obligations under financial lease

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	31.435	33.655	194	171
Between 1-4 Years	57.227	34.007	313	292
More than 4 Years	4.244	1.131	--	--
Total	92.906	68.793	507	463

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7. Information on derivative financial liabilities for hedging purposes

None (31 December 2018: TL 201.839).

8. Information on provisions

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

The foreign exchange losses on foreign currency indexed loans are netted off from the loans on the balance sheet. There are no foreign exchange losses on the foreign currency indexed loans as of 30 June 2019 (31 December 2018: None).

8.2 The specific provisions provided for unindemnified non cash loans

As of 30 June 2019, the specific provision provided for unindemnified non cash loans is TL 5.613 (31 December 2018: TL 5.215).

8.3 Explanation on other provisions

8.3.1 Provisions for possible losses

	Current Period	Prior Period
Provisions for Possible Losses	189.000	65.000

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

None.

8.3.3 Explanations on reserves for employee benefits

As of 30 June 2019, reserves for employee benefits amounting to TL 23.122 (31 December 2018: TL 23.499) comprise of TL 13.277 reserve for employee termination benefits (31 December 2018: TL 11.187), TL 5.940 unused vacation pay liability (31 December 2018: TL 3.407) and TL 3.905 personnel premium accrual (31 December 2018: TL 8.904).

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9. Explanations on Tax Liability

9.1 Explanations on current tax liability

9.1.1 Explanations on tax provision

As of 30 June 2019, the Group's current tax liability is TL 62.842 (31 December 2018: TL 39.477)

9.1.2 Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	16.032	--
Taxation on securities	17.863	14.434
Property tax	444	366
Banking and Insurance Transaction Tax (BITT)	13.557	15.284
Taxes on foreign exchange transactions	469	--
Value added taxes payable	422	815
Income tax ceased from wages	3.643	3.800
Other	694	660
Total	53.124	35.359

9.1.3 Information on premium

	Current Period	Prior Period
Social Security Premiums- Employee	4.155	1.741
Social Security Premiums- Employer	4.696	2.010
Bank Social Aid Pension Fund Premium- Employee	--	--
Bank Social Aid Pension Fund Premium- Employer	--	--
Pension Fund Membership Fees and Provisions- Employee	--	--
Pension Fund Membership Fees and Provisions- Employer	--	--
Unemployment Insurance- Employee	289	121
Unemployment Insurance- Employer	578	246
Other	--	--
Total	9.718	4.118

9.2 Explanations on deferred tax liabilities

There are no deferred tax liabilities after netting of deferred tax assets (31 December 2018: None).

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

None (31 December 2018: None).

11. Explanations on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments subject to common equity	92.769	--	--	--
Subordinated loans	--	--	--	--
Subordinated debt instruments (*)	92.769	--	--	--
Debt instruments subject to Tier 2 equity	--	1.609.571	--	1.596.143
Subordinated loans	--	--	--	--
Subordinated debt instruments	--	1.609.571	--	1.596.143
Total	92.769	1.609.571	--	1.596.143

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

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12. Information on shareholders' equity

12.1 Paid-in capital

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

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

Registered share capital system is not applied.

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

None.

12.4 Information on share capital increases from revaluation funds:

None.

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

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

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

None.

12.7 Information on privileges given to stocks representing the capital

The Bank does not have any preferred shares.

12.8 Common stock issue premiums, shares and equity instruments

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

	Current Period	Prior Period
Number of Shares (Thousand)	26.230.098	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	3.030	(6.708)	(363)	(26.209)
Exchange Difference	--	--	--	--
Total	3.030	(6.708)	(363)	(26.209)

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12. Information on shareholders' equity (continued)

12.10 Information on other capital reserves

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

The first call date of the debt instrument is 13 March 2024. Currently the annual interest rate is 34,7% (with quarterly coupon payments). The Bank has the option of not paying any interest. If the Bank uses this option, the Bank has no obligation of paying this amount in following periods.

12.11 Information on revaluation reserve

None.

12.12 Bonus shares of subsidiaries, associates and joint ventures

None.

12.13 Information on legal reserves

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

12.14 Information on extraordinary reserves

	Current Period	Prior Period
Reserves allocated by the General Assembly	252.629	388.400
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Capital Exchange Differences	--	--

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

13. Information on minority shares:

None.

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

1. Information on consolidated off-balance sheet commitments

1.1 Nature and amount of irrevocable loan commitments

	Current Period	Prior Period
Asset Sale and Purchase Commitments	4.167.735	3.077.634
Credit Card Limit Commitments	38.725	85.881
Credit Card and Bank Trans. Promo. Guarantee	2	1
Commitments for Credit Allocation with the Guarantee of Usage	740.037	615.901
Export Commitments	6.708	6.502
Commitment for Cheques	201.888	199.635
Other Irrevocable Commitments	14.673	13.659
Total	5.169.768	3.999.213

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

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

	Current Period	Prior Period
Letters of Guarantee TL	395.056	419.207
Letters of Guarantee FC	288.518	266.723
Letters of Credit	120.041	56.195
Bills of Exchange and Acceptances	151.717	129.425
Total	955.332	871.550

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Revocable Letters of Guarantee	50.337	1.811
Irrevocable Letters of Guarantee	594.133	623.944
Letters of Guarantee Given in Advance	29.104	36.898
Letters of Guarantee Given to Customs	1.043	2.209
Other Letters of Guarantee	8.957	21.068
Total	683.574	685.930

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	7.927	14.403
With Original Maturity of 1 Year or Less Than 1 Year	284	--
With Original Maturity of More Than 1 Year	7.643	14.403
Other Non-Cash Loans	947.405	857.147
Total	955.332	871.550

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

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5. Information related to derivative financial instruments

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

6. Credit derivatives and risk exposures on credit derivatives

None.

7. Explanations on contingent liabilities and assets

The Group provided provision of TL 2.206 for the legal cases pending against the Group where the cash out flows are probable (31 December 2018: TL 2.156).

8. Custodian and intermediary services

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

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

1. Interest income

1.1 Information on interest on loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans(*)	932.216	194.019	856.917	170.753
Short Term Loans	599.689	44.556	508.012	21.914
Medium and Long Term Loans	332.527	149.463	348.905	148.839
Interest on Non-Performing Loans	3.803	--	2.062	--
Premiums received from Resource Utilization Support Fund	--	--	--	--
Total	936.019	194.019	858.979	170.753

(*) 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	2.743	--	34.879	--
Domestic Banks	63.456	238	25.803	381
Foreign Banks	--	1.258	--	85
Branches and Head Office Abroad	--	--	--	--
Total	66.199	1.496	60.682	466

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	1.868	138	1.177	120
Financial Assets at Fair Value Through Other Comprehensive Income	444	22.236	1.557	14.783
Financial Assets Measured at Amortized Cost	11.545	8.479	7.619	--
Total	13.857	30.853	10.353	14.903

1.4 Information on interest income received from associates and subsidiaries

None (30 June 2018: None).

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2. Interest expense

2.1 Information on interest on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	569	17.645	704	29.685
The Central Bank of Turkey	--	--	--	--
Domestic Banks	569	8.562	696	5.360
Foreign Banks	--	9.083	8	24.325
Branches and Head Office Abroad	--	--	--	--
Other Institutions	--	77.157	--	63.079
Total	569	94.802	704	92.764

(*)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 86 (1 January - 30 June 2018: None).

2.3 Information on interest expenses to marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Marketable Securities	59.391	39.855	91.280	34.997

2.4 Information maturity structure of deposits

Account Description	Demand Deposits	Time Deposits					Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 6 Year	1 Year and Over		
Turkish Lira								
Bank Deposits	--	9.209	--	--	--	--	--	9.209
Saving Deposits	--	130.656	137.516	53.707	46.043	37.490	--	405.412
Public Sector Deposits	--	101	24	--	--	--	--	125
Commercial Deposits	--	25.566	86.965	6.876	9.104	9.289	--	137.800
Other	--	356	5.056	597	24	757	--	6.790
7 Days Notice	--	--	--	--	--	--	--	--
Total	--	165.888	229.561	61.180	55.171	47.536	--	559.336
Foreign Currency								
Foreign Currency Deposits	--	20.642	58.290	3.398	4.963	4.260	--	91.553
Bank Deposits	--	5.235	--	--	--	--	--	5.235
7 Days Notice	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	--	--	--	--	--	--	--
Total	--	25.877	58.290	3.398	4.963	4.260	--	96.788
Grand Total	--	191.765	287.851	64.578	60.134	51.796	--	656.124

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3. Information on dividend income

None (30 June 2018: None).

4. Information on net trading income / loss

	Current Period	Prior Period
Income	1.265.737	1.500.865
Gains on Capital Market Operations	47.977	3.738
Gains on Derivative Financial Instruments	700.477	919.802
Foreign Exchange Gains	517.283	577.325
Loss (-)	1.164.438	1.489.224
Losses on Capital Market Operations	1.847	692
Losses on Derivative Financial Instruments	695.720	920.195
Foreign Exchange Losses	466.871	568.337
Net Trading Income / (Loss)	101.299	11.641

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	209.878	193.160
12 Month Expected Credit Losses (Stage 1)	7.394	6.134
Significant Increase In Credit Risk (Stage 2)	8.747	19.661
Impaired Credits (Stage 3)	193.737	167.365
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 (*)	124.056	63.670
Total	333.934	256.830

(*) TL 124.000 of the total amount consists of provisions for possible losses.

7. Information related to other operational expenses

	Current Period	Prior Period
Provision for Employee Termination Benefits	2.090	1.509
Provision for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	19.439	5.534
Impairment Losses on Intangible Assets	--	--
Depreciation Charges of Intangible Assets	5.565	2.273
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	466	58
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	53.536	60.527
Operational leases expenses related with TFRS 16 exceptions(*)	573	19.876
Repair and Maintenance Expenses	1.365	1.265
Advertisement Expenses	3.401	7.496
Other Expenses	48.197	31.890
Losses on Sale of Assets	1.246	173
Other	39.778	35.423
Total	122.120	105.497

(*) 30 June 2018 amounts include all operational leases expenses.

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

Not prepared in compliance with the Article 25 of the communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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

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

The current tax expense of the Group is TL 18.353 expense as of 30 June 2019 (1 January - 30 June 2018: TL 45 expense).

The deferred tax income of the Group is TL 5.266 (1 January - 30 June 2018: TL 35.944 deferred tax expense).

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

Not prepared in compliance with the Article 25 of the communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

11. Information on net profit/loss for the period

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

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

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

11.3 *As there is no minority share in shareholders' equity, there is no profit or loss attributable to the minority shares(2018: None)*

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

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

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

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

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

1.1 Current period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	20	402.272	55.468
Balance at the End of the Period	--	--	--	20	472.139	50.392
Interest and Commission Income Received	--	--	--	--	22.650	55

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

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

Prior period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	22	11.556	48.284
Balance at the End of the Period	--	--	--	20	402.272	55.468
Interest and Commission Income Received	--	--	--	--	16.599	54

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

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

1.2 Information on deposits of the Bank's risk group

Bankanın Dahil Olduğu Risk Grubu*	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	1.774	--	80.750	300.055	460.871	409.339
Balance at the End of the Period	676	1.774	190.766	80.750	308.453	460.871
Deposit Interest Expense	86	166	12.443	3.301	34.069	20.457

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

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

As of 30 June 2019, there are no funds other than deposit obtained from Bank's risk group (31 December 2018: TL 210.925; that fund amount other than deposit has obtained from IFC and EBRD in the form of borrowings).

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	--	--	--	--	--	--
Balance at the Beginning of the Period	--	--	--	--	780.609	899.553
Balance at the End of the Period	--	--	--	--	801.489	780.609
Total Income/Loss	--	--	--	--	(21.487)	(14.919)
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 30 June 2019, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 3,20% (31 December 2018: 2,68%) and the ratio of the deposits of entities of risk group to total deposits is 4,41% (31 December 2018: 4,80%). There are no funds obtained from entities of risk group (31 December 2018:7,4%).

In current period benefits; such as salaries and bonuses; provided to the key management is TL 9.975 (1 January - 30 June 2018: TL 8.110).

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

None.

2.4 Transactions accounted for under equity method

None.

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

None.

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VI. 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	66	1.560			
			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.	12	7.569	5.500

VII. Events after balance sheet date

None.

VIII. Other disclosures on activities of the Parent Bank

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

Fitch Ratings

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

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SECTION SIX

AUDITOR’S REVIEW REPORT

I. Disclosures on limited review report

The consolidated financial statements of the Bank and its subsidiaries as of 30 June 2019, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative) and a limited review report is presented before the accompanying financial statements

II. Disclosures and footnotes prepared by independent auditors

There are no significant issues or necessary disclosures or notes in relation to the Bank’s operations other than those mentioned above.

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

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SECTION SEVEN

Interim Report Regarding Evaluations of the Chairman of the Board of Directors and the General Manager

1. Brief History of Fibabanka A.Ş. and its Shareholder Structure

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 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 10 February 2010, Banco Comercial Portugues S.A. and Credit Europe Bank N.V., which is an affiliate of Fiba Group, signed a share purchase agreement to transfer 95% of the Parent Bank's shares to Credit Europe Bank N.V. and the legal approval process has been completed as of 27 December 2010. In the Extraordinary General Assembly held on 25 April 2011 the name of Millennium Bank A.Ş. has been amended as Fibabanka A.Ş. ("the Bank").

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.

In 2013, capital was increased in the total amount of TL 123.350 to TL 500.000, provided from inflation adjustment difference of TL 17,415, from the profit from the sale of real estate of TL 9.502 and cash from Fiba Holding of TL 96.432 to reach TL 550.000.

On 31 March 2015, according to BOD's decision as of 5 March 2015, share capital was increased from TL 550.000 to TL 678.860 while 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.

According to the Subscription Agreement signed on the date of 23 October 2015, by and between the Bank and International Finance Corporation ("IFC") and European Bank for Reconstruction and Development ("EBRD"), IFC and EBRD have separately subscribed an amount of including the share premium of TL 121.017 (TL 84.328 of said amount is the share capital; TL 36.689 is the share premium), which makes a total amount of TL 242.034 in the share capital of the Bank by way of capital increase.

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

As of 30 June 2019, the Bank's paid-in capital is TL 941.161 million.

As of 30 June 2019, The Bank's Shareholder Structure:

Commercial Title	Share Amount (Full basis TL)	Share Ratios (%)
Fiba Holding A.Ş.	673.573.216,14	71,57%
Turk Finance B.V.	93.645.475,05	9,95%
International Finance Corporation	84.327.750,28	8,96%
European Bank for Reconstruction and Development	84.327.750,28	8,96%
Other	5.286.361,50	0,56%
TOTAL	941.160.553,25	100,00%

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2. Chairman and the Members of the Board of Directors, Statutory Auditors, General Manager and Assistant General Managers, Members of the Audit , and Managers of the Departments within the scope of Internal Systems

Name	Duty	Responsibility Area	Date of Appointment	Educational Status	Professional Experience
Hüsni Mustafa Özyeğin	Chairman of the Board of Directors		27 -Ara-10	Graduate	44 yıl
Fevzi Bozer	Vice Chairman of the Board of Directors		27 -Ara-10	Graduate	36 yıl
İsmet Kaya Erdem	Member of the Board of Directors		11 -Şub-13	Undergraduate	68 yıl
Mehmet Güleşçi	Member of the Board of Directors		27 -Ara-10	Graduate	35 yıl
Mevlüt Hamdi Aydın	Member of the Board of Directors		24 -Oca-13	Undergraduate	36 yıl
Memduh Aslan Akçay	Member of the Board of Directors		13 -Nis-16	Graduate	28 yıl
Selçuk Yorgancıoğlu	Member of the Board of Directors		22 -Eyl-16	Graduate	27 yıl
Hülya Kefeli	Member of the Board of Directors		15 -May-17	Undergraduate	34 yıl
Faik Onur Umut	Member of the Board of Directors		23 -Oca-19	Undergraduate	33 yıl
Ömer Mert	General Manager, Member of the Board of Directors		18 -Oca-17	Graduate	24 yıl
Elif Alsev Utku Özbey	Deputy General Manager	Financial Control and Financial Reporting	7 -Oca-11	Graduate	24 yıl
Adem Aykın	Assistant General Manager	Information Technologies	1 -Tem-11	Undergraduate	30 yıl
Ahu Dolu	Assistant General Manager	Financial Institutions and Project Finance	1 -Ara-15	Undergraduate	21 yıl
Turgay Hasdiker	Assistant General Manager	Credits	1 -Ara-15	Undergraduate	27 yıl
Kerim Lokman Kuriş	Assistant General Manager	Corporate and Commercial Banking	1 -Ara-15	Undergraduate	20 yıl
Orhan Hatipoğlu	Assistant General Manager	Banking Operations & Supporting Services	2 -Oca-17	Undergraduate	26 yıl
Ömer Rifat Gencal	Assistant General Manager	Treasury	1 -May-17	Undergraduate	27 yıl
Sezin Erken	Assistant General Manager	Consumer Banking & Funding Resource Management	10 -Ağu-17	Graduate	18 yıl
Gerçek Önal	Assistant General Manager	Chief Legal Officer	1 -Şub-16	Graduate	19 yıl
Ahmet Cemil Borucu	Director	Board of Inspection	7 -Şub-11	Graduate	21 yıl
Ayşe Tulgar Ayça	Director	Risk Management	15 -Mar-11	Graduate	20 yıl
Serdal Yıldırım	Director	Legislation and Compliance	6 -Nis-11	Graduate	22 yıl
Kansu Pulular	Director	Internal Control & Operational Risk	2 -Oca-17	Graduate	16 yıl

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Brief Financial Information Relating to Results of Activities During the Period

Summary of Unconsolidated Balance Sheet		
(Thousand TL)	30/06/2019	31/12/2018
Cash and Cash Equivalents	2.864.789	3.035.790
Financial Assets Valued at Fair Value Through Profit or Loss	100.078	1.587.621
Financial Assets Valued at Fair Value Through Other Comprehensive Income	826.517	704.338
Derivative Financial Assets	1.128.138	1.480.756
Financial Assets Measured at Amortized Cost (Net)	14.723.564	12.967.630
Financial Assets Available for Sale (Net)	153.128	215.235
Investments in Associates, Subsidiaries and Joint Ventures	31.842	31.842
Tangible Assets (Net)	318.587	256.817
Intangible Assets (Net)	47.783	35.001
Current Tax Assets	142	47
Deffered Tax Assets	79.554	79.305
Other Assets	122.418	223.889
Total Assets	20.396.540	20.618.271
Deposits	11.344.535	11.313.226
Funds Borrowed	1.146.540	1.339.212
Money Market Funds	708.443	495.936
Securities Issued (Net)	1.953.638	1.842.585
Derivative Financial Liabilities	1.068.407	1.516.253
Lease Liabilities (Net)	68.533	463
Provisions	233.026	109.511
Current Tax Liabilities	62.707	39.376
Subordinated Debts	1.609.571	1.596.143
Other Liabilities	654.316	1.043.694
Shareholders' Equity	1.546.824	1.321.872
Total Liabilities	20.396.540	20.618.271

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

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

3. Brief Financial Information Relating to Results of Activities During the Period (continued)

Summary of Consolidated Balance Sheet		
(Thousand TL)	<u>30/06/19</u>	<u>31/12/18</u>
Cash and Cash Equivalents	2.865.116	3.036.091
Financial Assets Valued at Fair Value Through Profit or Loss	105.554	1.592.619
Financial Assets Valued at Fair Value Through Other Comprehensive Income	826.517	704.338
Derivative Financial Assets	1.128.138	1.480.756
Financial Assets Measured at Amortized Cost (Net)	14.723.564	12.967.630
Financial Assets Available for Sale (Net)	153.128	215.235
Investments in Associates, Subsidiaries and Joint Ventures	26.397	26.397
Tangible Assets (Net)	319.056	257.069
Intangible Assets (Net)	47.804	35.001
Current Tax Assets	142	365
Deffered Tax Assets	79.617	79.351
Other Assets	123.176	224.324
Total Assets	20.398.209	20.619.176
Deposits	11.344.080	11.313.141
Funds Borrowed	1.146.540	1.339.212
Money Market Funds	708.443	495.936
Securities Issued (Net)	1.953.638	1.842.585
Derivative Financial Liabilities	1.068.407	1.516.253
Lease Liabilities (Net)	68.793	463
Provisions	233.334	109.751
Current Tax Liabilities	62.842	39.477
Subordinated Debts	1.609.571	1.596.143
Other Liabilities	654.465	1.043.966
Shareholders' Equity	1.548.096	1.322.249
Total Liabilities	20.398.209	20.619.176

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

3. Brief Financial Information Relating to Results of Activities During the Period (continued)

Summary of Unconsolidated Statement of Profit or Loss		
(Thousand TL)	<u>30/06/19</u>	<u>30/06/18</u>
Net Interest Income	392.475	379.896
Net Fees and Commission Income	112.222	34.988
Trading Income/ Loss (Net)	100.721	11.641
Other Operating Revenues	101.448	168.578
Total Operating Income	706.866	595.103
Expected Credit Losses (-)	209.878	193.160
Other Provision Expenses (-)	124.056	63.670
Personnel Expenses (-)	129.314	118.050
Other Operating Expenses (-)	121.497	104.985
Net Operating Income / Loss	122.121	115.238
Profit/Loss on Continuing Operations Before Tax	122.121	115.238
Tax Provision for Continuing Operations	(12.832)	(35.948)
Net Period Profit / Loss	109.289	79.290

Summary of Consolidated Statement of Profit or Loss		
(Thousand TL)	<u>30/06/19</u>	<u>30/06/18</u>
Net Interest Income	392.498	380.274
Net Fees and Commission Income	114.783	36.247
Trading Income/ Loss (Net)	101.299	11.641
Other Operating Revenues	101.417	168.533
Total Operating Income	709.997	596.695
Expected Credit Losses (-)	209.878	193.160
Other Provision Expenses (-)	124.056	63.670
Personnel Expenses (-)	130.674	118.943
Other Operating Expenses (-)	122.120	105.497
Net Operating Income / Loss	123.269	115.425
Profit/Loss on Continuing Operations Before Tax	123.269	115.425
Tax Provision for Continuing Operations	(13.085)	(35.989)
Net Period Profit / Loss	110.184	79.436

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. Evaluations of the Chairman of the Board of Directors and the General Manager Regarding the Interim Period

As of June 2019, Fibabanka loan portfolio is TL 14,1 billion.

The Bank has funded its loan portfolio mainly by customer deposits in 2019. In this period, customer deposits amounting to TL 11,2 billion constitutes 55% of total liabilities. Besides customer deposits, efforts have been made to create alternative funding sources to deposit in order to diversify the funding structure, and TL-denominated securities with a total nominal value of TL 1,4 billion were issued in Turkey in the first half of the year. Also the Bank issued a TL-denominated debt instrument with a nominal amount of TL 100 million, which has Tier I capital characteristics to strengthen its equity base.

In the first half of 2019, by taking care of asset quality, it is aimed to continue having an efficient loan portfolio and higher non-interest income together with higher number of customers. In addition, by keeping the operating expenses under control the Bank's profit has been achieved a steady growth. The Bank's net profit after tax increased by 38% compared to the same period last year to TL 109,3 million. As an indicator of Bank's strong capital structure, consolidated capital adequacy ratio is 19,77% as of 30 June 2019.

Besides its financial targets, the Bank, with 66 branches and 1.560 employees, aims to offer increasingly new innovations through alternative distribution channels like internet and mobile banking with its operational targets like digitalization and inclusion.

In 2019, the Bank will continue its agile, efficient and customer focused growth by keeping its prudent and deliberate attitude against asset quality. In this sense, with the motto "agile thinking, agile solutions" and a personal attention to the customers, our main goals for the future are to increase our service quality by keeping our innovating and enterprising approach in all areas and to increase customer loyalty by being by side in all needs of our customers.

Hereby, we would like to thank our valued employees who work with dedication in our Bank and are the main architect of our business also in 2019, our valued partners, and our valued customers who have contributed to the strength of our Bank.

Best regards,

Hüsnü Mustafa Özyeğin
Chairman of the Board of Directors

Ömer Mert
General Manager and Member of the Board of Directors

FİBABANKA A.Ş. AND ITS SUBSIDIARY
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5. Evaluations Relating to the Bank's Financial Situation

As of 30 June 2019, the Bank serves with 66 domestic branches and 1.560 employees.

Total assets of Fibabanka, as of the first half of 2019 realised as TL 20.398.209 on consolidated basis and as TL 20.396.540 on unconsolidated basis.

According to consolidated and unconsolidated financial statements, the loan volume, which was TL 14.121.417 at the end of 2018, has been realised as TL 14.104.401 as of the second quarter of the year. Share of the loans in total assets has been realised as 69%.

Credit worthiness of loans and other receivables are monitored continuously in accordance with related laws and regulations. For new credits disbursed, the Bank complies with the limits determined under the Banking Laws and Regulations. Collaterals are taken for the loans disbursed in order to mitigate risk. According to consolidated and unconsolidated financial statements, as of the second quarter of 2019, NPLs have been realised as TL 663.823 and provisions provided in the amount of TL 378.140.

According to unconsolidated financial statements, financial assets valued at fair value through profit or loss have been realised as TL 100.078, financial assets valued at fair value through other comprehensive income have been realised as TL 826.517 and financial assets measured at amortized cost have been realised as TL 619.163. Ratio of total securities portfolio to total assets is 8%.

As of first half of 2019, consolidated deposit volume has been realised as TL 11.344.080 and the unconsolidated deposit volume has been realised as TL 11.344.535.

According to the consolidated financial statements, in the first half of 2019 net profit has been increased by 39% and realised as TL 110.184 while it was TL 79.436 in first half of 2018.

As of 30 June 2019, the Bank's unconsolidated and consolidated capital adequacy ratio is 19,77%.