

FİBABANKA A.Ş. AND ITS SUBSIDIARY

**LIMITED REVIEW REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND FOOTNOTES
FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2016**

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

**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

To the Board of Directors of Fibabanka A.Ş.

Introduction

We have reviewed the accompanying consolidated balance sheet of Fibabanka A.Ş. (“the Bank”) and its consolidated subsidiary (together will be referred as “the Group”) as at 30 September 2016, and the consolidated statement of income, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with the “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements 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 reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The accompanying consolidated financial statements include a general reserve amounting to TL 13,500 thousands as of 30 September 2016, entire amount accounted for in the current period by the Group management in line with conservatism principle considering the circumstances those may arise due to the changes in the economy or market conditions.

Qualified Conclusion

Based on our review, except for the effect 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, the financial position of Fibabanka A.Ş. and its subsidiary as at 30 September 2016, and of the results of their operations and their cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

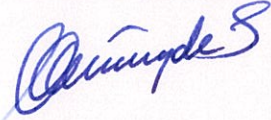
Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the Management's interim report included in Section Seven of the accompanying consolidated financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed interim financial statements and the explanatory notes.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Müjde Şehsuvaroğlu
Partner

Istanbul, 10 November 2016

**THE CONSOLIDATED FINANCIAL REPORT OF FİBABANKA A.Ş. FOR THE
NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

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Telephone : (212) 381 82 82
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The consolidated financial report for the nine 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:


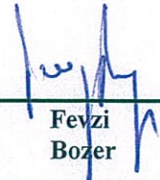



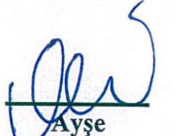
- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE CONSOLIDATED GROUP
- EXPLANATORY DISCLOSURES AND FOOTNOTES 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 nine months period and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of Turkish Lira**, and in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently reviewed and presented as attached.

| | | | | | |
|---|---|---|---|---|--|
|  Hüsnü Mustafa Özyeğin |  Fevzi Bozer |  Mevlüt Hamdi Aydın |  Bekir Dildar |  Elif Alsev Utku Özbey |  Ayşe Akdaş |
| Chairman of Board of Directors | Deputy Chairman of Board of Directors and Chairman of the Audit Committee | Member of the Audit Committee | Member of Board of Directors and General Manager | Assistant General Manager Responsible for Financial Control and Reporting | Financial Control and Reporting Department Head |

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

Name-Surname/Title : **Ayşe Akdaş** / Financial Control and Reporting Department Head
Telephone Number : (212) 381 84 88
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 SEPTEMBER 2016

(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 BRSA No: 596 on 16 January 2002.

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

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

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

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

II. Shareholder Structure, Shareholders Having Direct or Indirect, Joint or Individual Control over the Management and Internal Audit of the Parent Bank, Changes in Shareholder Structure during the Current Period, if any and Information on the 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 has been completed as of 27 December 2010.

Credit Europe Bank N.V.’s share of capital increased from 95% to 97.6% after the capital increases during 2011 and 2012. Fiba Holding A.Ş. became the ultimate parent of the 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. Total share of the management is 0.94%.

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

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY – 30 SEPTEMBER 2016

(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 (cont'd)

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

As of 30 September 2016, 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

| Name Surname | Title | Date |
|--|--|-------------------|
| <i>Board of Directors</i> | | |
| Hüsnü Mustafa Özyeğin | Chairman | 27 December 2010 |
| Fevzi Bozer | Deputy Chairman | 27 December 2010 |
| Mehmet Güleşci | Member | 27 December 2010 |
| Mevlüt Hamdi Aydın | Member | 24 January 2013 |
| İsmet Kaya Erdem | Member | 11 February 2013 |
| Memduh Aslan Akçay | Member | 13 April 2016 |
| Selçuk Yorgancıoğlu | Member | 22 September 2016 |
| Bekir Dildar (*) | Member-General Manager | 27 December 2010 |
| <i>Audit Committee</i> | | |
| Fevzi Bozer | Member | 27 December 2010 |
| Mevlüt Hamdi Aydın | Member | 24 January 2013 |
| <i>Assistant General Managers</i> | | |
| Elif Alsev Utku Özbey | AGM-Financial Control & Reporting | 7 January 2011 |
| Adem Aykın | AGM-Information Technologies, Organizations and Projects | 1 July 2011 |
| Esra Osmanağaoğlu | AGM-Banking Operations | 29 February 2012 |
| Emre Ergun | AGM-Retail Banking | 2 May 2013 |
| Kerim Lokman Kuriş | AGM – Corporate & Commercial Banking | 1 December 2015 |
| Turgay Hasdiker | AGM – Corporate & Commercial Credits | 1 December 2015 |
| Ahu Dolu | AGM – Financial Institutions | 1 December 2015 |
| Cengiz Sinanoğlu | Coordinator – Retail Credits | 7 February 2013 |
| Ömer Rıfat Gencal | Coordinator - Treasury | 2 February 2015 |
| Gerçek Önal | Coordinator – Legal Affairs | 1 February 2016 |

(*) Bekir Dildar was appointed as the General Manager on 7 January 2011.

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 SEPTEMBER 2016

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

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

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

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

The Bank was incorporated as a privately owned bank authorized for customer deposit acceptance and the Head Office of the Bank is located in Istanbul, Turkey. As of 30 September 2016, the Bank serves with 70 domestic branches and 1,496 employees.

VI. Other Information

| | |
|-----------------------------------|--|
| The Bank's Commercial Title: | Fibabanka Anonim Şirketi |
| The Bank's Head Office 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 2016 – 30 September 2016 |

The financial statements, related disclosures and notes in this report are prepared, unless otherwise stated, 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. | | | | | | | |
|---|----------|--------------------------------|------------------|-------------------|------------------------------|------------------|-------------------|
| CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) | | | | | | | |
| AS OF 30 SEPTEMBER 2016 | | | | | | | |
| (Amount expressed in thousands of Turkish Lira) | | | | | | | |
| ASSETS | Note | CURRENT PERIOD (30/09/2016) | | | PRIOR PERIOD (31/12/2015) | | |
| | | TL | FC | Total | TL | FC | Total |
| I. CASH AND BALANCES WITH THE CENTRAL BANK | (5.1.1) | 131,418 | 1,716,738 | 1,848,156 | 33,358 | 1,440,751 | 1,474,109 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net) | (5.1.2) | 203,134 | 5,391 | 208,525 | 107,090 | 7,441 | 114,531 |
| 2.1 Financial Assets Held for Trading | | 203,134 | 5,391 | 208,525 | 107,090 | 7,441 | 114,531 |
| 2.1.1 Government Debt Securities | | 16,763 | 5,079 | 21,842 | 15,832 | 4,044 | 19,876 |
| 2.1.2 Share Certificates | | - | - | - | - | - | - |
| 2.1.3 Derivative Financial Assets Held for Trading | | 143,149 | 306 | 143,455 | 91,258 | 2,714 | 93,972 |
| 2.1.4 Other Marketable Securities | | 43,222 | 6 | 43,228 | - | 683 | 683 |
| 2.2 Financial Assets Classified at Fair Value Through Profit and Loss | | - | - | - | - | - | - |
| 2.2.1 Government Securities | | - | - | - | - | - | - |
| 2.2.2 Share Certificates | | - | - | - | - | - | - |
| 2.2.3 Loans | | - | - | - | - | - | - |
| 2.2.4 Other Securities | | - | - | - | - | - | - |
| III. BANKS | (5.1.3) | 994 | 70,299 | 71,293 | 5,645 | 64,401 | 70,046 |
| IV. MONEY MARKET PLACEMENTS | | - | 20,972 | 20,972 | - | - | - |
| 4.1 Interbank Money Market Placements | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange Money Market Placements | | - | 20,972 | 20,972 | - | - | - |
| 4.3 Receivables from Reverse Repurchase Agreements | | - | - | - | - | - | - |
| V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net) | (5.1.4) | 128,001 | 581,954 | 709,955 | 84,302 | 529,469 | 613,771 |
| 5.1 Share Certificates | | - | 923 | 923 | - | 2,697 | 2,697 |
| 5.2 Government Securities | | 126,001 | 234 | 126,235 | 75,373 | 324 | 75,697 |
| 5.3 Other Marketable Securities | | 2,000 | 580,797 | 582,797 | 8,929 | 526,448 | 535,377 |
| VI. LOANS | (5.1.5) | 7,262,453 | 2,969,849 | 10,232,302 | 5,958,464 | 2,656,313 | 8,614,777 |
| 6.1 Loans | | 7,146,848 | 2,969,849 | 10,116,697 | 5,889,699 | 2,656,313 | 8,546,012 |
| 6.1.1 Loans to the Bank's Risk Group | | 23,409 | 36 | 23,445 | 29 | 34 | 63 |
| 6.1.2 Government Securities | | - | - | - | - | - | - |
| 6.1.3 Others | | 7,123,439 | 2,969,813 | 10,093,252 | 5,889,670 | 2,656,279 | 8,545,949 |
| 6.2 Non-Performing Loans | | 213,893 | - | 213,893 | 147,230 | - | 147,230 |
| 6.3 Specific Provisions (-) | | 98,288 | - | 98,288 | 78,465 | - | 78,465 |
| VII. FACTORING RECEIVABLES | | - | - | - | - | - | - |
| VIII. INVESTMENTS HELD TO MATURITY (Net) | (5.1.6) | - | - | - | - | - | - |
| 8.1 Government Debt Securities | | - | - | - | - | - | - |
| 8.2 Other Marketable Securities | | - | - | - | - | - | - |
| IX. INVESTMENTS IN ASSOCIATES (Net) | (5.1.7) | - | - | - | - | - | - |
| 9.1 Associates Accounted for Using the Equity Method | | - | - | - | - | - | - |
| 9.2 Unconsolidated Associates | | - | - | - | - | - | - |
| 9.2.1 Financial Associates | | - | - | - | - | - | - |
| 9.2.2 Non-Financial Associates | | - | - | - | - | - | - |
| X. INVESTMENTS IN SUBSIDIARIES (Net) | (5.1.8) | - | - | - | - | - | - |
| 10.1 Unconsolidated Financial Subsidiaries | | - | - | - | - | - | - |
| 10.2 Unconsolidated Non-Financial Subsidiaries | | - | - | - | - | - | - |
| XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net) | (5.1.9) | - | - | - | - | - | - |
| 11.1 Jointly Controlled Entities Accounted for Using the Equity Method | | - | - | - | - | - | - |
| 11.2 Unconsolidated Jointly Controlled Entities | | - | - | - | - | - | - |
| 11.2.1 Jointly Controlled Financial Entities | | - | - | - | - | - | - |
| 11.2.2 Jointly Controlled Non-Financial Entities | | - | - | - | - | - | - |
| XII. LEASE RECEIVABLES | (5.1.10) | - | - | - | - | - | - |
| 12.1 Finance Lease Receivables | | - | - | - | - | - | - |
| 12.2 Operating Lease Receivables | | - | - | - | - | - | - |
| 12.3 Other | | - | - | - | - | - | - |
| 12.4 Unearned Income (-) | | - | - | - | - | - | - |
| XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES | (5.1.11) | - | - | - | - | - | - |
| 13.1 Fair Value Hedge | | - | - | - | - | - | - |
| 13.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 13.3 Net Foreign Investment Hedge | | - | - | - | - | - | - |
| XIV. TANGIBLE ASSETS (Net) | (5.1.12) | 186,606 | - | 186,606 | 191,693 | - | 191,693 |
| XV. INTANGIBLE ASSETS (Net) | (5.1.13) | 4,469 | - | 4,469 | 5,364 | - | 5,364 |
| 15.1 Goodwill | | - | - | - | - | - | - |
| 15.2 Other | | 4,469 | - | 4,469 | 5,364 | - | 5,364 |
| XVI. INVESTMENT PROPERTY (Net) | (5.1.14) | - | - | - | - | - | - |
| XVII. TAX ASSETS | | 1,937 | - | 1,937 | 1,901 | - | 1,901 |
| 17.1 Current Tax Asset | | 249 | - | 249 | 188 | - | 188 |
| 17.2 Deferred Tax Asset | (5.1.15) | 1,688 | - | 1,688 | 1,713 | - | 1,713 |
| XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net) | (5.1.16) | 4,804 | - | 4,804 | 3,299 | - | 3,299 |
| 18.1 Held for Sale | | 4,804 | - | 4,804 | 3,299 | - | 3,299 |
| 18.2 Discontinued Operations | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | (5.1.17) | 163,847 | 10,314 | 174,161 | 82,599 | 14,494 | 97,093 |
| TOTAL ASSETS | | 8,087,663 | 5,375,517 | 13,463,180 | 6,473,715 | 4,712,869 | 11,186,584 |

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

FİBABANKA A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2016
(Amount expressed in thousands of Turkish Lira)

| LIABILITIES | | Note | CURRENT PERIOD (30/09/2016) | | | PRIOR PERIOD (31/12/2015) | | |
|---|--|-----------|--------------------------------|------------------|-------------------|------------------------------|------------------|-------------------|
| | | | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | | (5.II.1) | 4,610,172 | 3,501,303 | 8,111,475 | 3,938,356 | 3,517,368 | 7,455,724 |
| 1.1 Deposits from the Bank's Risk Group | | | 186,319 | 469,627 | 655,946 | 250,952 | 334,754 | 585,706 |
| 1.2 Other | | | 4,423,853 | 3,031,676 | 7,455,529 | 3,687,404 | 3,182,614 | 6,870,018 |
| II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING | | (5.II.2) | 141,150 | 308 | 141,458 | 80,892 | 2,716 | 83,608 |
| III. FUNDS BORROWED | | (5.II.3) | 16,796 | 1,520,925 | 1,537,721 | 15,919 | 1,008,527 | 1,024,446 |
| IV. MONEY MARKET FUNDS | | | 125,908 | 373,448 | 499,356 | 67,572 | 437,250 | 504,822 |
| 4.1 Interbank Money Market Funds | | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange Money Market Funds | | | - | - | - | - | - | - |
| 4.3 Funds Provided Under Repurchase Agreements | | | 125,908 | 373,448 | 499,356 | 67,572 | 437,250 | 504,822 |
| V. MARKETABLE SECURITIES ISSUED (Net) | | (5.II.4) | 992,981 | - | 992,981 | 503,741 | - | 503,741 |
| 5.1 Bills | | | 992,981 | - | 992,981 | 503,741 | - | 503,741 |
| 5.2 Asset-backed Securities | | | - | - | - | - | - | - |
| 5.3 Bonds | | | - | - | - | - | - | - |
| VI. FUNDS | | | - | - | - | - | - | - |
| 6.1 Borrower Funds | | | - | - | - | - | - | - |
| 6.2 Other | | | - | - | - | - | - | - |
| VII. SUNDRY CREDITORS | | (5.II.5) | 88,985 | 35,235 | 124,220 | 80,524 | 20,164 | 100,688 |
| VIII. OTHER LIABILITIES | | (5.II.5) | 246,427 | 8,558 | 254,985 | 107,540 | 7,257 | 114,797 |
| IX. FACTORING PAYABLES | | | - | - | - | - | - | - |
| X. LEASE PAYABLES (Net) | | (5.II.6) | - | 99 | 99 | - | 171 | 171 |
| 10.1 Finance Lease Payables | | | - | 104 | 104 | - | 183 | 183 |
| 10.2 Operating Lease Payables | | | - | - | - | - | - | - |
| 10.3 Other | | | - | - | - | - | - | - |
| 10.4 Deferred Finance Lease Expenses (-) | | | - | 5 | 5 | - | 12 | 12 |
| XL. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES | | (5.II.7) | - | - | - | - | - | - |
| 11.1 Fair Value Hedge | | | - | - | - | - | - | - |
| 11.2 Cash Flow Hedge | | | - | - | - | - | - | - |
| 11.3 Net Foreign Investment Hedge | | | - | - | - | - | - | - |
| XII. PROVISIONS | | (5.II.8) | 160,536 | - | 160,536 | 113,812 | - | 113,812 |
| 12.1 General Loan Loss Provision | | | 120,837 | - | 120,837 | 91,103 | - | 91,103 |
| 12.2 Provision for Restructuring | | | - | - | - | - | - | - |
| 12.3 Reserves for Employee Benefits | | | 14,297 | - | 14,297 | 13,862 | - | 13,862 |
| 12.4 Insurance Technical Reserves (Net) | | | - | - | - | - | - | - |
| 12.5 Other Provisions | | | 25,402 | - | 25,402 | 8,847 | - | 8,847 |
| XIII. TAX LIABILITY | | (5.II.9) | 37,778 | - | 37,778 | 35,949 | - | 35,949 |
| 13.1 Current Tax Liability | | | 37,778 | - | 37,778 | 35,949 | - | 35,949 |
| 13.2 Deferred Tax Liability | | | - | - | - | - | - | - |
| XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS | | (5.II.10) | - | - | - | - | - | - |
| 14.1 Held for Sale | | | - | - | - | - | - | - |
| 14.2 Discontinued Operations | | | - | - | - | - | - | - |
| XV. SUBORDINATED LOANS | | (5.II.11) | - | 330,548 | 330,548 | - | 211,913 | 211,913 |
| XVI. SHAREHOLDERS' EQUITY | | (5.II.12) | 1,276,353 | (4,330) | 1,272,023 | 1,042,720 | (5,807) | 1,036,913 |
| 16.1 Paid-in Capital | | | 941,161 | - | 941,161 | 847,515 | - | 847,515 |
| 16.2 Capital Reserves | | | 124,696 | (4,330) | 120,366 | 67,023 | (5,807) | 61,216 |
| 16.2.1 Share premium | | | 128,678 | - | 128,678 | 73,379 | - | 73,379 |
| 16.2.2 Share Cancellation Profits | | | - | - | - | - | - | - |
| 16.2.3 Marketable Securities Revaluation Reserve | | | (1,546) | (4,330) | (5,876) | (3,920) | (5,807) | (9,727) |
| 16.2.4 Tangible Assets Revaluation Reserve | | | - | - | - | - | - | - |
| 16.2.5 Intangible Assets Revaluation Reserve | | | - | - | - | - | - | - |
| 16.2.6 Investment Property Revaluation Reserve | | | - | - | - | - | - | - |
| 16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) | | | - | - | - | - | - | - |
| 16.2.8 Hedge Funds (Effective Portion) | | | - | - | - | - | - | - |
| 16.2.9 Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations | | | - | - | - | - | - | - |
| 16.2.10 Other Capital Reserves | | | (2,436) | - | (2,436) | (2,436) | - | (2,436) |
| 16.3 Profit Reserves | | | 128,369 | - | 128,369 | 46,786 | - | 46,786 |
| 16.3.1 Legal Reserves | | | 7,790 | - | 7,790 | 3,711 | - | 3,711 |
| 16.3.2 Statutory Reserves | | | - | - | - | - | - | - |
| 16.3.3 Extraordinary Reserves | | | 120,579 | - | 120,579 | 43,075 | - | 43,075 |
| 16.3.4 Other Profit Reserves | | | - | - | - | - | - | - |
| 16.4 Profit or Loss | | | 82,075 | - | 82,075 | 81,344 | - | 81,344 |
| 16.4.1 Prior Years' Profit/Loss | | | (239) | - | (239) | (174) | - | (174) |
| 16.4.2 Current Year Profit/Loss | | | 82,314 | - | 82,314 | 81,518 | - | 81,518 |
| 16.5 Minority Interest | | (5.II.13) | 52 | - | 52 | 52 | - | 52 |
| TOTAL LIABILITIES AND EQUITY | | | 7,697,086 | 5,766,094 | 13,463,180 | 5,987,025 | 5,199,559 | 11,186,584 |

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

| FIBABANK A.Ş. | | | | | | | |
|--|-----------|--------------------------------|-------------------|--------------------|------------------------------|-------------------|-------------------|
| CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS | | | | | | | |
| AS OF 30 SEPTEMBER 2016 | | | | | | | |
| (Amount expressed in thousands of Turkish Lira) | | | | | | | |
| | Note | CURRENT PERIOD (30/09/2016) | | | PRIOR PERIOD (31/12/2015) | | |
| | | TL | FC | Total | TL | FC | Total |
| A. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II+III) | | 5,892,370 | 9,495,466 | 15,387,836 | 3,803,991 | 5,424,117 | 9,228,108 |
| I. GUARANTEES AND SURETYSHIPS | (5.III.1) | 419,290 | 508,487 | 927,777 | 380,113 | 665,519 | 1,045,632 |
| I.1. Letters of Guarantee | | 418,240 | 162,454 | 580,694 | 379,738 | 175,756 | 555,494 |
| I.1.1. Guarantees Subject to State Tender Law | | - | - | - | - | - | - |
| I.1.2. Guarantees Given for Foreign Trade Operations | | - | - | - | - | - | - |
| I.1.3. Other Letters of Guarantee | | 418,240 | 162,454 | 580,694 | 379,738 | 175,756 | 555,494 |
| I.2. Bank Loans | | 1,050 | 66,470 | 67,520 | 375 | 106,491 | 106,866 |
| I.2.1. Import Letters of Acceptance | | - | - | - | - | - | - |
| I.2.2. Other Bank Acceptances | | 1,050 | 66,470 | 67,520 | 375 | 106,491 | 106,866 |
| I.3. Letters of Credit | | - | 279,563 | 279,563 | - | 383,272 | 383,272 |
| I.3.1. Documentary Letters of Credit | | - | - | - | - | - | - |
| I.3.2. Other Letters of Credit | | - | 279,563 | 279,563 | - | 383,272 | 383,272 |
| I.4. Prefinancing Given as Guarantee | | - | - | - | - | - | - |
| I.5. Endorsements | | - | - | - | - | - | - |
| I.5.1. Endorsements to the Central Bank of Turkey | | - | - | - | - | - | - |
| I.5.2. Other Endorsements | | - | - | - | - | - | - |
| I.6. Purchase Guarantees for Securities Issued | | - | - | - | - | - | - |
| I.7. Factoring Guarantees | | - | - | - | - | - | - |
| I.8. Other Guarantees | | - | - | - | - | - | - |
| I.9. Other Suretyships | | - | - | - | - | - | - |
| II. COMMITMENTS | (5.III.1) | 661,926 | 909,033 | 1,570,959 | 420,094 | 245,421 | 665,515 |
| II.1. Irrevocable Commitments | | 661,926 | 909,033 | 1,570,959 | 420,094 | 245,421 | 665,515 |
| II.1.1. Forward asset purchase and Sales commitments | | 274,910 | 909,033 | 1,183,943 | 110,809 | 245,421 | 356,230 |
| II.1.2. Forward Deposit Purchase and Sales Commitments | | - | - | - | - | - | - |
| II.1.3. Share Capital Commitment to Associates and Subsidiaries | | - | - | - | - | - | - |
| II.1.4. Loan Granting Commitments | | 135,740 | - | 135,740 | 110,140 | - | 110,140 |
| II.1.5. Securities Underwriting Commitments | | - | - | - | - | - | - |
| II.1.6. Commitments for Reserve Deposit Requirements | | - | - | - | - | - | - |
| II.1.7. Payment Commitment for Checks | | 156,603 | - | 156,603 | 145,123 | - | 145,123 |
| II.1.8. Tax and Fund Liabilities from Export Commitments | | 3,647 | - | 3,647 | 3,553 | - | 3,553 |
| II.1.9. Commitments for Credit Card Expenditure Limits | | 88,001 | - | 88,001 | 47,363 | - | 47,363 |
| II.1.10. Commitments for Promotions Related with Credit Cards and Banking Activities | | 1 | - | 1 | 1 | - | 1 |
| II.1.11. Receivables from Short Sale Commitments | | - | - | - | - | - | - |
| II.1.12. Payables for Short Sale Commitments | | - | - | - | - | - | - |
| II.1.13. Other Irrevocable Commitments | | 3,024 | - | 3,024 | 3,105 | - | 3,105 |
| II.2. Revocable Commitments | | - | - | - | - | - | - |
| II.2.1. Revocable Loan Granting Commitments | | - | - | - | - | - | - |
| II.2.2. Other Revocable Commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | (5.III.5) | 4,811,154 | 8,077,946 | 12,889,100 | 3,003,784 | 4,513,177 | 7,516,961 |
| III.1. Derivative Financial Instruments for Hedging Purposes | | - | - | - | - | - | - |
| III.1.1. Fair Value Hedge | | - | - | - | - | - | - |
| III.1.2. Cash Flow Hedge | | - | - | - | - | - | - |
| III.1.3. Hedge of Net Investment in Foreign Operations | | - | - | - | - | - | - |
| III.2. Held for Trading Transactions | | 4,811,154 | 8,077,946 | 12,889,100 | 3,003,784 | 4,513,177 | 7,516,961 |
| III.2.1. Forward Foreign Currency Buy/Sell Transactions | | 240,755 | 430,579 | 671,334 | 245,552 | 580,104 | 825,656 |
| III.2.1.1. Forward Foreign Currency Transactions-Buy | | 70,121 | 259,713 | 329,834 | 112,825 | 294,595 | 407,420 |
| III.2.1.2. Forward Foreign Currency Transactions-Sell | | 170,634 | 170,866 | 341,500 | 132,727 | 285,509 | 418,236 |
| III.2.2. Swap Transactions Related to F.C. and Interest Rates | | 2,497,318 | 5,732,379 | 8,229,697 | 1,217,730 | 2,358,058 | 3,575,788 |
| III.2.2.1. Foreign Currency Swap-Buy | | 1,352,811 | 2,752,132 | 4,104,943 | 536,802 | 1,260,905 | 1,797,707 |
| III.2.2.2. Foreign Currency Swap-Sell | | 1,094,507 | 2,980,247 | 4,074,754 | 680,928 | 1,097,153 | 1,778,081 |
| III.2.2.3. Interest Rate Swaps-Buy | | 25,000 | - | 25,000 | - | - | - |
| III.2.2.4. Interest Rate Swaps-Sell | | 25,000 | - | 25,000 | - | - | - |
| III.2.3. Foreign Currency, Interest Rate and Securities Options | | 2,067,449 | 1,914,988 | 3,982,437 | 1,540,502 | 1,575,015 | 3,115,517 |
| III.2.3.1. Foreign Currency Options-Buy | | 273,195 | 1,593,635 | 1,866,830 | 366,843 | 1,123,185 | 1,490,028 |
| III.2.3.2. Foreign Currency Options-Sell | | 1,794,254 | 321,353 | 2,115,607 | 1,173,659 | 451,830 | 1,625,489 |
| III.2.3.3. Interest Rate Options-Buy | | - | - | - | - | - | - |
| III.2.3.4. Interest Rate Options-Sell | | - | - | - | - | - | - |
| III.2.3.5. Securities Options-Buy | | - | - | - | - | - | - |
| III.2.3.6. Securities Options-Sell | | - | - | - | - | - | - |
| III.2.4. Foreign Currency Futures | | 5,632 | - | 5,632 | - | - | - |
| III.2.4.1. Foreign Currency Futures-Buy | | - | - | - | - | - | - |
| III.2.4.2. Foreign Currency Futures-sell | | 5,632 | - | 5,632 | - | - | - |
| III.2.5. Interest Rate Futures | | - | - | - | - | - | - |
| III.2.5.1. Interest Rate Futures-Buy | | - | - | - | - | - | - |
| III.2.5.2. Interest Rate Futures-Sell | | - | - | - | - | - | - |
| III.2.6. Other | | - | - | - | - | - | - |
| B. CUSTODY AND PLEDGED ITEMS (IV+V+VI) | | 66,949,396 | 28,512,958 | 95,462,354 | 58,185,614 | 28,020,035 | 86,205,649 |
| IV. ITEMS HELD IN CUSTODY | | 783,514 | 166,761 | 950,275 | 461,674 | 138,992 | 600,666 |
| IV.1. Assets under Management | | 107,462 | - | 107,462 | 96,096 | - | 96,096 |
| IV.2. Investment Securities Held in Custody | | 72,099 | 68,341 | 140,440 | 10,660 | 63,373 | 74,033 |
| IV.3. Checks Received for Collection | | 480,358 | 55,676 | 536,034 | 270,365 | 73,383 | 343,748 |
| IV.4. Commercial Notes Received for Collection | | 123,595 | 42,744 | 166,339 | 84,553 | 2,236 | 86,789 |
| IV.5. Other Assets Received for Collection | | - | - | - | - | - | - |
| IV.6. Assets Received for Public Offering | | - | - | - | - | - | - |
| IV.7. Other Items under Custody | | - | - | - | - | - | - |
| IV.8. Custodians | | - | - | - | - | - | - |
| V. PLEDGED ITEMS | | 66,165,882 | 28,346,197 | 94,512,079 | 57,723,940 | 27,881,043 | 85,604,983 |
| V.1. Marketable Securities | | 49,003 | 80,421 | 129,424 | 50,577 | 76,160 | 126,737 |
| V.2. Guarantee Notes | | 164,955 | 64,868 | 229,823 | 148,183 | 55,751 | 203,934 |
| V.3. Commodity | | 2,500 | - | 2,500 | 2,500 | - | 2,500 |
| V.4. Warranty | | - | - | - | - | - | - |
| V.5. Properties | | 8,767,550 | 3,701,564 | 12,469,114 | 6,482,019 | 3,658,003 | 10,140,022 |
| V.6. Other Pledged Items | | 57,181,874 | 24,499,344 | 81,681,218 | 51,040,661 | 24,091,129 | 75,131,790 |
| V.7. Pledged Items-Depository | | - | - | - | - | - | - |
| VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | - | - | - | - | - | - |
| TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B) | | 72,841,766 | 38,008,424 | 110,850,190 | 61,989,605 | 33,444,152 | 95,433,757 |

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

| FİBANKA A.Ş. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016 (Amount expressed in thousands of Turkish Lira) | | | | | |
|---|-----------|---|---|---|---|
| INCOME STATEMENT | Note | CURRENT PERIOD (01/01/2016- 30/09/2016) | PRIOR PERIOD (01/01/2015- 30/09/2015) | CURRENT PERIOD (01/07/2016- 30/09/2016) | PRIOR PERIOD (01/07/2015- 30/09/2015) |
| I. INTEREST INCOME | (5.IV.1) | 930,523 | 631,122 | 332,973 | 232,628 |
| 1.1 Interest Income on Loans | | 897,433 | 599,384 | 320,688 | 221,631 |
| 1.2 Interest Received from Statutory Reserves | | 5,741 | 1,732 | 2,015 | 1,043 |
| 1.3 Interest Received from Banks | | 5,029 | 9,275 | 1,863 | 1,461 |
| 1.4 Interest Received from Money Market Placements | | 361 | 152 | 256 | 15 |
| 1.5 Interest Received from Marketable Securities Portfolio | | 21,748 | 20,456 | 8,069 | 8,441 |
| 1.5.1 Financial Assets Held for Trading | | 1,020 | 844 | 355 | 294 |
| 1.5.2 Financial Assets at Fair Value Through Profit and Loss | | - | - | - | - |
| 1.5.3 Financial Assets Available for Sale | | 20,728 | 19,612 | 7,714 | 8,147 |
| 1.5.4 Investments Held to Maturity | | - | - | - | - |
| 1.6 Finance Lease Income | | - | - | - | - |
| 1.7 Other Interest Income | | 211 | 123 | 82 | 37 |
| II. INTEREST EXPENSE | | 557,935 | 348,490 | 196,728 | 135,291 |
| 2.1 Interest on Deposits | (5.IV.2) | 443,008 | 268,685 | 152,230 | 106,306 |
| 2.2 Interest on Funds Borrowed | (5.IV.2) | 44,436 | 34,556 | 17,410 | 12,665 |
| 2.3 Interest on Money Market Funds | | 557 | 345 | - | 86 |
| 2.4 Interest on Securities Issued | (5.IV.2) | 61,335 | 40,081 | 24,129 | 14,325 |
| 2.5 Other Interest Expense | | 8,599 | 4,823 | 2,959 | 1,909 |
| III. NET INTEREST INCOME/EXPENSE (I - II) | | 372,588 | 282,632 | 136,245 | 97,337 |
| IV. NET FEES AND COMMISSIONS INCOME/EXPENSE | | 20,219 | 23,088 | 4,433 | 7,324 |
| 4.1 Fees and Commissions Received | | 36,011 | 31,550 | 12,001 | 10,112 |
| 4.1.1 Non-cash Loans | | 7,363 | 7,989 | 2,466 | 2,458 |
| 4.1.2 Other | (5.IV.12) | 28,648 | 23,561 | 9,535 | 7,654 |
| 4.2 Fees and Commissions Paid | | 15,792 | 8,462 | 7,568 | 2,788 |
| 4.2.1 Non-cash Loans | | 168 | 101 | 51 | 38 |
| 4.2.2 Other | (5.IV.12) | 15,624 | 8,361 | 7,517 | 2,750 |
| V. DIVIDEND INCOME | (5.IV.3) | - | - | - | - |
| VI. TRADING INCOME/ LOSS (Net) | (5.IV.4) | 26,771 | (4,636) | 8,408 | 10,706 |
| 6.1 Gains/Losses on Securities Trading | | 5,773 | (1,359) | 2,080 | (925) |
| 6.2 Derivative Financial Transactions Gains/Losses | | 24,502 | (3,110) | 12,578 | 13,349 |
| 6.3 Foreign Exchange Gains/Losses | | (167) | (6,504) | (6,250) | (1,718) |
| VII. OTHER OPERATING INCOME | (5.IV.5) | 38,623 | 29,665 | 16,489 | 11,954 |
| VIII. TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII) | | 458,201 | 330,749 | 165,575 | 127,321 |
| IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-) | (5.IV.6) | 121,914 | 63,106 | 43,207 | 24,078 |
| X. OTHER OPERATING EXPENSES (-) | (5.IV.7) | 221,428 | 180,399 | 74,843 | 64,097 |
| XI. NET OPERATING INCOME/ LOSS (VIII-IX-X) | | 114,859 | 87,244 | 47,525 | 39,146 |
| XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER | | - | - | - | - |
| XIII. PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD | | - | - | - | - |
| XIV. NET MONETARY POSITION GAIN/LOSS | | - | - | - | - |
| XV. PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV) | (5.IV.8) | 114,859 | 87,244 | 47,525 | 39,146 |
| XVI. TAX PROVISION FOR CONTINUING OPERATIONS (±) | (5.IV.9) | (32,545) | (19,840) | (14,068) | (9,013) |
| 16.1 Current Tax Charge | | (33,483) | (11,238) | (13,159) | (1,970) |
| 16.2 Deferred Tax Charge /(Benefit) | | 938 | (8,602) | (909) | (7,043) |
| XVII. NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI) | (5.IV.10) | 82,314 | 67,404 | 33,457 | 30,133 |
| XVIII. INCOME ON DISCONTINUED OPERATIONS | | - | - | - | - |
| 18.1 Income on Assets Held for Sale | | - | - | - | - |
| 18.2 Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) | | - | - | - | - |
| 18.3 Other Income on Discontinued Operations | | - | - | - | - |
| XIX. EXPENSE ON DISCONTINUED OPERATIONS (-) | | - | - | - | - |
| 19.1 Expense on Assets Held for Sale | | - | - | - | - |
| 19.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) | | - | - | - | - |
| 19.3 Other Expense on Discontinued Operations | | - | - | - | - |
| XX. PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX) | | - | - | - | - |
| XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±) | | - | - | - | - |
| 21.1 Current Tax Charge | | - | - | - | - |
| 21.2 Deferred Tax Charge /(Benefit) | | - | - | - | - |
| XXII. NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI) | | - | - | - | - |
| XXIII. NET PERIOD PROFIT/LOSS (XVII+XXII) | (5.IV.11) | 82,314 | 67,404 | 33,457 | 30,133 |
| 23.1 Group's Profit/Loss | | 82,314 | 67,404 | 33,457 | 30,133 |
| 23.2 Minority Interest Profit/Loss | | - | - | - | - |
| Earnings per Share | | 0.00096 | 0.00109 | 0.00038 | 0.00044 |

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

| FİBABANKA A.Ş. CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016 (Amount expressed in thousands of Turkish Lira) | | |
|---|--------------------------------|--------------------------------|
| | CURRENT PERIOD | PRIOR PERIOD |
| STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY | (01/01/2016-30/09/2016) | (01/01/2015-30/09/2015) |
| I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILABLE FOR SALE | 5,825 | (26,865) |
| II. TANGIBLE ASSETS REVALUATION RESERVES | - | - |
| III. INTANGIBLE ASSETS REVALUATION RESERVES | - | - |
| IV. TRANSLATION ADJUSTMENT FOR FOREIGN CURRENCY TRANSACTIONS | - | - |
| V. PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value) | - | - |
| VI. PROFIT/LOSS ON NET FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value) | - | - |
| VII. THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN THE ACCOUNTING POLICY | (963) | 5,401 |
| VIII. OTHER INCOME AND EXPENSES RECOGNISED IN EQUITY IN ACCORDANCE WITH TAS | 4,862 | (21,464) |
| IX. DEFERRED TAX EFFECT OF REVALUATION | (1,011) | (143) |
| X. NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY (I+II+...+IX) | (1,011) | (143) |
| XI. PROFIT/LOSS FOR THE PERIOD | - | - |
| 11.1 Net Changes in the Fair Values of Marketable Securities (Transfer to Profit/Loss) | - | - |
| 11.2 The Portion of Cash-flow Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement | - | - |
| 11.3 The Portion of Net Foreign Investment Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement | - | - |
| 11.4 Other | - | - |
| XII. TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD (X±XI) | 3,851 | (21,607) |

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

| FIBABANKA A.Ş. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016 (Amount expressed in thousands of Turkish Lira) | | | | | | | | | | | | | | | | | | | |
|--|------|-----------------|--------------------------------------|---------------|----------------------------|----------------|--------------------|------------------------|----------------|----------------------------|--------------------------|---|--|---|-------------|---|--|--------------------|--------------|
| CHANGES IN SHAREHOLDERS' EQUITY | Note | Paid-in Capital | Paid-in Capital Inflation Adjustment | Share Premium | Share Cancellation Profits | Legal Reserves | Statutory Reserves | Extraordinary Reserves | Other Reserves | Current Period Profit/Loss | Prior Period Profit/Loss | Marketable Securities Revaluation Reserve | Tangible and Intangible Assets Revaluation Reserve | Bonus Shares from Equity Participations | Hedge Funds | Accumulated Rev. Reserve on Assets Held for Sale and Discontinued Oper. | Total Equity Excluding Minority Interest | Minority Interests | Total Equity |
| PRIOR PERIOD 01.01.2015-30.09.2015 | | | | | | | | | | | | | | | | | | | |
| I. Beginning Balance | | 550,000 | - | - | - | - | - | - | (2,174) | 74,139 | (27,527) | (8,363) | - | - | - | - | 586,075 | 53 | 586,128 |
| II. Corrections made according TAS 8 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 The Effect of Correction of Errors | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 The Effect of Changes in Account Policies | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Adjusted Balance (I-II) | | 550,000 | - | - | - | - | - | - | (2,174) | 74,139 | (27,527) | (8,363) | - | - | - | - | 586,075 | 53 | 586,128 |
| Changes during the Period | | | | | | | | | | | | | | | | | | | |
| IV. Increase/Decrease Due to Mergers | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Marketable Securities Revaluation Reserve | | - | - | - | - | - | - | - | - | - | - | (21,607) | - | - | - | - | (21,607) | - | (21,607) |
| VI. Hedge Funds (Effectives Portion) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.1 Cash Flow Hedges | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.2 Net Foreign Investment Hedges | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Tangible Assets Revaluation Reserve | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Intangible Assets Revaluation Reserve | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. Foreign Exchange Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. The Effect of Disposal of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XII. The Effect of Reclassification of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIII. The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIV. Capital Increase | | 128,860 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 128,860 | - | 128,860 |
| 14.1 Cash | | 128,860 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 128,860 | - | 128,860 |
| 14.2 Internal Sources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Share Issue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Share Cancellation Profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. Paid-in-Capital Inflation Adjustment | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVIII. Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIX. Net Profit/Loss for the Period | | - | - | - | - | - | - | - | - | 67,404 | - | - | - | - | - | - | 67,404 | - | 67,404 |
| XX. Profit Distribution | | - | - | - | - | 3,711 | - | 43,075 | - | (74,139) | 27,353 | - | - | - | - | - | - | - | - |
| 20.1 Dividend Paid | | - | - | - | - | 3,711 | - | 43,075 | - | - | - | (46,786) | - | - | - | - | - | - | - |
| 20.2 Transfer to Reserves | | - | - | - | - | 3,711 | - | 43,075 | - | (74,139) | 74,139 | - | - | - | - | - | - | - | - |
| 20.3 Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ending Balance (III-IV+V+.....+XVIII-XIX+XX) | | 678,860 | - | - | - | 3,711 | - | 43,075 | (2,174) | 67,404 | (174) | (29,970) | - | - | - | - | 760,732 | 53 | 760,785 |
| CURRENT PERIOD 01.01.2016-30.09.2016 | | | | | | | | | | | | | | | | | | | |
| I. Prior Period End Balance | | 847,515 | - | 73,379 | - | 3,711 | - | 43,075 | (2,436) | 81,518 | (174) | (9,727) | - | - | - | - | 1,036,861 | 52 | 1,036,913 |
| Changes during the Period | | | | | | | | | | | | | | | | | | | |
| II. Increase/Decrease Due to Mergers | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Marketable Securities Revaluation Reserve | | - | - | - | - | - | - | - | - | - | - | 3,851 | - | - | - | - | 3,851 | - | 3,851 |
| IV. Hedge Funds (Effectives Portion) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.1 Cash Flow Hedges | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.2 Net Foreign Investment Hedges | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Tangible Assets Revaluation Reserve | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. Intangible Assets Revaluation Reserve | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Foreign Exchange Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. The Effect of Disposal of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. The Effect of Reclassification of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XII. Capital Increase | | 93,646 | - | 55,299 | - | - | - | - | - | - | - | - | - | - | - | - | 148,945 | - | 148,945 |
| 12.1 Cash | | 93,646 | - | 55,299 | - | - | - | - | - | - | - | - | - | - | - | - | 148,945 | - | 148,945 |
| 12.2 Internal Sources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIII. Share Issue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIV. Share Cancellation Profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Paid-in-Capital Inflation Adjustment | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. Net Profit/Loss for the Period | | - | - | - | - | - | - | - | - | 82,314 | - | - | - | - | - | - | 82,314 | - | 82,314 |
| XVIII. Profit Distribution | | - | - | - | - | 4,079 | - | 77,504 | - | (81,518) | (65) | - | - | - | - | - | - | - | - |
| 18.1 Dividend Paid | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18.2 Transfer to Reserves | | - | - | - | - | 4,079 | - | 77,504 | - | - | (81,583) | - | - | - | - | - | - | - | - |
| 18.3 Other | | - | - | - | - | - | - | - | - | (81,518) | 81,518 | - | - | - | - | - | - | - | - |
| Ending Balance (I-II+III+....+XVI+XVII+XVIII) | | 941,161 | - | 128,678 | - | 7,790 | - | 120,579 | (2,436) | 82,314 | (239) | (5,876) | - | - | - | - | 1,271,971 | 52 | 1,272,023 |

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

FİBABANKA A.Ş.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016
(Amount expressed in thousands of Turkish Lira)

| | Note | CURRENT PERIOD (01/01/2016-30/09/2016) | PRIOR PERIOD (01/01/2015-30/09/2015) |
|--|------|---|---|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating Profit / Loss before Changes in Operating Assets and Liabilities | | 228,819 | 164,163 |
| 1.1.1 Interest Received (+) | | 892,886 | 601,005 |
| 1.1.2 Interest Paid (-) | | 523,630 | 325,350 |
| 1.1.3 Dividend Received (+) | | - | - |
| 1.1.4 Fees and Commissions Received (+) | | 35,438 | 30,378 |
| 1.1.5 Other Income (+) | | 75,089 | 25,268 |
| 1.1.6 Collections from Previously Written Off Loans (+) | | 2,663 | 780 |
| 1.1.7 Cash Payments to Personnel and Service Suppliers (-) | | 192,502 | 155,574 |
| 1.1.8 Taxes Paid (-) | | 47,197 | 10,807 |
| 1.1.9 Other (+/-) | | (13,928) | (1,537) |
| 1.2 Changes in Banking Operations Assets and Liabilities | | (778,603) | 146,576 |
| 1.2.1 Net (Increase) Decrease in Financial Assets Held for Trading (+/-) | | (43,972) | (45,788) |
| 1.2.2 Net(Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-) | | - | - |
| 1.2.3 Net (Increase) Decrease in Due From Banks (+/-) | | (212,150) | 535,309 |
| 1.2.4 Net (Increase) Decrease in Loans (+/-) | | (1,662,655) | (962,697) |
| 1.2.5 Net (Increase) Decrease in Other Assets (+/-) | | (75,019) | 43,515 |
| 1.2.6 Net Increase (Decrease) in Bank Deposits (+/-) | | 81,435 | 50,864 |
| 1.2.7 Net Increase (Decrease) in Other Deposits (+/-) | | 553,785 | 536,140 |
| 1.2.8 Net Increase (Decrease) in Borrower Funds (+/-) | | 425,966 | 210,200 |
| 1.2.9 Net Increase (Decrease) in Matured Payables (+/-) | | - | - |
| 1.2.10 Net Increase (Decrease) in Other Liabilities (+/-) | | 154,007 | (220,967) |
| I Net Cash Flow Provided from Banking Operations (+/-) | | (549,784) | 310,739 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | - | - |
| II Net Cash Flow Provided from Investment Activities (+/-) | | (102,468) | (403,071) |
| 2.1 Cash Paid for Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) (-) | | - | - |
| 2.2 Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) (+) | | - | - |
| 2.3 Tangible Asset Purchases (-) | | 4,063 | 156,971 |
| 2.4 Tangible Asset Sales (+) | | 2,608 | 7,941 |
| 2.5 Cash Paid for Purchase of Financial Assets Available for Sale (-) | | 483,883 | 317,755 |
| 2.6 Cash Obtained from Sales of Financial Assets Available for Sale (+) | | 384,822 | 66,743 |
| 2.7 Cash Paid for Purchase of Investment Securities (-) | | - | - |
| 2.8 Cash Obtained from Sales of Investment Securities (+) | | - | - |
| 2.9 Other (+/-) | | (1,952) | (3,029) |
| C. CASH FLOWS FROM FINANCIAL ACTIVITIES | | - | - |
| III Net Cash Provided from Financing Activities (+/-) | | 830,356 | 82,656 |
| 3.1 Cash Obtained from Funds Borrowed and Securities Issued (+) | | 1,577,968 | 820,763 |
| 3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-) | | 1,102,420 | 739,922 |
| 3.3 Share Certificates Issued (+) | | 148,945 | 1,815 |
| 3.4 Dividends Paid (-) | | - | - |
| 3.5 Payments for Finance Leases (-) | | - | - |
| 3.6 Other (+/-) | | 205,863 | - |
| IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-) | | 5,361 | 37,446 |
| V. Net Increase in Cash and Cash Equivalents (I+II+III+IV) | | 183,465 | 27,770 |
| VI. Cash and Cash Equivalents at the Beginning of the Period (+) | | 201,712 | 155,773 |
| VII. Cash and Cash Equivalents at the End of the Period (V+VI) | | 385,177 | 183,543 |

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

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 consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) .The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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

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

The accounting policies and valuation principles used in the preparation of the consolidated financial statements are selected and applied in accordance with the requirements set out in regulations, communiqués, statements and guidance and if there is no special regulation by the BRSA in accordance with to the principles within TAS/TFRS, are consistent with the accounting policies applied in the annual financial statements prepared for the year ended 31 December 2015. The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained in Notes II and XXIV below.

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

1. Usage strategy of the financial instruments

The major factor in managing interest rate and liquidity risk at the balance sheet is parallel movement of asset and liability side.

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

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

The foreign currency position is controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
1 JANUARY – 30 SEPTEMBER 2016

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

II. Explanations on the usage strategy of financial instruments and on foreign currency transactions (cond't)**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 as of balance sheet date are translated into Turkish Lira by using the exchange rates at the date of the transaction and recognized in accounting records. At the end of the periods, foreign currency assets and liabilities are converted into Turkish Lira by using the spot foreign currency exchange rates of the Bank at the end of the period and the related currency translation differences are recognized as foreign exchange gains and losses.

As at the end of the related periods foreign currency exchange rates are as follows:

| | 30 September 2016 | 31 December 2015 |
|-----------|-------------------|------------------|
| US Dollar | 2.9959 | 2.9076 |
| Euro | 3.3608 | 3.1776 |

2.2 Foreign exchange gains and losses included in the income statement

As of 30 September 2016, net foreign exchange losses included in the income statement amounts is TL 3,504 (1 January – 30 September 2015: TL 167 loss).

III. Explanations on consolidated subsidiary

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 30 September 2016. Fibabanka A.Ş. and Fiba Portföy Yönetimi A.Ş. together are referred to as “the Group” in the report.

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

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

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

IV. Explanations on forward transactions, options and derivative instruments

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

In accordance with TAS 39 "Financial Instruments: Recognition and Measurement", forward foreign currency purchase/sale contracts, swaps and options are classified as "hedging purpose" and "trading purpose" transactions. Derivatives are initially recognized at cost including the transaction costs. Also, the assets and liabilities arising from the derivative transactions are recorded as off-balance sheet items at their contractual notional amounts.

1. Explanations on derivative financial instruments held for trading

The derivative transactions held for trading are valued at fair-value using market prices or pricing models subsequent to initial recognition and are presented in "derivative financial assets held for trading" or "derivative financial liabilities held for trading" items of the balance sheet depending on the difference's being positive or negative.

2. Explanations on derivative financial instruments held for risk management

The Parent Bank enters into cross currency swap transactions in order to hedge the change in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in income statement. If the hedging is effective, the changes in fair value of the hedged item, which is fixed rate TL denominated loans, are presented in statement of financial position together with the hedged item.

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

V. Explanations on interest income and expenses

Interest income and expenses calculated using internal rate of return are recognized on accrual basis. In accordance with Banking Act No: 5411 Articles 53 and 93, based on the prevailing communique, interest accruals on loans becoming non-performing are reversed and also ceased to accrue interest on such loans until these loans are classified as performing or collected.

VI. Explanations on fee and commission income and expenses

Fee and commission income / expenses are recognized based on cash basis or accrual basis upon the nature of the transaction.

VII. Explanations on financial assets

Financial assets include cash on hand, contractual rights to receive cash or another financial asset from the counterparty or the right to exchange of financial instruments or equity instrument transactions of the counterparty. Financial assets are classified into four groups as financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and available-for-sale financial assets.

VII. Explanations on financial assets (cond't)

1. Financial assets at fair value through profit or loss

1.1 *Financial assets held for trading*

Financial assets held for trading are recognized at their fair values and any gain or losses resulting from such valuation are recorded in the profit and loss accounts. Interests received during the holding period of such financial assets and the difference between the amortized cost (calculated using internal rate of return) and the acquisition cost are recognized as interest income in the income statement. Gains and losses on sale of held for trading financial assets before their maturity and the difference between market value and amortized cost (calculated using internal rate of return) of such financial assets are recognized in gains and losses on securities trading under income statement.

1.2 *Financial assets at fair value through profit or loss*

The Group does not have any financial assets designated as “financial assets at fair value through profit or loss”.

2. Available for sale financial assets

Financial assets available-for-sale, are financial assets other than assets held for trading purposes, investments held-to-maturity and originated loans and receivables. Financial assets available-for-sale are measured at their fair values subsequently.

Interest income of the investments securities available-for-sale; based on the internal rate of return; are included in the income statement. Unrecognized gain/losses derived from the difference between their fair value and the discounted values are recorded in “Marketable Securities Revaluation Reserve” under the shareholders’ equity. In case of disposal, gains/losses recognized under equity are realized and recognized directly in the income statement.

Purchase and sale transactions of securities are accounted for on a settlement date basis.

3. Held to maturity investments

The Group does not have any held to maturity investments as of 30 September 2016.

4. Loans and receivables

Loans and receivables are financial assets, which are generated by providing funds, goods or services to the debtor.

Loans and receivables are financial assets with fixed or determinable repayment schedules and they are not traded in an active market.

Loans are initially measured at their acquisition cost and subsequently measured at amortized cost calculated using effective interest rate method in accordance with TAS 39 “Financial Instruments: Recognition and Measurement”. Duty charges, transaction fees and other expenses paid for the collaterals of the loans are considered as part of the transaction costs and charged to the customers.

VIII. Explanations on impairment of financial assets

Financial asset or groups of financial assets are reviewed by the Group at each balance sheet date to determine whether there is objective evidence of impairment. If any such indicator exists, the Group determines the amount of impairment.

Impairment loss incurs if, and only if, there is objective evidence that the reliably estimated future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to initial recognition.

The Group provides specific and general allowances for loan and other receivables classified in accordance with the Communiqué published on the Official Gazette No.2633 dated November 1, 2006. The allowances are recorded in the income statement of the related period.

IX. Explanations on offsetting financial instruments

If the fair values of equity shares held for trading and quoted at the stock exchanges are lower than their carrying values, allowance for impairment is recognized and the recognized impairment is offset with the related assets on the face of the balance sheet.

Specific allowances for non-performing loan and other receivables are provided in accordance with “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”. Such allowances are offset with loans under follow-up on the asset side. Other financial assets and liabilities are offset when the Bank has a legally enforceable right to offset.

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

Securities subject to repo (repurchase agreements) are classified as “Financial assets at fair value through profit and loss”, “Financial assets available for sale” or “Investments held to maturity” according to their purposes to be held in the Group’s portfolio and evaluated within the principles of the relevant portfolio. Funds obtained from repurchase agreements are followed under the “Funds from repo transactions” account in liabilities, and interest expense accruals are calculated using the effective interest (internal rate of return) method on the difference between the sales and repurchase prices corresponding to the period designated by a repurchase agreement.

Reverse repo transactions are recorded under the “Receivables from reverse repurchase agreements” account.

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

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

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

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

XII. Explanations on goodwill and other intangible assets

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

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

Estimated useful lives of the intangible assets are 3 to 10 years, and amortization rates are 10% to 33.3%.

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

XIII. Explanations on tangible assets

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

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

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

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

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

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

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

XIII. Explanations on tangible assets (cont'd)

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

| Tangible Asset | Estimated useful lives (Years) | Depreciation Rate (%) |
|-----------------------|---|----------------------------------|
| Safe boxes | 2-50 | 2-50 |
| Vehicles | 5 | 20 |
| Real Estate | 50 | 2 |
| Other Tangible Assets | 4-50 | 2-25 |

XIV. Explanations on leasing transactions

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

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 Group. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

XVII. Explanations on liabilities for employee benefits

As per the existing labour laws and agreements in Turkey, entities are required to pay severance for the employees retired or fired. These payments are qualified as recognized retirement benefit plan according to revised TAS 19 Standard on the Benefits Provided to Employees. 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 the actuarial gains and losses as are accounted for as other comprehensive income.

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

- Calculation is based on discount rate is as 10.75%, inflation rate as 7.75% and real rate of rise in salary as 0.00%.
- As ceiling salary amount TL 3,828.37 (full basis TL) is based on.
- 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.

XVIII. Explanations on taxation

1. Current Tax

Effective from 1 January 2006, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes.

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

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

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

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

2. Deferred tax

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

Deferred tax assets and liabilities of the companies included in the consolidation are netted off but not netted off in consolidated balance sheet.

As of 30 September 2016, TL 1,688 of deferred tax asset and there is no deferred tax liability were recognized in the Group's financial statements. (31 December 2015: TL 1,713 deferred tax asset).

Deferred tax benefit/ (charge) is recognized within "Deferred tax benefit/ (charge)" in the income statement. For the current period, deferred tax benefit is TL 938 (1 January – 30 September 2015: TL 8,602 deferred tax charge). Deferred tax effects of the transactions and events recognized directly in the equity are also recognized directly in the equity which is TL 963 loss (30 September 2015: TL 5,401 gain).

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 by the Group on time.

XIX. Additional explanations on borrowings

The Group provides resources from both domestic and foreign foundations and real persons through borrowings and securities issued.

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

The Group applies general hedging techniques for mitigating the liquidity risk, interest rate risk and currency risk of the borrowing funds. Those techniques do not meet the definition of hedge accounting according to TAS 39. There are no convertible bonds or any other bonds issued by the Bank as at the balance sheet date.

XX. Explanations on share certificates issued

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

XXI. Explanations on bank acceptances and bills of guarantee

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

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

XXII. Explanation on government incentives

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

XXIII. Explanations on segment reporting

Segment reporting is presented under section four, note VIII.

XXIV. Other matters

None.

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SECTION FOUR**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 September 2016, total capital has been calculated as TL 1,706,507,an the capital adequacy standard ratio is 14.47%. As of 31 December 2015, Group’s total capital amounted to TL 1,263,042, and the capital adequacy standard ratio was 13.56% calculated pursuant to former regulations.

I. Information related to the components of shareholders’ equity

| | 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 | 128,369 | |
| Other Comprehensive Income according to TAS | -- | |
| Profit | 82,314 | |
| Current Period Profit | 82,314 | |
| Prior Period Profit | -- | |
| Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit | -- | |
| Minority Shareholder | 22 | |
| Tier I Capital Before Deductions | 1,280,544 | |
| 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 (-) | 8,553 | -- |
| Leasehold Improvements on Operational Leases (-) | 11,150 | -- |
| Goodwill netted with Deferred Tax Liabilities | -- | -- |
| Other Intangible Assets Netted with Defferred Tax Liabilities Except Mortgage Servicing Rights | 2,681 | -- |
| Excess Amount arising from Deferred Tax Assets from Temporary Differences | -- | -- |
| Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting | -- | -- |
| Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach | -- | -- |
| Securitization gains | -- | -- |
| 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 (-) | -- | -- |

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| | Amount | Amount as per the regulation before 1/1/2014 (*) |
|--|------------------|---|
| 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 | 22,384 | |
| Total Common Equity Tier I Capital | 1,258,160 | |
| ADDITIONAL TIER I CAPITAL | | |
| Preferred Stock not Included in Tier I Capital and the Related Share Premiums | -- | |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA | -- | |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) | -- | |
| Shares of Third Parties in Additional Tier I Capital | -- | |
| Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3) | -- | |
| Additional Tier I Capital before Deductions | -- | |
| Deductions from Additional Tier I 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 (-) | -- | -- |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-) | -- | -- |
| Other items to be defined by the BRSA (-) | | |
| Items to be Deducted from Tier I Capital during the Transition Period | | |
| Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | 1,788 | -- |
| 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) | 1,256,372 | |

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| | Amount | Amount as per the regulation before 1/1/2014 (*) |
|---|------------------|--|
| TIER II CAPITAL | | |
| Debt instruments and share issue premiums deemed suitable by the BRSA | 329,549 | |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) | -- | |
| Shares of Third Parties in Additional Tier I Capital | -- | |
| Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3) | -- | |
| Provisions (Article 8 of the Regulation on the Equity of Banks) | 120,837 | |
| Tier II Capital before Deductions | 450,386 | |
| Deductions from Tier II Capital | | |
| Direct and Indirect Investments of the Bank on its own Tier II Capital (-) | -- | -- |
| Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation | -- | -- |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -- | -- |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-) | -- | -- |
| Other items to be Defined by the BRSA (-) | -- | |
| Total Deductions from Tier II Capital | -- | |
| Total Tier II Capital | 450,386 | |
| Total Equity (Total Tier I and Tier II Capital) | 1,706,758 | |
| Total Tier I and Tier II Capital (Total Equity) | | |
| Loans Granted against the Articles 50 and 51 of the Banking Law (-) | 67 | |
| 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 (-) | 184 | |
| 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 (-) | -- | -- |

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| | Amount | Amount as per the regulation before 1/1/2014 (*) |
|---|-------------------|--|
| EQUITY | | |
| Total Capital (Total of Tier I Capital and Tier II Capital) | 1,706,507 | -- |
| Total Risk Weighted Assets | 11,791,253 | -- |
| CAPITAL ADEQUACY RATIOS | | |
| Consolidated Core Capital Ratio (%) | 10.67 | -- |
| Consolidated Tier I Capital Ratio (%) | 10.66 | -- |
| Consolidated Capital Adequacy Ratio (%) | 14.47 | -- |
| BUFFERS | | |
| Bank-specific total CET1 Capital Ratio | 4.50 | -- |
| Capital Conservation Buffer Ratio (%) | 0.63 | -- |
| Bank-specific Counter-Cyclical Capital Buffer Ratio (%) | -- | -- |
| Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%) | 0.05 | -- |
| 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) | 120,837 | -- |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used | 120,837 | -- |
| 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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| TIER I CAPITAL | 31 December 2015 (*) |
|---|---------------------------------|
| Paid-in Capital to be Entitled for Compensation after All Creditors | 847,515 |
| Share Premium | 73,379 |
| Share Cancellation Profits | -- |
| Reserves | 46,786 |
| Other Comprehensive Income according to TAS | -- |
| Profit | 81,517 |
| Current Period Profit | 81,517 |
| Prior Period Profit | -- |
| General Reserves for Possible Losses | -- |
| Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit | -- |
| Minority Shares | 32 |
| Tier I Capital Before Deductions | 1,049,229 |
| Deductions From Tier I Capital | |
| Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-) | 12,337 |
| Leasehold Improvements on Operational Leases (-) | 13,239 |
| Goodwill and Other Intangible Assets and Related Deferred Taxes (-) | 5,364 |
| Net Deferred Tax Asset/Liability (-) | -- |
| Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-) | -- |
| Direct and Indirect Investments of the Bank on its own Tier I Capital (-) | -- |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -- |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -- |
| Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-) | -- |
| Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-) | -- |
| Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) | -- |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-) | -- |
| Mortgage Servicing Rights not deducted (-) | -- |
| Excess Amount arising from Deferred Tax Assets from Temporary Differences (-) | -- |
| Other items to be Defined by the BRSA (-) | -- |
| Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-) | -- |
| Total Deductions from Tier I Capital | 30,940 |
| Total Tier I Capital | 1,018,289 |
| 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 (Issued or Obtained after 1.1.2014) | -- |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014) | -- |
| Additional Tier I Capital before Deductions | |
| Deductions from Additional Tier I Capital | |
| Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-) | -- |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -- |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-) | -- |
| Other items to be Defined by the BRSA (-) | -- |
| Deductions from Additional Tier I Capital in cases where there are no adequate Tier II Capital (-) | -- |
| Total Deductions from Additional Tier I Capital | -- |

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| | |
|---|------------------|
| Total Additional Tier I Capital | -- |
| Deductions from Core Capital | 1,713 |
| Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) | -- |
| Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) | 1,713 |
| Total Core Capital | 1,016,576 |
| TIER II CAPITAL | |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014) | -- |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014) | 155,600 |
| Pledged Assets of the Shareholders to be used for the Bank's Capital | -- |
| General Provisions | 91,103 |
| Tier II Capital before Deductions | 246,703 |
| Deductions from Tier II Capital | |
| Direct and Indirect Investments of the Bank on its own Tier II Capital (-) | -- |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -- |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-) | -- |
| Other items to be Defined by the BRSA (-) | -- |
| Total Deductions from Tier II Capital | -- |
| Total Tier II Capital | 246,703 |
| CAPITAL | 1,263,279 |
| Loans Granted against the Articles 50 and 51 of the Banking Law (-) | -- |
| Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-) | -- |
| Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-) | -- |
| Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) | -- |
| Other items to be Defined by the BRSA (-) | 237 |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-) | -- |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-) | -- |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-) | -- |
| EQUITY | 1,263,042 |
| 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 | -- |

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

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

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

Items included in shareholder's equity

| | | |
|--|--|---|
| Issuer | Fibabanka A.Ş. | Eco Trade And Development Bank |
| Code of debt instrument (CUSIP, ISIN etc.) | XS1386178237 | -- |
| Regulation of debt instrument | BRSA's "Regulation on Equities of Banks" dated 1 November 2006 and English Law | BRSA's "Regulation on Equities of Banks" dated 1 November 2006" and English Law |
| 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 |
| Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based | Unconsolidated and Consolidated | Unconsolidated and Consolidated |
| Type of debt instrument | Subordinated Bond | Subordinated Loan |
| Considered amount of shareholders' equity calculation (By last report date of – Thousand TL) | 299,590 | 29,959 |
| Nominal value of debt instrument (Thousand TL) | 299,590 | 29,959 |
| Related account of debt instrument | Subordinated Debt Instruments | Subordinated Loan |
| Export date of debt instrument | 24/03/16 | 06/08/13 |
| Maturity structure of debt instrument (Demand/Time) | Time | Time |
| Beginning term of of debt instrument | 11 years | 10 years |
| Whether there is right of reimbursment of exporter or not according to BRSA rules | There is a right to reimbursement | There is a right to reimbursement |
| Optional reimbursment date, options of conditional reimbursment and reimbursment amount | 24/03/2022; 100 million \$ | 06/08/2018; 10 million \$ |
| Following reimbursment option dates | None | None |

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| Interest/Dividend Payments | | |
|--|--|---|
| Fixed or floating interest/dividend payments | Floating interest | Floating interest |
| Interest rate or index value of interest rate | First 6 years 9.25% (6-years mid-swap rate + 7.389%); In the end of 6th year updated 5-years mid-swap rate+7.389 | Libor + % 8.5 |
| Whether there is any restriction to stop payment of capital bonus or not | None | The Bank can not pay dividends if becomes overdue according to subordinated loan agreement. |
| Feature of being full optional, partially optional or obligatory | Imperative | Imperative |
| 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 | -- | Regulation, article 8-2(ğ) |
| If there is convertible bonds, feature of full or partially conversion | -- | -- |
| If there is convertible bonds, rate of conversion | -- | -- |
| If there is convertible bonds, feature of conversion –obligatory or optional- | -- | -- |
| If there is convertible bonds, types of convertible instruments | -- | -- |
| If there is convertible bonds, exporter of convertible debt instruments | -- | -- |
| Feature of value reduction | | |
| If there is a feature of value reduction, trigger incidents cause this reduction | -- | -- |
| If there is a feature of value reduction, feature of full or partially reduction of value | -- | -- |
| If there is a feature of value reduction, feature of being constant of temporary | -- | -- |
| If there is a feature of value reduction, mechanism of value incrementation | -- | -- |
| Claiming rank in case of winding up (Instrument that is just above debt instrument) | -- | -- |
| Whether meeting the conditions defined by 7th or 8th articles of Shareholders' Equity of Banks Regulation | Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article. | Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article. |
| The conditions not met which were defined by 7th or 8th of the 7th or 8th articles of Shareholders' Equity of Banks Regulation | -- | -- |

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2016

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

II. Explanations on consolidated risk management

Notes and explanations in this section have been prepared in accordance with the “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. As the Bank uses the standard approach for the calculation of capital adequacy, the following tables those have to be disclosed in accordance with the Communiqué on a quarterly and semi-annually basis were not presented by the Bank as of 30 September 2016:

- RWA flow statements of credit risk exposures under IRB (Internal Ratings Based)
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an Internal Model Approach (IMA)

Overview of Risk Weighted Amounts

| | | a | b | c |
|----|---|-----------------------|------------------|------------------------------|
| | | Risk Weighted Amounts | | Minimum Capital Requirements |
| | | Current Period | Prior Period | Current Period |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 10,615,280 | 8,585,907 | 849,222 |
| 2 | Of which standardised approach (SA) | 10,615,280 | 8,585,907 | 849,222 |
| 3 | Of which internal rating-based (IRB) approach | -- | -- | -- |
| 4 | Counterparty credit risk | 343,234 | 142,274 | 27,459 |
| 5 | Of which standardised approach for counterparty credit risk (SA-CCR) | 343,234 | 142,274 | 27,459 |
| 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 | 30,434 | -- | 2,435 |
| 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 | 147,400 | 97,063 | 11,792 |
| 17 | Of which standardised approach (SA) | 147,400 | 97,063 | 11,792 |
| 18 | Of which internal model approaches (IMM) | -- | -- | -- |
| 19 | Operational risk | 654,905 | 488,484 | 52,392 |
| 20 | Of which basic indicator approach | 654,905 | 488,484 | 52,392 |
| 21 | Of which standardised approach | -- | -- | -- |
| 22 | Of which advanced measurement approach | -- | -- | -- |
| 23 | Amounts below the thresholds for deduction from capital (subject to 250% risk weight) | -- | -- | -- |
| 24 | Floor adjustment | -- | -- | -- |
| 25 | Total (1+4+7+8+9+10+11+12+16+19+23+24) | 11,791,253 | 9,313,728 | 943,300 |

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1 JANUARY – 30 SEPTEMBER 2016**(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations on consolidated currency risk

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

As of 30 September 2016, the Group's net foreign currency short position is TL 18,353 (31 December 2015: TL 112,574 short position) resulting from long position on the balance sheet amounting to TL 109,728, (31 December 2015: TL 159,744 short position) and short position on the off balance sheet amounting to TL 128,081 (31 December 2015: TL 47,170 long position). "Standard Method" is used in legal reporting to measure the foreign exchange risk.

The announced current foreign exchange buy rates of the Bank at 30 September 2016 and the previous five working days in full TL are as follows:

| | |
|--|-----------|
| US Dollar purchase rate as at the balance sheet date (full basis TL) | TL 2.9959 |
| Euro purchase rate as at the balance sheet date (full basis TL) | TL 3.3608 |

| Date | USD | EUR |
|-------------------|------------|------------|
| 26 September 2016 | 2.9474 | 3.3044 |
| 27 September 2016 | 2.9846 | 3.3546 |
| 28 September 2016 | 2.9709 | 3.3401 |
| 29 September 2016 | 2.9764 | 3.3362 |
| 30 September 2016 | 2.9959 | 3.3608 |

Simple arithmetic means of foreign exchange rates in September 2016 are TL 2.9601 for US dollar, and TL 3.3165 for Euro. (Full basis TL)

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III. Explanations on consolidated currency risk (cont'd)

| Current Period | EUR | USD | Other | Total |
|--|--------------------|--------------------|------------------|------------------|
| Assets | | | | |
| Cash and Balances with the Central Bank of Turkey | 214,029 | 1,235,142 | 267,567 | 1,716,738 |
| Banks | 14,631 | 52,321 | 3,347 | 70,299 |
| Financial Assets at Fair Value through Profit/Loss (*) | 1,249 | 3,836 | -- | 5,085 |
| Interbank Money Market Placements | -- | 20,972 | -- | 20,972 |
| Financial Assets Available for Sale | 64,252 | 517,702 | -- | 581,954 |
| Loans (**) | 1,987,789 | 1,442,092 | 54,057 | 3,483,938 |
| Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) | -- | -- | -- | -- |
| Investments Held to Maturity | -- | -- | -- | -- |
| Derivative Financial Assets Held for Hedging Purposes | -- | -- | -- | -- |
| Tangible Assets | -- | -- | -- | -- |
| Intangible Assets | -- | -- | -- | -- |
| Other Assets (***) | 579 | 277 | 2 | 858 |
| Total Assets | 2,282,529 | 3,272,342 | 324,973 | 5,879,844 |
| Liabilities | | | | |
| Banks Deposits | 43,771 | 180,925 | 17,122 | 241,818 |
| Foreign Currency Deposits | 305,702 | 2,922,061 | 31,722 | 3,259,485 |
| Interbank Money Market Received | 45,620 | 327,828 | -- | 373,448 |
| Funds Borrowed from Other Financial Institutions | 844,851 | 705,734 | 778 | 1,551,363 |
| Sundry Creditors | 4,218 | 30,077 | 940 | 35,235 |
| Marketable Securities Issued | -- | -- | -- | -- |
| Derivative Financial Liabilities Held for Hedging Purposes | -- | -- | -- | -- |
| Other Liabilities(****) | 2,908 | 305,858 | 1 | 308,767 |
| Total Liabilities | 1,247,070 | 4,472,483 | 50,563 | 5,770,116 |
| Net Balance Sheet Position | 1,035,459 | (1,200,141) | 274,410 | 109,728 |
| Net Off-Balance Sheet Position | (1,040,487) | 1,188,491 | (276,085) | (128,081) |
| Financial Derivative Assets(*****) | 1,545,982 | 2,766,697 | 112,276 | 4,424,955 |
| Financial Derivative Liabilities(*****) | 2,586,469 | 1,578,206 | 388,361 | 4,553,036 |
| Non-Cash Loans (*****) | 172,121 | 335,970 | 396 | 508,487 |
| Prior Period | | | | |
| Total Assets | 1,657,952 | 3,107,821 | 277,133 | 5,042,906 |
| Total Liabilities | 1,580,624 | 3,568,569 | 53,457 | 5,202,650 |
| Net Balance Sheet Position | 77,328 | (460,748) | 223,676 | (159,744) |
| Net Off-Balance Sheet Position | (179,033) | 450,735 | (224,532) | 47,170 |
| Derivative Financial Assets(*****) | 1,145,641 | 1,141,211 | 116,033 | 2,402,885 |
| Derivative Financial Liabilities(*****) | 1,324,674 | 690,476 | 340,565 | 2,355,715 |
| Non-Cash Loans (*****) | 151,798 | 512,795 | 926 | 665,519 |

(*) The balance does not include trading derivative assets discount amounting to TL 306.

(**) The balance includes foreign currency indexed loans and accruals amounting to TL 514,089.

(***) The balance does not include TL 9,456 of prepaid expenses.

(****) The balance does not include trading derivative liabilities discount amounting to TL 308.

(*****) In the current period, exchange purchase commitments within the derivative financial assets amounted to TL 463,111 (31 December 2015: TL 121,023), exchange sale commitments within the derivative financial liabilities amounted to TL 436,934 (31 December 2015: TL 124,398).

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2016

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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 crises. 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 End | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Non- interest Bearing | Total |
|---|--------------------|------------------|------------------|------------------|-----------------|-----------------------------|-------------------|
| Assets | | | | | | | |
| Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 1,320,516 | -- | -- | -- | -- | 527,640 | 1,848,156 |
| Banks | 17,976 | -- | -- | -- | -- | 53,317 | 71,293 |
| Financial Assets at Fair Value Through Profit or Loss | 17,333 | 2,652 | 26,942 | 120,773 | 2,568 | 38,257 | 208,525 |
| Interbank Money Market Placements | 20,972 | -- | -- | -- | -- | -- | 20,972 |
| Financial Assets Available-for-Sale | 1,648 | 309 | 12,578 | 523,493 | 171,004 | 923 | 709,955 |
| Loans | 1,257,157 | 3,661,646 | 1,949,792 | 2,520,319 | 727,783 | 115,605 | 10,232,302 |
| Investment Securities Held-to- Maturity | -- | -- | -- | -- | -- | -- | -- |
| Other Assets (*) | -- | -- | -- | -- | -- | 371,977 | 371,977 |
| Total Assets | 2,635,602 | 3,664,607 | 1,989,312 | 3,164,585 | 901,355 | 1,107,719 | 13,463,180 |
| Liabilities | | | | | | | |
| Bank Deposits | 291,011 | -- | -- | -- | -- | 7,354 | 298,365 |
| Other Deposits | 4,769,974 | 2,270,684 | 301,903 | 17,468 | -- | 453,081 | 7,813,110 |
| Interbank Money Market Received | 499,356 | -- | -- | -- | -- | -- | 499,356 |
| Sundry Creditors | -- | -- | -- | -- | -- | 124,220 | 124,220 |
| Marketable Securities Issued | 99,163 | 413,577 | 480,241 | -- | -- | -- | 992,981 |
| Funds Borrowed from Other Financial Institutions | 408,441 | 709,137 | 350,342 | 2,665 | 97,574 | -- | 1,568,159 |
| Other Liabilities (**) | 7,071 | 2,355 | 9,578 | 120,603 | 301,961 | 1,725,421 | 2,166,989 |
| Total Liabilities | 6,075,016 | 3,395,753 | 1,142,064 | 140,736 | 399,535 | 2,310,076 | 13,463,180 |
| Balance Sheet Long Position | -- | 268,854 | 847,248 | 3,023,849 | 501,820 | -- | 4,641,771 |
| Balance Sheet Short Position | (3,439,414) | -- | -- | -- | -- | (1,202,357) | (4,641,771) |
| Off-Balance Sheet Long Position | -- | -- | -- | 25,000 | -- | 6,301,607 | 6,326,607 |
| Off-Balance Sheet Short Position | (5,632) | -- | -- | (25,000) | -- | (6,531,861) | (6,562,493) |
| Total Position | (3,445,046) | (268,854) | 847,248 | 3,023,849 | 501,820 | (1,432,611) | (235,886) |

(*) Non-interest bearing column includes TL186,606 tangible assets, TL 4,469 intangible assets, TL 1,937 tax asset, TL 4,804 assets held for sale and TL 174,161 other assets.

(**) Non-interest bearing column includes TL 1,272,023 shareholders' equity, TL 254,985 other liabilities, TL 99 finance lease liabilities, TL 160,536 provisions and TL 37,778 tax liabilities.

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IV. Explanations on consolidated interest rate risk (cont'd)

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

| Prior Period End | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Non- interest Bearing | Total |
|--|--------------------|------------------|------------------|------------------|-----------------|-----------------------------|-------------------|
| Assets | | | | | | | |
| Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 1,430,560 | -- | -- | -- | -- | 43,549 | 1,474,109 |
| Banks | 4,301 | -- | -- | -- | -- | 65,745 | 70,046 |
| Financial Assets at Fair Value Through Profit or Loss | 9,986 | 4,147 | 22,506 | 51,044 | 26,848 | -- | 114,531 |
| Interbank Money Market Placements | -- | -- | -- | -- | -- | -- | -- |
| Financial Assets Available -for-Sale | 8,929 | -- | 40,565 | 492,590 | 68,990 | 2,697 | 613,771 |
| Loans | 1,250,287 | 3,044,920 | 1,469,279 | 2,227,114 | 554,412 | 68,765 | 8,614,777 |
| Investment Securities Held-to-Maturity | -- | -- | -- | -- | -- | -- | -- |
| Other Assets (*) | -- | -- | -- | -- | -- | 299,350 | 299,350 |
| Total Assets | 2,704,063 | 3,049,067 | 1,532,350 | 2,770,748 | 650,250 | 480,106 | 11,186,584 |
| Liabilities | | | | | | | |
| Bank Deposits | 495,035 | -- | -- | -- | -- | 16,649 | 511,684 |
| Other Deposits | 3,380,740 | 2,621,152 | 527,341 | 179 | -- | 414,628 | 6,944,040 |
| Interbank Money Market Received | 504,822 | -- | -- | -- | -- | -- | 504,822 |
| Sundry Creditors | -- | -- | -- | -- | -- | 100,688 | 100,688 |
| Marketable Securities Issued | -- | 201,035 | 302,706 | -- | -- | -- | 503,741 |
| Funds Borrowed from Other Financial Institutions | 27,599 | 282,800 | 921,098 | 4,862 | -- | -- | 1,236,359 |
| Other Liabilities (**) | 5,022 | 3,591 | 22,403 | 35,378 | 17,214 | 1,301,642 | 1,385,250 |
| Total Liabilities | 4,413,218 | 3,108,578 | 1,773,548 | 40,419 | 17,214 | 1,833,607 | 11,186,584 |
| Balance Sheet Long Position | -- | -- | -- | 2,730,329 | 633,036 | -- | 3,363,365 |
| Balance Sheet Short Position | (1,709,155) | (59,511) | (241,198) | -- | -- | (1,353,501) | (3,363,365) |
| Off-Balance Sheet Long Position | 591 | 1,112 | 4,453 | 7,368 | -- | 3,873,254 | 3,886,778 |
| Off-Balance Sheet Short Position | (591) | (1,112) | (4,454) | (7,367) | -- | (3,972,889) | (3,986,413) |
| Total Position | (1,709,155) | (59,511) | (241,199) | 2,730,330 | 633,036 | (1,453,136) | (99,635) |

(*) Non-interest bearing column includes TL 191,693 tangible assets, TL 5,364 intangible assets, TL 1,901 tax assets, TL 3,299 assets held for sale and TL 97,093 other assets.

(**) Non-interest bearing column includes TL 1,036,913 shareholders' equity, TL 114,797 other liabilities, TL 171 finance lease liabilities, TL 113,812 provisions and TL 35,949 tax liabilities.

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IV. Explanations on consolidated interest rate risk (cont'd)

Average interest rates applied to financial instruments

| Current Period End | EUR | USD | JPY | TL |
|--|------------|------------|------------|-----------|
| | % | % | % | % |
| Assets | | | | |
| Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -- | 0.49 | -- | 2.78 |
| Banks | 0.03 | 0.68 | -- | -- |
| Financial Assets at Fair Value Through Profit/ Loss | 2.82 | 4.72 | -- | 10.09 |
| Interbank Money Market Placements | -- | 0.50 | -- | -- |
| Financial Assets Available-for-Sale | 3.38 | 4.49 | -- | 9.29 |
| Loans | 5.99 | 6.03 | -- | 15.55 |
| Investment Securities Held-to-Maturity | -- | -- | -- | -- |
| Liabilities | | | | |
| Bank Deposits | 0.05 | 0.77 | -- | 8.14 |
| Other Deposits | 1.46 | 3.05 | -- | 11.60 |
| Interbank Money Market Funds | 0.46 | 1.62 | -- | 7.50 |
| Sundry Creditors | -- | -- | -- | -- |
| Marketable Securities Issued | -- | 9.25 | -- | 10.82 |
| Funds Borrowed from Other Financial Institutions | 1.94 | 2.14 | -- | 6.72 |
| Prior Period End | EUR | USD | JPY | TL |
| | % | % | % | % |
| Assets | | | | |
| Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -- | 0.49 | -- | 3.81 |
| Banks | -- | -- | -- | 11.25 |
| Financial Assets at Fair Value Through Profit/Loss | 3.72 | 5.15 | -- | 9.00 |
| Interbank Money Market Placements | -- | -- | -- | -- |
| Financial Assets Available-for-Sale | 3.35 | 4.07 | -- | 8.90 |
| Loans | 6.38 | 6.01 | -- | 15.66 |
| Investment Securities Held-to-Maturity | -- | -- | -- | -- |
| Liabilities | | | | |
| Bank Deposits | 0.24 | 0.59 | -- | 10.92 |
| Other Deposits | 1.63 | 2.51 | -- | 12.88 |
| Interbank Money Market Received | 0.47 | 1.07 | -- | 7.50 |
| Sundry Creditors | -- | -- | -- | -- |
| Marketable Securities Issued | -- | -- | -- | 11.58 |
| Funds Borrowed from Other Financial Institutions | 1.78 | 1.63 | -- | 6.61 |

V. Explanations on consolidated equity share position risk

As of 30 September 2016, there is no any equity share position.

VI. Explanations on consolidated liquidity risk

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 being directly monitored and compensated by making the risk-return-cost evaluation.

It is included in the presentation on a weekly basis for long-term liquidity "Maturity Mismatch Report" made by ALCO. The Bank, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 2 year maturity period. The Bank intends to eliminate liquidity mismatch by shifting focus to long-term funding alternatives. Such protection 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; considers 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 on a weekly basis according to Liquidity and Funding Risk Policy approved by the Board of Directors. These stress tests based on the scenarios is that in a 14-day period the outflow of deposits can not be prevented, deposits and funds obtained from issued TL bonds will outflow; and counter bank limits will not be used and the results takes part in the presents of ALCO meetings on a weekly basis basis and in Risk Committee meetings on a monthly basis. In this way, the bank's funding structure is closely monitored and necessary actions are taken.

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

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

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VI. Explanation on consolidated liquidity risk (cont'd)

| 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) | | | 1,491,507 | 1,388,856 |
| CASH OUTFLOWS | | | | | |
| 2 | Deposits from natural persons and retail deposits | 5,178,344 | 1,998,326 | 320,935 | 118,149 |
| 3 | Stable deposits | 3,965,102 | 1,633,671 | 196,900 | 81,684 |
| 4 | Less stable deposits | 1,213,242 | 364,655 | 124,035 | 36,466 |
| 5 | Unsecured funding except for retail deposits and deposits from natural persons, of which: | 2,729,341 | 1,301,654 | 1,515,985 | 690,860 |
| 6 | Operational deposits | -- | -- | -- | -- |
| 7 | Non-operational deposits | 2,012,002 | 1,008,596 | 804,800 | 403,439 |
| 8 | Other unsecured funding | 717,340 | 293,058 | 711,185 | 287,421 |
| 9 | Secured funding | | | 399,173 | 399,173 |
| 10 | Other cash outflows | 1,379,362 | 601,247 | 263,825 | 179,611 |
| 11 | Outflows related to derivative exposures and other collateral requirements | 115,187 | 103,040 | 115,187 | 103,040 |
| 12 | Outflows related to restructured financial instruments | -- | -- | -- | -- |
| 13 | Payment commitments granted for debts to financial markets and other off-balance sheet commitments | 1,264,175 | 498,207 | 148,638 | 76,571 |
| 14 | Other revocable off-balance sheet commitments and other contractual obligations | -- | -- | -- | -- |
| 15 | Other irrevocable or conditionally revocable off-balance sheet obligations | 14,463 | 2 | 14,463 | 2 |
| 16 | TOTAL CASH OUTFLOWS | | | 2,514,381 | 1,387,795 |
| CASH INFLOWS | | | | | |
| 17 | Secured receivables | 33,849 | 33,849 | 11,283 | 11,283 |
| 18 | Unsecured receivables | 963,336 | 138,943 | 541,169 | 106,614 |
| 19 | Other cash inflows | 22,371 | 10,047 | 22,371 | 10,047 |
| 20 | TOTAL CASH INFLOWS | 28,991 | 21,403 | 574,823 | 127,944 |
| | | | | Upper Limits Applied Total Adjusted Value | |
| 21 | TOTAL HQLA | | | 1,491,507 | 1,388,856 |
| 22 | TOTAL NET CASH OUTFLOWS | | | 1,939,558 | 1,259,851 |
| 23 | LIQUIDITY COVERAGE RATIO (%) | | | 76.90 | 110.24 |

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

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VI. Explanation on consolidated liquidity risk (cont'd)

| 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) | | | 1,167,776 | 1,075,731 |
| CASH OUTFLOWS | | | | | |
| 2 | Deposits from natural persons and retail deposits | 4,133,508 | 1,694,900 | 256,038 | 100,351 |
| 3 | Stable deposits | 3,149,448 | 1,382,790 | 157,632 | 69,140 |
| 4 | Less stable deposits | 984,060 | 312,110 | 98,406 | 31,211 |
| 5 | Unsecured funding except for retail deposits and deposits from natural persons, of which: | 1,820,493 | 854,139 | 1,498,926 | 784,822 |
| 6 | Operational deposits | -- | -- | -- | -- |
| 7 | Non-operational deposits | 1,799,814 | 835,655 | 719,925 | 334,262 |
| 8 | Other unsecured funding | 20,679 | 18,484 | 779,001 | 450,560 |
| 9 | Secured funding | | | 292,381 | 292,381 |
| 10 | Other cash outflows | 1,219,644 | 468,464 | 234,381 | 158,742 |
| 11 | Outflows related to derivative exposures and other collateral requirements | 108,334 | 104,341 | 108,334 | 104,341 |
| 12 | Outflows related to restructured financial instruments | -- | -- | -- | -- |
| 13 | Payment commitments granted for debts to financial markets and other off-balance sheet commitments | 1,111,310 | 364,123 | 126,047 | 54,401 |
| 14 | Other revocable off-balance sheet commitments and other contractual obligations | -- | -- | -- | -- |
| 15 | Other irrevocable or conditionally revocable off-balance sheet obligations | 88,788 | 88,413 | 4,439 | 4,421 |
| 16 | TOTAL CASH OUTFLOWS | | | 2,286,165 | 1,340,716 |
| CASH INFLOWS | | | | | |
| 17 | Secured receivables | 19,214 | 19,214 | 19,214 | 19,214 |
| 18 | Unsecured receivables | 785,674 | 151,345 | 450,009 | 113,297 |
| 19 | Other cash inflows | 10,845 | 6,227 | 10,845 | 6,227 |
| 20 | TOTAL CASH INFLOWS | 815,733 | 176,786 | 480,068 | 138,738 |
| | | | | Upper Limits Applied Total Adjusted Value | |
| 21 | TOTAL HQLA | | | 1,167,776 | 1,075,731 |
| 22 | TOTAL NET CASH OUTFLOWS | | | 1,806,098 | 1,201,979 |
| 23 | LIQUIDITY COVERAGE RATIO (%) | | | 64.66 | 89.50 |

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

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VI. Explanation on consolidated liquidity risk (cont'd)

The table below presents highest, lowest and average consolidated liquidity coverage ratios for the last three month:

| Current Period | TL+FC | FC |
|-----------------------|---------------|----------------|
| 31 July 2016 | 79.76% | 113.08% |
| 31 August 2016 | 74.32% | 105.75% |
| 30 September 2016 | 76.79% | 112.07% |
| Average | 76.96% | 110.30% |

| Prior Period | TL+FC | FC |
|---------------------|---------------|---------------|
| 31 October 2015 | 61.89% | 84.46% |
| 30 November 2015 | 66.31% | 99.07% |
| 31 December 2015 | 65.70% | 86.61% |
| Average | 64.63% | 90.05% |

The Bank implements the calculation in accordance with the Regulation of Liquidity Coverage Ratio Calculation of Banks dated 21 March 2014 and numbered 28948 published in the Official Gazette. The related regulations include items that are considered as high quality liquid assets; mainly the securities portfolio and cash assets and money held as required reserves. The important factors affecting the results of the liquidity coverage ratio; remaining maturities of 30 days exchange and money market transactions. Deposits form a significant portion of the Bank's sources of funds, on the other hand bonds issued, money market borrowings, funds provided from abroad are other important sources of funding.

While calculating liquidity coverage ratio, the Bank considers transactions arising from derivative transactions which have probability of cash flow and margin 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. Explanation on consolidated liquidity risk (cont'd)

Presentation of assets and liabilities according to their remaining maturities:

| Current Period | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Year | 5 Years and Over | Unallocated | Total |
|--|------------------|--------------------|--------------------|------------------|------------------|---------------------------|------------------|-------------------|
| Assets | | | | | | | | |
| Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 312,496 | 1,535,660 | -- | -- | -- | -- | -- | 1,848,156 |
| Banks | 53,317 | 17,976 | -- | -- | -- | -- | -- | 71,293 |
| Financial Assets at Fair Value Through Profit or Loss | -- | 55,148 | 2,648 | 11,077 | 137,053 | 2,596 | 3 | 208,525 |
| Interbank Money Market Placements | -- | 20,972 | -- | -- | -- | -- | -- | 20,972 |
| Financial Assets Available-for-Sale | -- | -- | 309 | 12,578 | 523,493 | 172,652 | 923 | 709,955 |
| Loans | -- | 1,328,698 | 1,488,681 | 4,154,446 | 2,754,988 | 389,884 | 115,605 | 10,232,302 |
| Investment Securities Held-to-Maturity | -- | -- | -- | -- | -- | -- | -- | -- |
| Other Assets (*) | -- | -- | -- | -- | -- | -- | 371,977 | 371,977 |
| Total Assets | 365,813 | 2,958,454 | 1,491,638 | 4,178,101 | 3,415,534 | 565,132 | 488,508 | 13,463,180 |
| Liabilities | | | | | | | | |
| Bank Deposits | 7,354 | 291,011 | -- | -- | -- | -- | -- | 298,365 |
| Other Deposits | 453,081 | 4,769,974 | 2,270,684 | 301,903 | 17,468 | -- | -- | 7,813,110 |
| Funds Borrowed from Other Financial Institutions | -- | 31,651 | 622,568 | 387,966 | 457,030 | 68,944 | -- | 1,568,159 |
| Interbank Money Market Received | -- | 499,356 | -- | -- | -- | -- | -- | 499,356 |
| Marketable Securities Issued | -- | 98,643 | 413,577 | 480,761 | -- | -- | -- | 992,981 |
| Sundry Creditors | -- | 124,220 | -- | -- | -- | -- | -- | 124,220 |
| Other Liabilities (**) | -- | 260,537 | 17,708 | 14,078 | 126,417 | 302,538 | 1,445,711 | 2,166,989 |
| Total Liabilities | 460,435 | 6,075,392 | 3,324,537 | 1,184,708 | 600,915 | 371,482 | 1,445,711 | 13,463,180 |
| Net Liquidity Gap | (94,622) | (3,116,938) | (1,832,899) | 2,993,393 | 2,814,619 | 193,650 | (957,203) | -- |
| Net Off-Balance Sheet Position | | | | | | | | |
| Derivative Financial Assets | -- | (9,769) | (13,419) | (50,298) | (162,400) | -- | -- | (235,886) |
| Derivative Financial Liabilities | -- | 2,101,967 | 638,570 | 615,538 | 2,970,532 | -- | -- | 6,326,607 |
| Non-Cash Loans | -- | 2,111,736 | 651,989 | 665,836 | 3,132,932 | -- | -- | 6,562,493 |
| Non-Cash Loans | -- | 85,896 | 100,396 | 342,760 | 100,971 | 297,754 | -- | 927,777 |
| Prior Period | | | | | | | | |
| Total Assets | 227,413 | 2,422,706 | 966,747 | 3,885,576 | 2,800,165 | 502,700 | 381,277 | 11,186,584 |
| Total Liabilities | 431,277 | 4,637,877 | 2,853,839 | 1,602,636 | 282,740 | 226,503 | 1,151,712 | 11,186,584 |
| Net Liquidity Gap | (203,864) | (2,215,171) | (1,887,092) | 2,282,940 | 2,517,425 | 276,197 | (770,435) | -- |
| Net Off-Balance Sheet Position | | | | | | | | |
| Derivative Financial Assets | -- | 371 | (14,230) | (29,696) | (83,096) | -- | -- | (126,651) |
| Derivative Financial Liabilities | -- | 721,138 | 451,533 | 1,022,630 | 1,499,854 | -- | -- | 3,695,155 |
| Non-Cash Loans | -- | 720,767 | 465,763 | 1,052,326 | 1,582,950 | -- | -- | 3,821,806 |
| Non-Cash Loans | -- | 6,844 | 162,889 | 413,408 | 276,474 | 186,017 | -- | 1,045,632 |

(*) 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.

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

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VI. Explanation on consolidated liquidity risk (cont'd)

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 19/08/2015, total amount of assets and risk in the consolidated financial statements prepared in accordance with Turkish Accounting Standards shown below;

| | | Current Period(**) | Prior Period |
|---|---|-------------------------------|-------------------------|
| 1 | Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*) | 24,000,947 | 17,443,409 |
| 2 | The difference between total assets prepared in accordance with Turkish Accounting Standards (*) and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" | -- | -- |
| 3 | The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments | (7,087,746) | (4,095,323) |
| 4 | The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments | -- | -- |
| 5 | The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items | -- | -- |
| 6 | Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items | -- | -- |
| 7 | Total risk amount | 16,913,201 | 13,348,086 |

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

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

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VII. Explanation 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;

| | On – balance sheet assets | Current Period(*) | Prior Period(*) |
|----|---|------------------------------|----------------------------|
| 1 | On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral) | 13,649,370 | 10,974,528 |
| 2 | (Assets deducted in determining Tier I capital) | (25,503) | (35,696) |
| 3 | Total on-balance sheet risks (sum of lines 1 and 2) | 13,623,867 | 10,938,832 |
| | Derivative financial instruments and credit derivatives | | |
| 4 | Replacement cost associated with all derivative financial instruments and credit derivatives | 149,182 | 101,960 |
| 5 | Potential credit risk associated with all derivative financial instruments and credit derivatives | 159,278 | 86,787 |
| 6 | Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5) | 308,460 | 188,747 |
| | Securities or commodity financing transactions (SCFT) | | |
| 7 | Risks from SCFT assets (except for on-balance sheet) | 567,706 | 552,260 |
| 8 | Risks from brokerage activities related exposures | -- | -- |
| 9 | Total risks related with securities or commodity financing transactions (sum of lines 7 to 8) | 567,706 | 552,260 |
| | Other off-balance sheet transactions | | |
| 10 | Gross notional amounts of off-balance sheet transactions | 2,413,168 | 1,668,246 |
| 11 | (Adjustments for conversion to credit equivalent amounts) | -- | -- |
| 12 | Total risks of off-balance sheet items (sum of lines 10 and 11) | 2,413,168 | 1,668,246 |
| | Capital and total risks | | |
| 13 | Tier I capital | 1,145,144 | 927,052 |
| 14 | Total risks (sum of lines 3, 6, 9 and 12) | 16,913,201 | 13,348,086 |
| | Leverage ratio | | |
| 15 | Leverage ratio | 6.77 | 6.95 |

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

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VIII. Explanations on consolidated segment reporting

The Bank operates in customer banking services, individual customer 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 customer banking services and commercial services. Fiba Portföy, the Bank's consolidated subsidiary, performs portfolio management activities and results of its operations and its assets and liabilities are presented under "Treasury and Headquarters" segment.

| | Retail Banking | Commercial & Corporate Banking | Treasury & Headquarters | Total Operations of the Bank |
|--|---------------------------|---|--|---|
| Current Period | | | | |
| 1 January – 30 September 2016 | | | | |
| Operating Income | 184,196 | 224,716 | 49,289 | 458,201 |
| Operating Profit | 16,111 | 135,539 | (36,791) | 114,859 |
| Taxation | | | | (32,545) |
| Net Profit/(Loss) for the Period | | | | 82,314 |
| Current Period- 30 September 2016 | | | | |
| Segment Assets | 3,445,491 | 6,671,207 | 3,346,482 | 13,463,180 |
| Unallocated Assets | | | | -- |
| Total Assets | | | | 13,463,180 |
| Segment Liabilities | 5,646,816 | 2,170,653 | 4,373,688 | 12,191,157 |
| Unallocated Liabilities | | | | -- |
| Shareholders' Equity | | | | 1,272,023 |
| Total Liabilities | | | | 13,463,180 |
| | | | | |
| | Retail Banking | Commercial & Corporate Banking | Treasury & Headquarters | Total Operations of the Bank |
| Prior Period | | | | |
| 1 January – 30 September 2015 | | | | |
| Operating Income | 131,981 | 174,339 | 24,429 | 330,749 |
| Operating Profit | (12,482) | 111,869 | (12,143) | 87,244 |
| Taxation | | | | (19,840) |
| Net Profit/(Loss) for the Period | | | | 67,404 |
| Prior Period- 31 December 2015 | | | | |
| Segment Assets | 2,875,840 | 5,670,173 | 2,640,571 | 11,186,584 |
| Unallocated Assets | | | | -- |
| Total Assets | | | | 11,186,584 |
| Segment Liabilities | 4,865,298 | 2,083,502 | 3,200,871 | 10,149,671 |
| Unallocated Liabilities | | | | -- |
| Shareholders' Equity | | | | 1,036,913 |
| Total Liabilities | | | | 11,186,584 |

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SECTION FIVE

EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL
STATEMENTS

I. Explanations and disclosures related to the consolidated assets

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

| | Current Period | | Prior Period | |
|--|----------------|------------------|---------------|------------------|
| | TL | FC | TL | FC |
| Cash in TL /Foreign Currency | 27,766 | 60,587 | 15,703 | 27,846 |
| Balances with the Central Bank of Turkey | 103,652 | 1,656,151 | 17,655 | 1,412,905 |
| Other | -- | -- | -- | -- |
| Total | 131,418 | 1,716,738 | 33,358 | 1,440,751 |

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

| | Current Period | | Prior Period | |
|------------------------------|----------------|------------------|---------------|------------------|
| | TL | FC | TL | FC |
| Unrestricted Demand Deposits | 103,652 | 120,491 | 17,655 | 100,464 |
| Unrestricted Time Deposits | -- | 16,804 | -- | -- |
| Restricted Time Deposits | -- | 1,518,856 | -- | 1,312,441 |
| Total | 103,652 | 1,656,151 | 17,655 | 1,412,905 |

According to the communiqué No: 2005/1 on “Reserve Deposits” of CBRT, banks that are operating in Turkey are required to keep reserve deposit at the rates varying from 4% - 10.50% for TL liabilities depending on maturities of liabilities and at the rate 5% - 25% and denominated mainly in EUR and USD for FC liabilities. According to the Central Bank of Turkey’s press announcement No. 2014-72 dated 21 October 2014, the Reserve Deposits as from November of 2014 are paid interest on the portion held in Turkish Lira and according to press announcement No. 2015-35 dated 2 May 2015 the Reserve Deposits as from May of 2015 are paid interest on the portion held in USD.

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

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

| | Current Period | | Prior Period | |
|---|----------------|-----------|--------------|-----------|
| | TL | FC | TL | FC |
| Share Certificates | -- | -- | -- | -- |
| Bonds, Treasury Bills and Similar Marketable Securities | 6,762 | -- | 8,666 | -- |
| Other | -- | -- | -- | -- |
| Total | 6,762 | -- | 8,666 | -- |

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

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

| | Current Period | | Prior Period | |
|---|----------------|-----------|--------------|-----------|
| | TL | FC | TL | FC |
| Share Certificates | -- | -- | -- | -- |
| Bonds, Treasury Bills and Similar Marketable Securities | 9,473 | -- | 6,749 | -- |
| Total | 9,473 | -- | 6,749 | -- |

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

| | Current Period | | Prior Period | |
|----------------------|----------------|------------|---------------|--------------|
| | TL | FC | TL | FC |
| Forward Transactions | 2,252 | -- | 13,273 | -- |
| Swap Transactions | 81,965 | 1 | 38,324 | 1 |
| Futures Transactions | -- | -- | -- | -- |
| Options | 58,932 | 305 | 39,661 | 2,713 |
| Other | -- | -- | -- | -- |
| Total | 143,149 | 306 | 91,258 | 2,714 |

3. Information on Banks

3.1 *Information on banks*

| | Current Period | | Prior Period | |
|-----------------------------------|----------------|---------------|--------------|---------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 639 | 17,975 | 4,694 | -- |
| Foreign | 355 | 52,324 | 951 | 64,401 |
| Foreign head-offices and branches | -- | -- | -- | -- |
| Total | 994 | 70,299 | 5,645 | 64,401 |

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”.

4. Information on financial assets available-for-sale

4.1 *Financial assets subject to repurchase agreements and provided as collateral/blocked*

| | Current Period | | Prior Period | |
|---|----------------|----------------|---------------|----------------|
| | TL | FC | TL | FC |
| Share Certificates | -- | -- | -- | -- |
| Bonds, Treasury Bills and Similar Marketable Securities | 117,879 | 460,164 | 72,264 | 515,988 |
| Other | -- | -- | -- | -- |
| Total | 117,879 | 460,164 | 72,264 | 515,988 |

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4.2 Details of financial assets available-for-sale

| | Current Period | Prior Period |
|----------------------------|----------------|----------------|
| Debt instruments | 709,032 | 611,074 |
| Quoted on Stock Exchange | 709,032 | 600,609 |
| Unquoted on Stock Exchange | -- | 10,465 |
| Share certificates | 923 | 2,697 |
| Quoted on Stock Exchange | 923 | 2,697 |
| Unquoted on Stock Exchange | -- | -- |
| Impairment provision (-) | -- | -- |
| Total | 709,955 | 613,771 |

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

| | Current Period | | Prior Period | |
|---------------------------------------|----------------|----------|--------------|----------|
| | Cash | Non-Cash | Cash | Non-Cash |
| Direct Loans to Shareholders | -- | -- | -- | -- |
| Corporate Shareholders | -- | -- | -- | -- |
| Individual Shareholders | -- | -- | -- | -- |
| Indirect Loans to Shareholders | -- | -- | -- | -- |
| Loans to Employees | 3,832 | -- | 2,800 | -- |
| Total | 3,832 | -- | 2,800 | -- |

5.2 Information on the first and second group loans and other receivables including restructured or rescheduled loans

| | Standard Loans and Other Receivables | | | Loans and Other Receivables under Close Monitoring | | |
|-----------------------------|--------------------------------------|--|-----------|--|--|--------------|
| | Loans and Other Receivables (Total) | Loan and Receivables with Revised Contract Terms | | Loans and Other Receivables (Total) | Loan and Receivables with Revised Contract Terms | |
| Cash Loans | | Extension of Repayment Plan | Other | | Extension of Repayment Plan | Other |
| Loans | 9,199,824 | 19 | 42 | 516,938 | 391,264 | 8,610 |
| Working Capital Loans | -- | -- | -- | -- | -- | -- |
| Export Loans | 250,804 | -- | -- | 592 | 10,919 | 70 |
| Import Loans | -- | -- | -- | -- | -- | -- |
| Loans to Financial Sector | 399,390 | -- | -- | 57 | 249 | -- |
| Consumer Loans | 508,781 | 19 | 42 | 33,931 | 5,988 | 3,271 |
| Credit Cards | 80,968 | -- | -- | 8,933 | -- | -- |
| Others | 7,959,881 | -- | -- | 473,425 | 374,108 | 5,269 |
| Specialization Loans | -- | -- | -- | -- | -- | -- |
| Other Receivables | -- | -- | -- | -- | -- | -- |
| Total | 9,199,824 | 19 | 42 | 516,938 | 391,264 | 8,610 |

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5.2 Information on the first and second group loans and other receivables including restructured or rescheduled loans (cont'd)

| | Current Period | | Prior Period | |
|-----------------------------|--------------------------------------|--|--------------------------------------|--|
| | Standard Loans and Other Receivables | Loans and Other Receivables under Close Monitoring | Standard Loans and Other Receivables | Loans and Other Receivables under Close Monitoring |
| Number of Extensions | 19 | 391,264 | 39 | 191,037 |
| 1 or 2 times | 19 | 382,430 | 39 | 182,532 |
| 3, 4 or 5 times | -- | 8,834 | -- | 8,505 |
| Over 5 times | -- | -- | -- | -- |

| | Current Period | | Prior Period | |
|--------------------------|--------------------------------------|--|--------------------------------------|--|
| | Standard Loans and Other Receivables | Loans and Other Receivables under Close Monitoring | Standard Loans and Other Receivables | Loans and Other Receivables under Close Monitoring |
| Extension Periods | 19 | 391,264 | 39 | 191,037 |
| 0-6 months | 19 | 31,298 | 33 | 10,304 |
| 6 -12 months | -- | 38,081 | -- | 23,521 |
| 1 – 2 years | -- | 112,386 | 6 | 36,921 |
| 2 – 5 years | -- | 157,621 | -- | 100,773 |
| 5 years and over | -- | 51,878 | -- | 19,518 |

The overdue analysis of close monitoring loans

| <i>Current Period</i> | Corporate/ Commercial Loans | Consumer Loans | Total |
|-----------------------|-----------------------------|----------------|----------------|
| 1-30 days | 135,781 | 6,584 | 142,365 |
| 31-60 days | 147,464 | 18,142 | 165,606 |
| 61-90 days | 112,850 | 11,113 | 123,963 |
| Total | 396,095 | 35,839 | 431,934 |

| <i>Prior Period</i> | Corporate/ Commercial Loans | Consumer Loans | Total |
|---------------------|-----------------------------|----------------|----------------|
| 1-30 days | 67,288 | 6,441 | 73,729 |
| 31-60 days | 86,425 | 18,348 | 104,773 |
| 61-90 days | 64,788 | 13,407 | 78,195 |
| Total | 218,501 | 38,196 | 256,697 |

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 Term | Total |
|---|---------------|------------------------|----------------|
| Consumer Loans-TL | 12,320 | 464,231 | 476,551 |
| Real Estate Loans | 341 | 320,590 | 320,931 |
| Vehicle Loans | 418 | 7,285 | 7,703 |
| General Purpose Loans | 11,561 | 136,356 | 147,917 |
| Other | -- | -- | -- |
| Consumer Loans-Indexed to FC | -- | 65,292 | 65,292 |
| Real Estate Loans | -- | 63,569 | 63,569 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 1,723 | 1,723 |
| Other | -- | -- | -- |
| Consumer Loans-FC | -- | 1,719 | 1,719 |
| Real Estate Loans | -- | 1,719 | 1,719 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Individual Credit Cards-TL | 4,588 | -- | 4,588 |
| With Instalment | 616 | -- | 616 |
| Without Instalment | 3,972 | -- | 3,972 |
| Individual Credit Cards-FC | 30 | -- | 30 |
| With Instalment | -- | -- | -- |
| Without Instalment | 30 | -- | 30 |
| Loans Given to Employees-TL | 298 | 2,464 | 2,762 |
| Real Estate Loans | -- | 121 | 121 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | 298 | 2,343 | 2,641 |
| 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 | 1,049 | -- | 1,049 |
| With Instalment | 294 | -- | 294 |
| Without Instalment | 755 | -- | 755 |
| Personnel Credit Cards – FC | 21 | -- | 21 |
| With Instalment | -- | -- | -- |
| Without Instalment | 21 | -- | 21 |
| Overdraft Loans-TL (Real Persons) | 5,708 | -- | 5,708 |
| Overdraft Loans-FC (Real Persons) | -- | -- | -- |
| Total | 24,014 | 533,706 | 557,720 |

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5.4 Information on commercial loans with installments and corporate credit cards

| | Short Term | Medium or Long Term | Total |
|--|----------------|---------------------|------------------|
| Instalment Commercial Loans – TL | 377,454 | 1,832,363 | 2,209,817 |
| Real Estate Loans | -- | 4,645 | 4,645 |
| Vehicle Loans | 3,536 | 51,478 | 55,014 |
| General Purpose Loans | 373,918 | 1,776,240 | 2,150,158 |
| Other | -- | -- | -- |
| Instalment Commercial Loans – Indexed to FC | 2,474 | 180,296 | 182,770 |
| Real Estate Loans | -- | 1,293 | 1,293 |
| Vehicle Loans | -- | 11,578 | 11,578 |
| General Purpose Loans | 2,474 | 167,425 | 169,899 |
| Other | -- | -- | -- |
| Instalment Commercial Loans – FC | -- | -- | -- |
| Real Estate Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Corporate Credit Cards – TL | 84,110 | -- | 84,110 |
| With Instalment | 15,167 | -- | 15,167 |
| Without Instalment | 68,943 | -- | 68,943 |
| Corporate Credit Cards – FC | 103 | -- | 103 |
| With Instalment | -- | -- | -- |
| Without Instalment | 103 | -- | 103 |
| Overdraft Loans-TL (Legal Entities) | 101,975 | -- | 101,975 |
| Overdraft Loans-FC (Legal Entities) | -- | -- | -- |
| Total | 566,116 | 2,012,659 | 2,578,775 |

5.5 Allocation of loans by customers

| | Current Period | Prior Period |
|----------------|-------------------|------------------|
| Public Sector | -- | -- |
| Private Sector | 10,116,697 | 8,546,012 |
| Total | 10,116,697 | 8,546,012 |

5.6 Allocation of Domestic and Foreign Loans

| | Current Period | Prior Period |
|----------------|-------------------|------------------|
| Domestic Loans | 9,776,622 | 8,029,397 |
| Foreign Loans | 340,075 | 516,615 |
| Total | 10,116,697 | 8,546,012 |

5.7 Loans granted to subsidiaries and associates

None.

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5.8 Specific provisions provided against loans

| Specific Provisions | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Loans and Receivables with Limited Collectability | 6,800 | 4,572 |
| Loans and Receivables with Doubtful Collectability | 37,946 | 15,711 |
| Uncollectible Loans and Receivables | 53,542 | 58,182 |
| Total | 98,288 | 78,465 |

5.9 Information on non-performing loans (Net)

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

| | Group III | Group IV | Group V |
|--|--|---|--|
| | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| Current Period | -- | -- | 177 |
| (Gross Amounts before Specific Provisions) | -- | -- | -- |
| Restructured Loans and Other Receivables | -- | -- | 177 |
| Rescheduled Loans and Other Receivables | -- | -- | -- |
| Prior Period | -- | -- | 272 |
| (Gross Amounts before Specific Provisions) | -- | -- | -- |
| Restructured Loans and Other Receivables | -- | -- | 272 |
| Rescheduled Loans and Other Receivables | -- | -- | -- |

5.9.2 Movement on non-performing loans

| | Group III | Group IV | Group V |
|--|--|---|--|
| | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| Balances at Beginning of Period | 24,646 | 36,959 | 85,625 |
| Additions (+) | 139,403 | 2,606 | 1,594 |
| Transfers from Other Categories of Non-Performing Loans (+) | 865 | 115,753 | 55,660 |
| Transfers to Other Categories of Non-Performing Loans (-) | 115,917 | 56,362 | -- |
| Collections (-) | 6,143 | 4,970 | 7,555 |
| Write-offs (-) (*) | -- | 3,009 | 55,262 |
| Corporate and Commercial Loans | -- | 2,381 | 41,011 |
| Retail Loans | -- | 527 | 13,190 |
| Credit Cards | -- | 101 | 1,061 |
| Other | -- | -- | -- |
| Balances at End of the Period | 42,854 | 90,977 | 80,062 |
| Specific Provisions (-) | 6,800 | 37,946 | 53,542 |
| Net Balance on Balance Sheet | 36,054 | 53,031 | 26,520 |

(*) TL 4,264 and TL54,007 of loans were derecognised as they were sold and transferred to asset management companies in February 2016 and in June 2016, respectively.

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

| | Group III | Group IV | Group V |
|-------------------------------------|---|--|---|
| | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| Current Period | | | |
| Balance as of the Period End | 2,058 | 6,341 | 25,883 |
| Specific Provisions (-) | 412 | 3,171 | 8,876 |
| Net Balance on Balance Sheet | 1,646 | 3,170 | 17,007 |
| Prior Period | | | |
| Balance as of the Period End | 1,698 | 59 | 24,247 |
| Specific Provisions (-) | 337 | 29 | 7,297 |
| Net Balance on Balance Sheet | 1,361 | 30 | 16,950 |

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

| | Group III | Group IV | Group V |
|--|--|---|---|
| | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| Current Period (Net) | 36,054 | 53,031 | 26,520 |
| Loans Granted to Real Persons and Legal Entities (Gross) | 42,854 | 90,977 | 80,062 |
| Specific provisions (-) | 6,800 | 37,946 | 53,542 |
| Loans Granted to Real Persons and Legal Entities (Net) | 36,054 | 53,031 | 26,520 |
| Banks (Gross) | -- | -- | -- |
| Specific Provisions (-) | -- | -- | -- |
| Banks (Net) | -- | -- | -- |
| Other Loan and Receivables (Gross) | -- | -- | -- |
| Specific Provisions (-) | -- | -- | -- |
| Other Loan and Receivables (Net) | -- | -- | -- |
| Prior Period (Net) | 20,074 | 21,248 | 27,443 |
| Loans Granted to Real Persons and Legal Entities (Gross) | 24,646 | 36,959 | 85,625 |
| Specific provisions (-) | 4,572 | 15,711 | 58,182 |
| Loans Granted to Real Persons and Legal Entities (Net) | 20,074 | 21,248 | 27,443 |
| Banks (Gross) | -- | -- | -- |
| Specific Provisions (-) | -- | -- | -- |
| Banks (Net) | -- | -- | -- |
| Other Loan and Receivables (Gross) | -- | -- | -- |
| Specific Provisions (-) | -- | -- | -- |
| Other Loan and Receivables (Net) | -- | -- | -- |

5.10 Liquidation policy for uncollectible loans and other receivables

100% provision is provided for uncollectible loans. In case of having collaterals, non-performing loans and other receivables are collected through liquidation of these collaterals. In the absence of collateral, periodical market intelligence is performed to determine the assets acquired subsequently by the debtor and the legal follow-up process is applied.

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5.11 Explanations related to write-off policy

In case of all necessary conditions based on the relevant regulation occur, all impaired loans are written-off by the Board of Directors' decision.

6. Information on held-to-maturity investments

None.

7. Information on associates

None.

8. Information on consolidated subsidiary

The Bank has TL 5,445 of consolidated subsidiaries in its consolidated financial statements as of 30 September 2016.

Information on capital adequacy of major subsidiary

| Subsidiary | Address (City / Country) | Bank's share– If different voting rights (%) | Bank's risk group share (%) | Consolidation Method |
|----------------------------|--------------------------|---|-----------------------------------|-------------------------|
| Fiba Portföy Yönetimi A.Ş. | İstanbul | 99.0% | 99.0% | Full Consolidation |

| Total Assets | Shareholders' Equity | Total Fixed Assets (*) | Interest Income | Income on Securities Portfolio | Current Period Profit/ Loss | Prior Period Profit/ Loss | Company's Fair Value |
|-----------------|-------------------------|---------------------------|--------------------|---|--------------------------------------|------------------------------------|-------------------------|
| 5,474 | 5,282 | 7 | 443 | 15 | 23 | (13) | 5,282 |

(*) Total fixed assets is included by tangible and intangible assets.

| Current Period | Fiba Portföy Yönetimi A.Ş. |
|---|-------------------------------|
| CORE CAPITAL | 5,282 |
| Paid-in Capital | 5,500 |
| Inflation Adjustments to Paid-in Capital | -- |
| Share Premium | -- |
| Reserves | -- |
| Current Period's Profit and Prior Periods' Profit | 23 |
| Current Period's Losses and Prior Periods' Losses | (241) |
| Leasehold Improvements on Operational Leases (-) | -- |
| Intangible Assets (-) | -- |
| Goodwill (Net) (-) | -- |
| SUPPLEMENTARY CAPITAL | -- |
| CAPITAL | 5,282 |
| DEDUCTIONS FROM CAPITAL | -- |
| NET AVAILABLE EQUITY | 5,282 |

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

8.1 Information on the subsidiaries which are not subject to consolidation

The Group does not have any subsidiaries which are not subject to consolidation.

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8.2 Movement of consolidated investment in subsidiary

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Balances at Beginning of Period | 5,445 | 5,445 |
| Movements during the Period | | |
| Acquisitions 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 (-) | -- | -- |
| Balances at the End of Period | 5,445 | 5,445 |
| Capital Commitments | -- | -- |
| Share of Capital at the end of Period (%) | 99 | 99 |

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

Investment valuation of consolidated subsidiaries

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

Sectoral distribution of consolidated investments in subsidiary

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

Quoted consolidated investments in subsidiary

None.

Consolidated subsidiaries disposed in the current period

None.

Consolidated subsidiaries acquired in the current period

None.

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

None.

10. Information on lease receivables

None.

11. Information on derivative financial assets held for hedging purposes

The fair value hedge accounting has been ceased by the Bank as of 30 September 2016 as it became ineffective. The cumulative fair value difference on the carrying value of the hedged loans amounting to TL 2,420 will be recycled to the income statement over the life of the hedged loans.

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 September 2016, the deferred tax asset amounting TL 1,688 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2015: TL 1,713 deferred tax asset)

Deferred tax assets consist of deferred tax asset and liability items recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements of the Group 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 | (12,780) | (2,556) |
| Unearned Commission Income/Prepaid Commission Expenses | 5,887 | 1,177 |
| Retirement Pay and Unused Vacation Provision | 13,534 | 2,707 |
| Tangible Assets Base Differences | (3,143) | (629) |
| Carry Forward Tax Losses | 204 | 41 |
| Other | 4,736 | 948 |
| Deferred Tax Asset/(Liability) | 8,438 | 1,688 |

| Prior Period | | |
|--|--------------------------|--|
| | Deferred Tax Base | Deferred Tax Asset/ (Liability) |
| Financial Assets Valuation | (1,566) | (313) |
| Unearned Commission Income/Prepaid Commission Expenses | 1,544 | 309 |
| Retirement Pay and Unused Vacation Provision | 13,861 | 2,772 |
| Tangible Assets Base Differences | (3,945) | (789) |
| Carry Forward Tax Losses | 231 | 46 |
| Other | (1,561) | (312) |
| Deferred Tax Asset/(Liability) | 8,564 | 1,713 |

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

| | 1 January-30 September 2016 | 1 January-31 December 2015 |
|--|--|---------------------------------------|
| Deferred Tax Asset, 1 January | 1,713 | 2,236 |
| Deferred Tax Income / (Expense) | 938 | (930) |
| Deferred Tax Recognized Directly Under Equity | | 406 |
| Other | (963) | 1 |
| Deferred Tax Asset/(Liability), End of the Period | 1,688 | 1,713 |

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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 September 2016, the Group has TL 4,804 assets held for sale (31 December 2015: TL 3,299).

17. Information on other assets

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

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

As of 30 September 2016, total prepaid expenses are TL 21,465 (31 December 2015: TL 20,431).

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II. Explanations and disclosures related to consolidated liabilities

1. Information on deposits

1.1 Information on maturity structure of deposits

Current Period

| | Demand | 7 Day Call Accounts | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months -1 Year | 1 Year and Over | Cumulative Deposit | Total |
|--------------------------------|----------------|------------------------|------------------|------------------|----------------|---------------------|--------------------|-----------------------|------------------|
| Saving Deposits | 45,865 | -- | 249,714 | 2,045,966 | 328,814 | 237,563 | 74,151 | -- | 2,982,073 |
| Foreign Currency | | | | | | | | | |
| Deposits | 209,810 | -- | 150,881 | 2,542,785 | 199,798 | 76,359 | 77,873 | -- | 3,257,506 |
| Residents in Turkey | 201,957 | -- | 143,602 | 2,533,029 | 197,242 | 70,499 | 9,843 | -- | 3,156,172 |
| Residents Abroad | 7,853 | -- | 7,279 | 9,756 | 2,556 | 5,860 | 68,030 | -- | 101,334 |
| Public Sector Deposits | 8,143 | -- | -- | -- | -- | -- | -- | -- | 8,143 |
| Commercial Deposits | 186,379 | -- | 188,490 | 644,269 | 247,554 | 65,971 | 121,195 | -- | 1,453,858 |
| Other Ins. Deposits | 907 | -- | 1,985 | 53,750 | 29,397 | 23,497 | 15 | -- | 109,551 |
| Precious Metal Deposits | 1,979 | -- | -- | -- | -- | -- | -- | -- | 1,979 |
| Interbank Deposits | 7,354 | -- | 246,316 | 44,695 | -- | -- | -- | -- | 298,365 |
| Central Bank of Turkey | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Domestic Banks | 10 | -- | 199,542 | 29,962 | -- | -- | -- | -- | 229,514 |
| Foreign Banks | 6,725 | -- | 46,774 | 14,733 | -- | -- | -- | -- | 68,232 |
| Special Finan.Inst. | 619 | -- | -- | -- | -- | -- | -- | -- | 619 |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 460,437 | -- | 837,386 | 5,331,465 | 805,563 | 403,390 | 273,234 | -- | 8,111,475 |

Prior Period

| | Demand | 7 Day Call Accounts | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Month- 1 Year | 1 Year and Over | Cumulative Deposit | Total |
|--------------------------------|----------------|------------------------|------------------|------------------|----------------|--------------------|--------------------|-----------------------|------------------|
| Saving Deposits | 35,261 | -- | 29,662 | 1,631,960 | 452,723 | 142,111 | 33,226 | -- | 2,324,943 |
| Foreign Currency | | | | | | | | | |
| Deposits | 172,830 | -- | 206,294 | 2,218,714 | 352,970 | 60,170 | 102,487 | -- | 3,113,465 |
| Residents in Turkey | 161,943 | -- | 135,604 | 2,203,890 | 349,319 | 16,729 | 7,308 | -- | 2,874,793 |
| Residents Abroad | 10,887 | -- | 70,690 | 14,824 | 3,651 | 43,441 | 95,179 | -- | 238,672 |
| Public Sector Deposits | 370 | -- | -- | -- | 4 | -- | -- | -- | 374 |
| Commercial Deposits | 200,180 | -- | 91,396 | 711,597 | 180,875 | 133,605 | 92,922 | -- | 1,410,575 |
| Other Ins. Deposits | 1,142 | -- | 651 | 59,352 | 12,440 | 16,239 | 14 | -- | 89,838 |
| Precious Metal Deposits | 4,845 | -- | -- | -- | -- | -- | -- | -- | 4,845 |
| Interbank Deposits | 16,649 | -- | 409,901 | 85,134 | -- | -- | -- | -- | 511,684 |
| Central Bank of Turkey | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Domestic Banks | 13 | -- | 343,646 | -- | -- | -- | -- | -- | 343,659 |
| Foreign Banks | 16,628 | -- | 66,255 | 85,134 | -- | -- | -- | -- | 168,017 |
| Special Finan. Inst. | 8 | -- | -- | -- | -- | -- | -- | -- | 8 |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 431,277 | -- | 737,904 | 4,706,757 | 999,012 | 352,125 | 228,649 | -- | 7,455,724 |

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

| | Under the Guarantee of Deposit Insurance | | Exceeding the limit of Deposit Insurance | |
|---|--|-----------------|--|------------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Saving Deposits | 859,990 | 662,868 | 2,102,542 | 1,647,273 |
| Foreign Currency Saving Deposits | 171,179 | 153,380 | 1,713,774 | 1,611,494 |
| Other Deposits in the Form of Saving Deposits | -- | -- | -- | -- |
| Foreign Branches' Deposits Under Insurance of Foreign Authorities | -- | -- | -- | -- |
| Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance | -- | -- | -- | -- |
| Total | 1,031,169 | 816,248 | 3,816,316 | 3,258,767 |

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 | 39,538 | 26,184 |
| Deposits of Chairman and Members of the Board of Directors and their Close Families | 4,878 | 3,009 |
| Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004. | -- | -- |
| Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities | -- | -- |

2. Information on derivative financial liabilities held for trading

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

| Trading Purpose Derivative Financial Liabilities | Current Period | | Prior Period | |
|--|----------------|------------|---------------|--------------|
| | TL | FC | TL | FC |
| Forward Transactions | 8,491 | -- | 16,949 | -- |
| Swap Transactions | 73,437 | -- | 23,708 | -- |
| Futures Transactions | -- | -- | -- | -- |
| Options | 59,222 | 308 | 40,235 | 2,716 |
| Other | -- | -- | -- | -- |
| Total | 141,150 | 308 | 80,892 | 2,716 |

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3. Information on banks and other financial institutions

3.1 Information on banks and other financial institutions

| | Current Period | | Prior Period | |
|--|----------------|------------------|---------------|------------------|
| | TL | FC | TL | FC |
| Loans from Central Bank of Turkey | -- | -- | -- | -- |
| From Domestic Banks and Institutions | 16,796 | 51,951 | 15,919 | 23,672 |
| From Foreign Banks, Institutions and Funds | -- | 1,468,974 | -- | 984,855 |
| Total | 16,796 | 1,520,925 | 15,919 | 1,008,527 |

3.2 Maturity analysis of borrowings

| | Current Period | | Prior Period | |
|----------------------|----------------|------------------|---------------|------------------|
| | TL | FC | TL | FC |
| Short-Term | 16,796 | 159,763 | 15,919 | 245,191 |
| Medium and Long Term | -- | 1,361,162 | -- | 763,336 |
| Total | 16,796 | 1,520,925 | 15,919 | 1,008,527 |

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 funds provided by deposits, bank borrowings and bond issuance.

4. Informations related with issued instruments

| Current Period | TL | | FC | |
|-----------------|------------|----------------------|------------|----------------------|
| | Short Term | Medium and Long Term | Short Term | Medium and Long Term |
| Nominal | 1,020,450 | -- | -- | -- |
| Carrying Amount | 992,981 | -- | -- | -- |

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

5. Sundry Creditors and Other Liabilities

Balance sheet's sundry creditors and other liabilities do not exceed 10% of total of balance sheet.

6. Criteria used in the determination of lease instalments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

6.1 Changes in agreements and further commitments arising

None.

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6.2 Obligations under financial leases

| | Current Period | | Prior Period | |
|-------------------|----------------|-----------|--------------|------------|
| | Gross | Net | Gross | Net |
| Less than 1 Year | 104 | 99 | 110 | 100 |
| Between 1-4 Years | -- | -- | 73 | 71 |
| More than 4 Years | -- | -- | -- | -- |
| Total | 104 | 99 | 183 | 171 |

6.3 Information on operational leases

The Group has operational lease agreements for some of its branches. If the rental payments is made in advance, the paid amount is accounted under prepaid expenses in “Other Assets”, in the following months, the rental expenses belonging to those months are recorded in profit/loss accounts.

The Group does not incur any liability as a result of any changes in operational lease agreements. The Group does not have any obligation from operational lease agreements.

6.4 Information on “Sale-and-lease back” agreements

In the current period, there is no sale and lease back agreements.

7. Information on derivative financial liabilities for hedging purposes

In the current period, there is no derivative financial liabilities for hedging purposes.

8. Information on provisions**8.1 Information on general provisions**

| | Current Period | Prior Period |
|--|----------------|---------------|
| Loans and Receivables in Group 1 | 96,013 | 72,444 |
| - Additional Provision for Loan and Receivables with Extended Maturities | -- | 2 |
| Loans and Receivables in Group 2 | 18,336 | 14,573 |
| - Additional Provision for Loan and Receivables with Extended Maturities | 7,825 | 9,552 |
| Non-Cash Loans | 6,488 | 4,086 |
| Others | -- | -- |
| Total | 120,837 | 91,103 |

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

The foreign exchange losses on the foreign currency indexed loans as of 30 September 2016, amounting to TL 49 (31 December 2015: TL 134) are deducted from loans on the balance sheet.

8.3 The specific provisions provided for unindemnified non cash loans

As of 30 September 2016, the specific provision provided for unindemnified non-cash loans is TL 1,273 (31 December 2015: TL 1,271).

8.4 Explanation on other provisions**8.4.1 Free reserve for possible losses**

| | Current Period | Prior Period |
|-----------------------------------|----------------|--------------|
| Free Reserves for Possible Losses | 13,500 | -- |

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

None.

8.4.3 Explanations on reserves for employee benefits

As of 30 September 2016, the Group has reserves for employee benefits amounting to TL 14,297 (31 December 2015: TL 13,862) comprise TL 7,396 reserve for employee termination benefits (31 December 2015: TL 6,038), TL 2,414 unused vacation pay liability (31 December 2015: TL 2,974) and TL 4,487 personnel premium accrual (31 December 2015: TL 4,850).

9. Explanations on tax liabilities**9.1 Explanations on current tax liability****9.1.1 Explanations on tax provision**

As of 30 September 2016, The Group's current tax liability is TL 37,778 (31 December 2015: TL 35,949). As of 30 September 2016 the Group's corporate taxes payable is TL 33,736 when TL 13,425 of corporate tax liability is net off with TL 20,311 prepaid taxes (31 December 2015: The Group's corporate taxes payable is TL 15,157 when TL 25,598 of corporate tax liability is net off with TL 10,441 prepaid taxes).

9.1.2 Information on taxes payable

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Corporate taxes payable | 13,425 | 15,157 |
| Taxation on securities | 9,514 | 8,310 |
| Property tax | 327 | 357 |
| Banking and Insurance Transaction Tax (BITT) | 8,916 | 7,202 |
| Taxes on foreign exchange transactions | -- | -- |
| Value added taxes payable | 83 | 228 |
| Income tax ceased from wages | 2,445 | 2,074 |
| Other | 213 | 463 |
| Total | 34,923 | 33,791 |

9.1.3 Information on premiums

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Social Security Premiums- Employee | 1,209 | 915 |
| Social Security Premiums- Employer | 1,397 | 1,051 |
| Bank Social aid Pension Fund Premium- Employee | -- | -- |
| Bank Social Aid Pension Fund Premium- Employer | -- | -- |
| Pension Fund Membership Fees and Provisions- Employee | -- | -- |
| Pension Fund Membership Fees and Provisions- Employer | -- | -- |
| Unemployment Insurance- Employee | 84 | 63 |
| Unemployment Insurance- Employer | 165 | 129 |
| Other | -- | -- |
| Total | 2,855 | 2,158 |

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9.2 Explanations on deferred tax liabilities

As of balance sheet date, the Group has no deferred tax liability after netting deferred tax asset. (31 December 2015 : None)

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

None.

11. Explanations on subordinated loans

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|-----------------------------|-----------------------|----------------|---------------------|----------------|
| | TL | FC | TL | FC |
| Domestic Banks | -- | -- | -- | -- |
| Domestic Other Institutions | -- | 300,110 | -- | -- |
| Foreign Banks | -- | 30,438 | -- | 95,217 |
| Foreign Other Institutions | -- | -- | -- | 116,696 |
| Total | -- | 330,548 | -- | 211,913 |

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

12. Information on shareholders' equity**12.1 Paid-in capital**

| | Current Period | Prior Period |
|-----------------|-----------------------|---------------------|
| Common Stock | 941,161 | 847,515 |
| 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

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

12.4 Information on share capital increases from revaluation funds

None.

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

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

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

None.

12.7 Information on privileges given to stocks representing the capital

The Bank does not have any preferred shares.

12.8 Common stock issue premiums, shares and equity instruments

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

| | Current Period | Prior Period |
|-----------------------------|----------------|--------------|
| Number of Shares (Thousand) | 26,230,098 | 16,865,550 |
| Number of Privileged Shares | -- | -- |
| Share Premium | 128,678 | 73,379 |
| Share Cancellation Profits | -- | -- |
| Other Equity Instruments | -- | -- |

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 | (1,546) | (4,330) | (3,920) | (5,807) |
| Exchange Difference | -- | -- | -- | -- |
| Total | (1,546) | (4,330) | (3,920) | (5,807) |

12.10 Information on revaluation reserve

None.

12.11 Bonus shares of Subsidiaries, Associates and Joint Ventures

None.

12.12 Information on legal reserves

| | Current Period | Prior Period |
|--|----------------|--------------|
| Primary Legal Reserves | 7,790 | 3,711 |
| Secondary Legal Reserve | -- | -- |
| Other Legal Reserves Per Special Legislation | -- | -- |

12.13 Information on extraordinary reserves

| | Current Period | Prior Period |
|--|----------------|--------------|
| Reserves allocated by the General Assembly | 120,579 | 43,075 |
| Retained Earnings | -- | -- |
| Accumulated Losses | -- | -- |
| Foreign Currency Capital Exchange Difference | -- | -- |

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13. Information on minority shares

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

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 | 1,183,943 | 356,230 |
| Credit Card Limit Commitments | 88,001 | 47,363 |
| Commitments for Credit Card and Banking Services Promotions | 1 | 1 |
| Commitments for Credit Allocation with the Guarantee of Usage | 135,740 | 110,140 |
| Export Commitments | 3,647 | 3,553 |
| Commitment for Cheques | 156,603 | 145,123 |
| Other Irrevocable Commitments | 3,024 | 3,105 |
| Total | 1,570,959 | 665,515 |

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 | 418,240 | 379,738 |
| Letters of Guarantee FC | 162,454 | 175,756 |
| Letters of Credit | 279,563 | 383,272 |
| Bills of Exchange and Acceptances | 67,520 | 106,866 |
| Total | 927,777 | 1,045,632 |

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

| | Current Period | Prior Period |
|---------------------------------------|-----------------------|---------------------|
| Revocable Letters of Guarantee | 32,429 | 32,418 |
| Irrevocable Letters of Guarantee | 479,681 | 431,355 |
| Letters of Guarantee Given in Advance | 40,373 | 57,415 |
| Letters of Guarantee Given to Customs | 17,541 | 12,023 |
| Other Letters of Guarantee | 10,670 | 22,283 |
| Total | 580,694 | 555,494 |

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2. Total amount of non-cash loans

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Non-Cash Loans Given against Cash Loans | 7,004 | 18,508 |
| With Original Maturity of 1 Year or Less Than 1 Year | 2,097 | 2,908 |
| With Original Maturity of More Than 1 Year | 4,907 | 15,600 |
| Other Non-Cash Loans | 920,773 | 1,027,124 |
| Total | 927,777 | 1,045,632 |

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

As of balance sheet date, the Group provided provision of TL 1,618 for the legal cases pending against the Group where the cash out flows are highly probable (31 December 2015: TL 1,316).

8. Custodian and intermediary services

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

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IV. Explanations and disclosures related to the consolidated income statement

1. Interest income

1.1 Information on interest on loans (*)

| | Current Period | | Prior Period | |
|--|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Interest on loans | 756,845 | 137,925 | 494,522 | 104,082 |
| Short Term Loans | 480,630 | 17,229 | 296,634 | 19,426 |
| Medium and Long Term Loans | 276,215 | 120,696 | 197,888 | 84,656 |
| Interest on Non-Performing Loans | 2,663 | -- | 780 | -- |
| Premiums received from Resource Utilization Support Fund | -- | -- | -- | -- |
| Total | 759,508 | 137,925 | 495,302 | 104,082 |

*Includes fees and commissions obtained from cash loans.

1.2 Information on interest income received from banks

| | Current Period | | Prior Period | |
|---------------------------------|----------------|------------|--------------|------------|
| | TL | FC | TL | FC |
| The Central Bank of Turkey | -- | 3 | -- | -- |
| Domestic Banks | 4,704 | 220 | 9,111 | 155 |
| Foreign Banks | -- | 102 | -- | 9 |
| Branches and Head Office Abroad | -- | -- | -- | -- |
| Total | 4,704 | 325 | 9,111 | 164 |

1.3 Interest received from marketable securities portfolio

| | Current Period | | Prior Period | |
|---|----------------|---------------|--------------|---------------|
| | TL | FC | TL | FC |
| Financial Assets Held for Trading | 880 | 140 | 681 | 163 |
| Financial Assets at Fair Value Through Profit or Loss | -- | -- | -- | -- |
| Financial Assets Available-for-Sale | 5,476 | 15,252 | 4,070 | 15,542 |
| Investment Securities Held-to-Maturity | -- | -- | -- | -- |
| Total | 6,356 | 15,392 | 4,751 | 15,705 |

1.4 Information on interest income received from associates and subsidiaries

None.

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2. Interest expense
2.1 Information on interest on funds borrowed (*)

| | Current Period | | Prior Period | |
|---------------------------------|----------------|---------------|--------------|---------------|
| | TL | FC | TL | FC |
| Banks | 759 | 17,971 | 1,017 | 16,189 |
| The Central Bank of Turkey | -- | -- | -- | -- |
| Domestic Banks | 759 | 2,354 | 1,017 | 468 |
| Foreign Banks | -- | 15,617 | -- | 15,721 |
| Branches and Head Office Abroad | -- | -- | -- | -- |
| Other Institutions | -- | 25,706 | -- | 17,350 |
| Total | 759 | 43,677 | 1,017 | 33,539 |

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

2.2 Information on interest expenses to associates and subsidiaries

None.

2.3 Information on interest expenses to securities issued

| | Current Period | | Prior Period | |
|------------------------------------|----------------|----|--------------|----|
| | TL | FC | TL | FC |
| Interest Paid to Securities Issued | 61,335 | -- | 40,081 | -- |

2.4 Distribution of interest expense on deposits based on maturity of deposits:

| Account Description | Demand Deposits | Time Deposits | | | | | | Total |
|---------------------------|-----------------|---------------|----------------|----------------|---------------|-----------------|--------------------|----------------|
| | | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | 1 Year and Over | Cumulative Deposit | |
| <i>Turkish Lira</i> | | | | | | | | |
| Bank Deposits | -- | 2,548 | -- | -- | -- | -- | -- | 2,548 |
| Saving Deposits | -- | 16,434 | 157,000 | 42,862 | 19,382 | 5,003 | -- | 240,681 |
| Public Sector Deposits | -- | -- | -- | -- | -- | -- | -- | -- |
| Commercial Deposits | -- | 13,755 | 75,596 | 21,081 | 13,902 | 9,633 | -- | 133,967 |
| Other | -- | 84 | 5,760 | 2,041 | 2,103 | 1 | -- | 9,989 |
| 7 Day Call Accounts | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | -- | 32,821 | 238,356 | 65,984 | 35,387 | 14,637 | -- | 387,185 |
| <i>Foreign Currency</i> | | | | | | | | |
| Foreign Currency Deposits | -- | 1,349 | 44,067 | 5,846 | 1,609 | 2,131 | -- | 55,002 |
| Bank Deposits | -- | 821 | -- | -- | -- | -- | -- | 821 |
| 7 Day Call Accounts | -- | -- | -- | -- | -- | -- | -- | -- |
| Precious Metal Deposits | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | -- | 2,170 | 44,067 | 5,846 | 1,609 | 2,131 | -- | 55,823 |
| Grand Total | -- | 34,991 | 282,423 | 71,830 | 36,996 | 16,768 | -- | 443,008 |

3. Information on dividend income

None.

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4. Information on net trading income / loss

| | Current Period | Prior Period |
|--|----------------|----------------|
| Income | 785,862 | 644,647 |
| Gains on Capital Market Operations | 6,378 | 280 |
| Gains on Derivative Financial Instruments | 393,098 | 233,753 |
| Foreign Exchange Gains | 386,386 | 410,614 |
| Loss (-) | 759,091 | 649,283 |
| Losses on Capital Market Operations | 605 | 1,639 |
| Losses on Derivative Financial Instruments | 368,596 | 236,863 |
| Foreign Exchange Losses | 389,890 | 410,781 |
| Net Trading Income / (Loss) | 26,771 | (4,636) |

5. Information on other operating income

In the current period, other operating income consists of reversal of provisions, profit from sale of assets, commissions on cheques and notes and costs recharged.

Visa Europe Ltd. a payment systems company; the Bank was a member of which; was acquired by Visa Inc. operating in the same industry. The Bank's share of EUR 674,027.71 (full amount) arising from this transaction was paid to the Bank in cash on 21 June 2016. Additionally, the Bank will receive 244 C class shares of Visa Inc. as part of the settlement of this transaction. TL 2,346 of gain on sale of equity shares has been recognised in "Other Operating Income".

In current period, gain on sale of loans amounting to TL 8,323 has been recognized in "Other Operating Income".

6. Impairment on loans and other receivables

| | Current Period | Prior Period |
|---|----------------|---------------|
| Specific Provisions on Loans and Other Receivables: | 78,680 | 48,589 |
| <i>III. Group Loans and Receivables</i> | 4,003 | 1,777 |
| <i>IV. Group Loans and Receivables</i> | 20,920 | 1,633 |
| <i>V. Group Loans and Receivables</i> | 53,757 | 45,179 |
| General Loan Loss Provisions | 29,734 | 14,517 |
| Free Provision for Probable Risks | 13,500 | -- |
| Impairment Losses on Securities: | -- | -- |
| <i>Financial Assets at Fair Value Through Profit or Loss</i> | -- | -- |
| <i>Financial Assets Available-for-Sale</i> | -- | -- |
| Impairment Losses on Associates, Subsidiaries, Joint Ventures and | | |
| Investment Securities Held to Maturity: | -- | -- |
| <i>Associates</i> | -- | -- |
| <i>Subsidiaries</i> | -- | -- |
| <i>Joint Ventures</i> | -- | -- |
| <i>Investments Held to Maturity</i> | -- | -- |
| Other | -- | -- |
| Total | 121,914 | 63,106 |

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7. Information related to other operational expenses (cond't)

| | Current Period | Prior Period |
|---|----------------|----------------|
| Personnel Expenses | 111,037 | 93,310 |
| Provision for Employee Termination Benefits | 1,364 | 830 |
| Provision for Bank's Social Aid Fund Deficit | -- | -- |
| Impairment Losses on Tangible Assets | -- | -- |
| Depreciation Charges of Tangible Assets | 9,158 | 9,868 |
| Impairment Losses on Intangible Assets | -- | -- |
| Amortization Charges of Intangible Assets | 2,847 | 2,829 |
| Impairment Losses on Investment Accounted for under Equity Method | -- | -- |
| Impairment of Assets to be Disposed | -- | -- |
| Depreciation of Assets to be Disposed | 18 | 2 |
| Impairment of Assets Held for Sale | -- | -- |
| Other Operating Expenses | 60,228 | 43,098 |
| <i>Operational Leases Expenses</i> | 21,814 | 22,803 |
| <i>Repair and Maintenance Expenses</i> | 1,169 | 703 |
| <i>Advertisement Expenses</i> | 7,128 | 1,228 |
| <i>Other Expenses(*)</i> | 30,117 | 18,364 |
| Losses on Sale of Assets | 14 | 36 |
| Other | 36,762 | 30,426 |
| Total | 221,428 | 180,399 |

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

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

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".

9. Information on tax provision from continued and discontinued operations

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

For the period ended 30 September 2016, deferred tax benefit of the Group is TL 938 and current tax charge is TL 33,483. (1 January – 30 September 2015: TL 8,602 deferred tax charge, TL 11,238 current tax charge)

| | Current Period | Prior Period |
|---|----------------|----------------|
| Deferred Tax Benefit/ (Charge) | 938 | (8,602) |
| Allowance for Deferred Tax | -- | -- |
| Net Deferred Tax Benefit/ (Charge) | 938 | (8,602) |

FİBABANKA A.Ş. AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

| <i>Deferred tax benefit / (charge) arising from origination or reversal of temporary differences</i> | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Arising from Origination of Deductible Temporary Differences (+) | 1,784 | 1,744 |
| Arising from Reversal of Deductible Temporary Differences (-) | (1,453) | (317) |
| Arising from Origination of Taxable Temporary Differences (-) | (1,629) | (10,627) |
| Arising from Reversal of Taxable Temporary Differences (+) | 2,236 | 598 |
| Arising from Origination of Financial Losses (+) | -- | -- |
| Arising from Reversal of Financial Losses (-) | -- | -- |
| Arising from Origination of Tax Deductions and Exemptions (+) | -- | -- |
| Arising from Reversal of Tax Deductions and Exemptions (-) | -- | -- |
| Total | 938 | (8,602) |
| Allowance | -- | -- |
| Net deferred tax benefit / (charge) | 938 | (8,602) |

9.3 Deferred tax benefit / (charge) arising from temporary differences, tax losses or unused tax credits

| Sources of deferred tax benefit/charge | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences | 331 | 1,427 |
| Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences | 607 | (10,029) |
| Arising from Origination (+)/ Reversal (-) of Tax Losses | -- | -- |
| Arising from Origination (+)/ Reversal (-) of Unused Tax Credits | -- | -- |
| Total | 938 | (8,602) |
| Allowance | -- | -- |
| Net deferred tax benefit / (charge) | 938 | (8,602) |

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

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".

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 Profit or loss attributable to the minority shares: Current period – None (2015: None.)**

FİBABANKA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2016

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

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

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

V. Explanations and disclosures 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

| Group’s Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank’s Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|---|---|----------|--|----------|---|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables (**) | | | | | | |
| Balance at the Beginning of the Period | -- | -- | -- | 20 | 5,720 | 17,242 |
| Balance at the End of the Period | -- | -- | -- | 22 | 26,226 | 30,116 |
| Interest and Commission Income Received | -- | -- | -- | -- | 441 | 230 |

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

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

Prior Period

| Group’s Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank’s Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|---|---|----------|--|----------|---|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables (**) | | | | | | |
| Balance at the Beginning of the Period | -- | -- | -- | 20 | 770 | 15,000 |
| Balance at the End of the Period | -- | -- | -- | 20 | 5,720 | 17,242 |
| Interest and Commission Income Received | -- | -- | -- | -- | 97 | 103 |

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

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

1.2 Information on deposits of the Group’s risk group

| Group’s Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank’s Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|--|---|--------------|--|--------------|---|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Deposits | | | | | | |
| Balance at the Beginning of the Period | -- | -- | 89,173 | 31,138 | 496,533 | 161,257 |
| Balance at the End of the Period | -- | -- | 19,052 | 89,173 | 636,894 | 496,533 |
| Deposit Interest Expense | -- | -- | 7,956 | 2,416 | 23,651 | 10,796 |

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

FİBABANKA A.Ş. AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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1.3 Information on funds obtained from the Parent Bank's risk group

As of 30 September 2016, the amount of funds obtained from Bank's risk group is TL 532,606 and that fund amount includes TL 153,059 from IFC and EBRD in the form of borrowings, TL 300,110 from Fiba Holding A.Ş. through the issuance of subordinated bonds, TL 45,072 from other borrowings and TL 34,365 funds provided from repurchase agreements (31 December 2015: TL 243,536; that fund amount includes TL 219,450 from IFC and EBRD in the form of borrowings and TL 24,086 funds provided from repurchase agreements).

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

| Group's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|---|---|--------------|---|--------------|---|--------------|
| | Current | | Current | | Current | |
| | Period | Prior Period | Period | Prior Period | Period | Prior Period |
| Financial Assets at Fair Value Through Profit and Loss: | | | | | | |
| Balance at the Beginning of the Period | -- | -- | -- | -- | 344,668 | 76,728 |
| Balance at the End of the Period | -- | -- | -- | -- | 274,701 | 344,668 |
| Total Income/Loss | -- | -- | -- | -- | (4,741) | 2,256 |
| Transactions for Hedging Purposes: | | | | | | |
| Balance at the Beginning of the Period | -- | -- | -- | -- | -- | -- |
| Balance at the End of the Period | -- | -- | -- | -- | -- | -- |
| Total Income/Loss | -- | -- | -- | -- | -- | -- |

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

2. Information on transactions with the Parent Bank's risk group**2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties**

Transactions with the risk group are made on arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law. 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 September 2016, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 0.25% (31 December 2015 : 0.07%) and the ratio of the deposits of entities of risk group to total deposits is 8.09% (31 December 2015 : 7.86%). Ratio of funds obtained from entities of risk group to total funds borrowed is 22.5% (31 December 2015: 17.7%), 12.7% of which is due to Fiba Group, 6.4% to IFC and EBRD and 3.4% to other parties.

In current period benefits provided to the key management of the Group is TL 7,274 (1 January – 30 September 2015: TL 4,732).

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.

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- 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.

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 Bank's domestic and foreign branch and representatives**

| | Number | Number of Employees | | | |
|-----------------------------------|--------|---------------------|---------------------------|--------------|-------------------------|
| Domestic Branch | 70 | 1,496 | | | |
| | | | Country of Incorporations | | |
| Foreign Representation Office | | | 1- | | |
| | | | 2- | | |
| | | | 3- | | |
| | | | | Total Assets | Statutory Share Capital |
| Foreign Branch | | | 1- | | |
| | | | 2- | | |
| | | | 3- | | |
| Off-shore Banking Region Branches | | | 1- | | |
| | | | 2- | | |
| | | | 3- | | |

Domestic Consolidated Subsidiaries

| | Number of Employees | Assets | Legal Capital |
|----------------------------|---------------------|--------|---------------|
| Fiba Portföy Yönetimi A.Ş. | 6 | 5,474 | 5,282 |

VII. Events after balance sheet date

None.

VIII. Other Disclosures on Activities**Summary information of Bank's risk ratings by international rating agencies**

| | |
|---------------------------------|----------|
| Long term FC and TL | BB- |
| Short term FC and TL | B |
| Financial Capacity | BB- |
| Support | 5 |
| Long term National Scale Rating | A+ (tur) |
| Outlook | Stable |

FİBABANKA A.Ş. AND ITS SUBSIDIARY

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SECTION SIX

EXPLANATIONS AUDITORS' LIMITED REVIEW REPORT

I. Explanations on the auditors' limited review report

The Bank's publicly available consolidated financial statements and footnotes have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' limited review report is presented in front of the financial statements.

II. Other footnotes and explanations prepared by the independent auditors

None.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2016

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SECTION SEVEN

Interim Activity 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, of which TL 17,415 is provided from inflation adjustment difference, TL 9,502 is provided from the profit on disposal of immovable and TL 96,432 is paid by Fiba Holding in cash.

On 31 March 2015 share capital was increased from TL 550,000 to TL 678,860. 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 TL 121,017 including the share premium (TL 84,328 of said amount is the share of capital; TL 36,689 thereof 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 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 total. In addition, share issuance premium of TL 55,299 was recognised in the shareholders' equity.

As of 30 September 2016, the Bank's paid-in capital is TL 941,161.

As of 30 September 2016, The Bank's Shareholder Structure:

| Commercial Title | Share Amount (Full basis TL) | Share Ratios (%) |
|--|------------------------------|------------------|
| Fiba Holding A.Ş. | 670,055,489.25 | %71.19 |
| 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 | 8,804,088.39 | %0.94 |
| TOTAL | 941,160,553.25 | %100.00 |

FİBABANKA A.Ş. AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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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 |
|------------------------------|--|---|---------------------|--------------------|-------------------------|
| Hüsnü Mustafa Özyeğin | Chairman of the Board of Directors | | 27.12.2010 | Graduate | 41 years |
| Fevzi Bozer | Vice Chairman of the Board of Directors | | 27.12.2010 | Graduate | 33 years |
| İsmet Kaya Erdem | Member of the Board of Directors | | 11.02.2013 | Undergraduate | 65 years |
| Mehmet Güleşçi | Member of the Board of Directors | | 27.12.2010 | Graduate | 32 years |
| Mevlüt Hamdi Aydın | Member of the Board of Directors | | 24.01.2013 | Undergraduate | 33 years |
| Memduh Aslan Akçay | Member of the Board of Directors | | 13.04.2016 | Graduate | 25 years |
| Selçuk Yorgancıoğlu | Member of the Board of Directors | | 22.09.2016 | Graduate | 24 years |
| Bekir Dildar | Member of the Board of Directors and General Manager | | 27.12.2010 | Undergraduate | 28 years |
| Elif Alsev Utku Özbey | Assistant General Manager | Financial Control and Financial Reporting | 07.01.2011 | Graduate | 22 years |
| Adem Aykın | Assistant General Manager | Information Technologies, Organisation and Project Management | 01.07.2011 | Undergraduate | 28 years |
| Esra Osmanağaoğlu | Assistant General Manager | Banking Operations | 29.02.2012 | Undergraduate | 28 years |
| Emre Ergun | Assistant General Manager | Retail Banking | 02.05.2013 | Graduate | 19 years |
| Ahu Dolu | Assistant General Manager | Financial Institutions and Project Finance | 01.12.2015 | Undergraduate | 19 years |
| Turgay Hasdiker | Assistant General Manager | Corporate and Commercial Credits | 01.12.2015 | Undergraduate | 25 years |
| Kerim Lokman Kuriş | Assistant General Manager | Corporate and Commercial Banking | 01.12.2015 | Undergraduate | 18 years |
| Cengiz Sinanoğlu | Coordinator | Retail Credits | 07.02.2013 | Graduate | 22 years |
| Ömer Rıfat Gencal | Coordinator | Treasury | 02.02.2015 | Undergraduate | 24 years |
| Gerçek Önal | Coordinator | Legal Affairs | 01.02.2016 | Graduate | 16 years |
| Ahmet Cemil Borucu | Department Head | Board of Inspection | 07.02.2011 | Graduate | 18 years |
| Ayşe Tulgar | Department Head | Risk Management | 15.03.2011 | Undergraduate | 17 years |
| Serdal Yıldırım | Department Head | Legislation and Compliance | 06.04.2011 | Graduate | 19 years |
| Erman Eltut | Department Head | Internal Control | 06.02.2012 | Undergraduate | 15 years |

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

| Unconsolidated Summary Balance Sheet | | | |
|--|------------------------|------------------------|--|
| (TL Thousand) | <u>30/09/16</u> | <u>31/12/15</u> | <u>Increase/ Decrease %</u> |
| Cash and Balances with the Central Bank | 1,848,156 | 1,474,109 | 25% |
| Financial Assets at Fair Value Through Profit or Loss (Net) | 208,193 | 114,531 | 82% |
| Due from Banks | 70,986 | 69,744 | 2% |
| Receivables from Money Market | 20,972 | -- | 100% |
| Financial Assets Available for Sale (Net) | 709,955 | 613,771 | 16% |
| Loans to Customers (Net) | 10,232,302 | 8,614,777 | 19% |
| Total Assets | 13,467,510 | 11,191,373 | 20% |
| Deposits | 8,115,834 | 7,460,485 | 9% |
| Derivative Financial Liabilities Held for Trading | 141,458 | 83,608 | 69% |
| Funds Borrowed | 1,537,721 | 1,024,446 | 50% |
| Money Market Funds | 499,356 | 504,822 | (1%) |
| Securities Issued (Net) | 992,981 | 503,741 | 97% |
| Subordinated Debts | 330,548 | 211,913 | 56% |
| Shareholder's Equity | 1,272,187 | 1,037,100 | 23% |
| Total Liabilities | 13,467,510 | 11,191,373 | 20% |

| Consolidated Summary Balance Sheet | | | |
|--|------------------------|------------------------|--|
| (TL Thousand) | <u>30/09/16</u> | <u>31/12/15</u> | <u>Increase/ Decrease %</u> |
| Cash and Balances with The Central Bank | 1,848,156 | 1,474,109 | 25% |
| Financial Assets at Fair Value Through Profit or Loss (Net) | 208,525 | 114,531 | 82% |
| Due from Banks | 71,293 | 70,046 | 2% |
| Receivables from Money Market | 20,972 | -- | 100% |
| Financial Assets Available for Sale (Net) | 709,955 | 613,771 | 16% |
| Loans to Customers (Net) | 10,232,302 | 8,614,777 | 19% |
| Total Assets | 13,463,180 | 11,186,584 | 20% |
| Deposits | 8,111,475 | 7,455,724 | 9% |
| Derivative Financial Liabilities Held for Trading | 141,458 | 83,608 | 69% |
| Funds Borrowed | 1,537,721 | 1,024,446 | 50% |
| Money Market Funds | 499,356 | 504,822 | (1%) |
| Securities Issued (Net) | 992,981 | 503,741 | 97% |
| Subordinated Debts | 330,548 | 211,913 | 56% |
| Shareholder's Equity | 1,272,023 | 1,036,913 | 23% |
| Total Liabilities | 13,463,180 | 11,186,584 | 20% |

FİBABANKA A.Ş. AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF
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Unconsolidated Summary Income Statement

| (TL Thousand) | <u>01/01/2016- 30/09/2016</u> | <u>01/01/2015- 30/09/2015</u> | <u>Increase/ Decrease %</u> |
|--|--|--|--|
| Net Interest Income | 372,145 | 282,208 | 32% |
| Net Fees and Commission Income | 19,343 | 22,377 | (14%) |
| Trading Income/ Loss (Net) | 26,756 | (4,636) | >300% |
| Other Operating Revenues | 38,762 | 29,776 | 30% |
| Total Operating Income | 457,006 | 329,725 | 39% |
| Provision for Losses and Other Receivables (-) | 121,914 | 63,106 | 93% |
| Other Operating Expenses (-) | 220,262 | 179,359 | 23% |
| Net Operating Income / Loss | 114,830 | 87,260 | 32% |
| Profit/Loss on Continuing Operations Before Tax | 114,830 | 87,260 | 32% |
| Tax Provision for Continuing Operations | (32,539) | (19,843) | 64% |
| Net Period Profit / Loss | 82,291 | 67,417 | 22% |

Consolidated Summary Income Statement

| (TL Thousand) | <u>01/01/2016- 30/09/2016</u> | <u>01/01/2015- 30/09/2015</u> | <u>Increase/ Decrease %</u> |
|--|--|--|--|
| Net Interest Income | 372,588 | 282,632 | 32% |
| Net Fees and Commission Income | 20,219 | 23,088 | (12%) |
| Trading Income/ Loss (Net) | 26,771 | (4,636) | >300% |
| Other Operating Income | 38,623 | 29,665 | 30% |
| Total Operating Income | 458,201 | 330,749 | 39% |
| Provision for Losses and Other Receivables (-) | 121,914 | 63,106 | 93% |
| Other Operating Expenses (-) | 221,428 | 180,399 | 23% |
| Net Operating Income / Loss | 114,859 | 87,244 | 32% |
| Profit/Loss on Continuing Operations Before Tax | 114,859 | 87,244 | 32% |
| Tax Provision for Continuing Operations | (32,545) | (19,840) | 64% |
| Net Period Profit / Loss | 82,314 | 67,404 | 22% |

4. Evaluations of the Chairman of the Board of Directors and the General Manager Regarding the Interim Period

As of first nine months of 2016, Fibabanka has increased its loan portfolio by 45% compared to the same period of year 2015 and by 19% compared to the end of 2015, reaching TL 10.2 billion. Growth was achieved especially in corporate, commercial and SME loans. Corporate, commercial and SME loan portfolio has reached TL 9.6 billion by an increase of 18%. In the same period, share of corporate, commercial and SME loans in total loan portfolio is approximately 95%.

Despite the increase in the loan portfolio, the share of non-performing loans in total loans, realized as 2.1% level, below the sector.

The Bank, has funded its growing loan portfolio mostly with customer deposits also in 2016. In this period, customer deposits constituted 58% of total liabilities. In 2016, for the purpose of diversifying the funding resources, securities have been issued with nominal value of TL 1.6 billion during the first nine months of the year.

In 2016, with the changes on regulation on equity by Banking Regulation and Supervision Agency, decision was made for subordinated loans have to meet the new terms and conditions specified in the regulations to be taken into consideration as a supplementary capital so that loans that do not meet these conditions will not be taken into consideration as a supplementary capital effective from 31 March 2016. In this context, loan amount of USD 10,000,000 provided from Eco Trade and Development Bank (ETDB) in 2013 was accommodated to these conditions; subordinated loan amount of USD 40,000,000 provided from the International Finance Corporation ("IFC") in the same year was converted to a loan which has no supplementary capital feature in agreement with IFC in March 2016; and loan amount of EUR 20,000,000 provided from the European Bank for Reconstruction and Development ("EBRD") was early closed before its maturity in agreement with EBRD in April 2016.

After all these changes on regulation, Fibabanka issued amount of USD 100,000,000 subordinated bond abroad in March 2016 having the characteristics to be considered as supplementary capital account.

In addition, the Bank has had its first risk rating from Fitch in 2016. Fitch affirmed the Bank's long term credit ratings at BB-, short term credit rating at B and long term National Scale Rating at A+.

After the partnerships with IFC and EBRD in the last quarter of 2015, the Bank signed capital participation agreement with TurkFinance B.V. (The Abraaj Group) to be a shareholder with 9.95% share in capital by way of capital increase in June 2016. Legal procedures have been completed as of September 2016. The Bank will continue its growth in a more powerful way with the new partnerships.

In line with these developments, in the first nine months of 2016, while loan volume has been increased, loans are diversified both in terms of maturity and sectors, portfolios with higher return and increasing number of customers were targeted for higher non interest income. In addition, the Bank achieved a steady growth with sustainable profit by keeping operating expenses under control. As a result, the Bank increased its profit before tax by 32% compared to the same period of the prior year which amounted to TL 114.8 million. Net profit after tax amounted to TL 82.3 million. As of 30 September 2016, capital adequacy ratio of our Bank is 14.5%.

4. Evaluations of the Chairman of the Board of Directors and the General Manager Regarding the Interim Period (cont'd)

The bank, continues performing its structural and organizational goals within its plans as well as its financial goals and offers services with 70 branches and 1,496 employees as of 30 September 2016.

Hereby, we thank all of our employees, partners and our valued customers who contribute to reaching our targets.

Best regards,

Hüsnü Mustafa Özyeğin
Chairman of the Board of Directors

Bekir Dildar
Member of the Board of Directors and
General Manager

5. Evaluations Relating to the Bank's Financial Situation

As of 30 September 2016, the Bank serves with 70 domestic branches and 1,496 employees.

As of first nine months of 2016, total assets of Fibabanka have increased by 42% when compared to the same period of year 2015 and by 20% when compared to the end of year 2015 and realised as TL 13,463,180 on consolidated basis and as TL 13,467,510 on unconsolidated basis.

According to consolidated and unconsolidated financial statements, the loan volume, which used to be TL 8,614,777 at the end of 2015, increased by 19% and reached to TL 10,232,302 as of third quarter of the year. Share of the loans in total assets has been realised as 76%.

Credit worthiness of loans and other receivables are monitored systematically in accordance with related laws and regulations. While disbursing loans the Bank complies with the limits determined under the Banking Laws and Regulations. Collaterals are taken for the loans disbursed in order to reduce risk. According to consolidated and unconsolidated financial statements, as of first nine months of 2016, NPLs have been realised as TL 213,893 and provisions in the amount of TL 98,288 have been set aside relating to these loans. Non performing loan ratio is 2.1% for the period.

According to consolidated and unconsolidated financial statements, securities portfolio held for trading increased by 217% and 215% respectively when compared to the end of year 2015 and realised as TL 65,070 in consolidated and TL 64,738 in unconsolidated financial statements. Securities portfolio available for sale increased to TL 709,955 as of first nine months of 2016. Ratio of securities portfolio to total assets has been realised as 5.8%.

As of first nine months of 2016, consolidated deposit volume has been realised as TL 8,111,475; and the unconsolidated deposit volume has been realised as TL 8,115,834.

According to consolidated financial statements, while the third quarter of 2015 closed with TL 67,404 net profit, in the third quarter of 2016 net profit of TL 82,314 has been realised, indicating an increase by 22%.

According to consolidated financial statements, net interest income of the Bank in nine months of 2016 increased by 32% compared to the previous year and realised as TL 372,588. Net commission income for the nine months of 2016 was realised as TL 20,219. Total operating income of the Bank increased by 39% compared to the previous year and realised as TL 458,201 as parallel to the growth of the Bank, and other operating expenses has been realised as TL 221,428 by increasing 23%.

As of 30 September 2016, the Bank's unconsolidated and consolidated capital adequacy ratio is 14.5%.