

# **FİBABANKA A.Ş.**

## **INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

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

**Convenience Translation of the Review Report**  
**Originally Prepared and Issued in Turkish to English (See Note I in Section Three)**

**Interim Review Report on Consolidated Interim Financial Information**

**To the Board of Directors of Fibabanka A.Ş.**

***Introduction***

We have reviewed the consolidated statement of financial position of Fibabanka A.Ş. (“the Bank”) and its consolidated subsidiary (together will be referred as “the Group”) at September 30, 2017 and the related consolidated income statement, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

***Scope of Review***

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited 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 performed in accordance with the 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 opinion.

***Basis of Qualified Conclusion***

The accompanying unconsolidated financial statements as at September 30, 2017 include a general reserve which does not meet the relevant criterias in TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" for possible risks provided by the Bank Management for possible results of the circumstances which may arise from possible changes in the economy and market conditions during the year of 2016 and within current period amounting to TL 42,000 thousands out which TL 36,000 thousands and TL 6,000 thousands, respectively.

### ***Qualified Conclusion***

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the prior and current period consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Fibabanka A.Ş. and its consolidated subsidiary as at September 30, 2017 and of the results of its operations and its cash flows for the nine-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

### ***Report on other regulatory requirements arising from legislation***

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

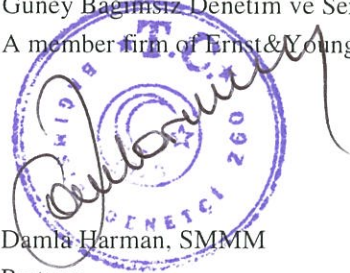
### ***Other Matter***

Fibabanka A.Ş. and its consolidated financial statements of the Bank as at and for the year ended December 31, 2016 and as at and for the nine-month period ended September 30, 2016 were audited and reviewed by another audit firm, which expressed a qualified opinion and an unqualified conclusion in their reports issued on February 17, 2017 and November 10, 2016, respectively.

### ***Additional paragraph for convenience translation to English***

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

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



Damla Harman, SMMM  
Partner

November 6, 2017  
Istanbul, Turkey



**THE CONSOLIDATED FINANCIAL REPORT OF  
FİBABANKA A.Ş.  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017**

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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:



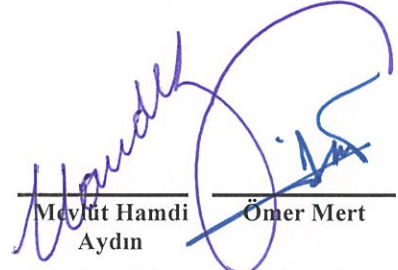



- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE CONSOLIDATED GROUP
- EXPLANATORY DISCLOSURES AND FOOTNOTES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

					
<b>Hüsnü Mustafa Özyeğin</b>	<b>Fevzi Bozer</b>	<b>Mevlüt Hamdi Aydın</b>	<b>Ömer Mert</b>	<b>Elif Aşev Utku Özbey</b>	<b>Ayşe Akdaş</b>
Chairman of the Board of Directors	Deputy Chairman of the Board of Directors and Chairman of the Audit Committee	Member of the Audit Committee	Member of the Board of Directors and General Manager	Deputy General Manager	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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FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017**

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

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**SECTION ONE**

**GENERAL INFORMATION**

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

On 21 December 2001, Share Transfer Agreement was signed with Novabank S.A. for the sale of all shares of Sitebank A.Ş. under the control of SDIF and the sale transaction was approved by the decision of Banking Regulation and Supervision Agency ("BRSA") Numbered: 596 on 16 January 2002.

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

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

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

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

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

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

Credit Europe Bank N.V.'s share of capital increased from 95% to 97.6% after the capital increases during 2011 and 2012. Fiba Holding A.Ş. became the ultimate parent of the Parent 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 Parent Bank in 2013. As of 30 September 2017, total share of the management is 0.61%.

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 on condition that 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 procedure on 7 May 2015.

The Parent Bank's paid-in capital amount of 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 to 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 2017

(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 in capital of TL 847,515 was increased by TL 93,646 on 7 September 2016 all by TurkFinance B.V. to reach TL 941,161. In addition, TL 55,299 was recorded to equities as share premium.

As of 30 September 2017, paid-in capital of the Bank is TL 941,161 and all paid in.

#### III. Explanations regarding the shares of the Parent Bank owned by and areas of responsibility of the Chairman and the members of Board of Directors, Audit Committee Members, Chief Executive Officer, Executive Vice Presidents

<u>Name Surname</u>	<u>Title</u>	<u>Assigned Date</u>
<b><i>Board of Directors</i></b>		
Hüsnü Mustafa Özyeğin	Chairman	27-Dec-10
Fevzi Bozer	Deputy Chairman	27-Dec-10
Mehmet Güleşçi	Member	27-Dec-10
Mevlüt Hamdi Aydın	Member	24-Jan-13
İsmet Kaya Erdem	Member	11-Feb-13
Memduh Aslan Akçay	Member	13-Apr-16
Selçuk Yorgancıoğlu	Member	22-Sep-16
Hülya Kefeli	Member	15-May-17
Ömer Mert	Member – General Manager	18-Jan-17
<b><i>Audit Committee</i></b>		
Fevzi Bozer	Member	27-Dec-10
Mevlüt Hamdi Aydın	Member	24-Jan-13
<b><i>Assistant General Managers</i></b>		
Elif Alsev Utku Özbey	Deputy General Manager – Financial Control & Reporting	07-Jan-11
Adem Aykın	AGM – Information Technologies	01-Jul-11
Esra Osmanağaoğlu	AGM – Banking Operations	29-Feb-12
Kerim Lokman Kuriş	AGM – Corporate & Commercial Banking	01-Dec-15
Turgay Hasdiker	AGM – Credits	01-Dec-15
Ahu Dolu	AGM – Financial Institutions	01-Dec-15
Gerçek Önal	Chief Legal Counsel	01-Feb-16
Orhan Hatipoğlu	AGM – Direct Banking & Supporting Services	02-Jan-17
Ömer Rifat Gencal	AGM – Treasury	01-May-17
Sezin Erken	AGM – Consumer Banking and Funding Resource Management	10-Aug-17

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 2017**

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

#### **IV. Individuals and institutions that have qualified shares in the Parent Bank**

<b>Name Surname/ Commercial Title</b>	<b>Share Amount (Nominal)</b>	<b>Share Ratios</b>	<b>Paid in Capital (Nominal)</b>	<b>Unpaid Shares</b>
Fiba Holding A.Ş.	673,147	71.52%	673,147	--
Hüsnü Mustafa Özyeğin	666,433	70.81%	666,433	--

#### **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. The Head Office of the Bank is located in Istanbul, Turkey. As of 30 September 2017, the Bank serves with 80 domestic branches and 1,692 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 2017 – 30 September 2017

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. AND ITS SUBSIDIARY**
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**
**AS OF 30 SEPTEMBER 2017**

(Amounts expressed in thousands of Turkish Lira (TL).)

ASSETS	Note	CURRENT PERIOD (30/09/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	(5.1.1)	169,365	2,130,956	2,300,321	157,977	1,799,957	1,957,934
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	529,785	12,842	542,627	491,693	5,992	497,685
2.1 Trading Financial Assets		529,785	12,842	542,627	491,693	5,992	497,685
2.1.1 Government Debt Securities		17,684	4,008	21,692	17,033	5,720	22,753
2.1.2 Equity Securities		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		470,956	8,069	479,025	414,739	265	415,004
2.1.4 Other Marketable Securities		41,145	765	41,910	59,921	7	59,928
2.2 Financial Assets at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
<b>III. BANKS</b>	(5.1.3)	228,008	96,925	324,933	1,428	56,952	58,380
<b>IV. MONEY MARKET PLACEMENTS</b>		103,675	-	103,675	15,009	259,693	274,702
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		103,675	-	103,675	15,009	259,693	274,702
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(5.1.4)	175,965	658,761	834,726	174,433	712,793	887,226
5.1 Share Certificates		-	1,590	1,590	-	1,019	1,019
5.2 Government Debt Securities		169,285	11,325	180,610	172,433	11,418	183,851
5.3 Other Marketable Securities		6,680	645,846	652,526	2,000	700,356	702,356
<b>VI. LOANS</b>	(5.1.5)	10,181,217	4,079,185	14,260,402	7,983,452	3,457,820	11,441,272
6.1 Loans and Receivables		9,983,716	4,079,185	14,062,901	7,854,983	3,457,820	11,312,803
6.1.1 Loans to Bank's Risk Group		729	27	756	122,792	48	122,840
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		9,982,987	4,079,158	14,062,145	7,732,191	3,457,772	11,189,963
6.2 Loans under Follow-up		369,267	-	369,267	212,639	-	212,639
6.3 Specific Provisions (-)		171,766	-	171,766	84,170	-	84,170
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>	(5.1.6)	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	4,897	-	4,897	-	-	-
9.1 Associates Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		4,897	-	4,897	-	-	-
9.2.1 Financial Investments in Associates		4,897	-	4,897	-	-	-
9.2.2 Non-Financial Investments in Associates		-	-	-	-	-	-
<b>X. SUBSIDIARIES (Net)</b>	(5.1.8)	-	-	-	-	-	-
10.1 Financial Subsidiaries		-	-	-	-	-	-
10.2 Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI. JOINT VENTURES (Net)</b>	(5.1.9)	-	-	-	-	-	-
11.1 Joint Ventures Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>	(5.1.10)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(5.1.11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.12)	186,191	-	186,191	186,205	-	186,205
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	3,842	-	3,842	3,979	-	3,979
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		3,842	-	3,842	3,979	-	3,979
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(5.1.14)	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>		8,889	-	8,889	307	-	307
17.1 Current Tax Asset		289	-	289	268	-	268
17.2 Deferred Tax Asset	(5.1.15)	8,600	-	8,600	39	-	39
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	-	-	-	-	-	-
18.1 Held for Sale		16,389	-	16,389	3,817	-	3,817
18.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.17)	69,860	17,677	87,537	81,796	15,569	97,365
<b>TOTAL ASSETS</b>		11,669,083	6,996,346	18,665,429	9,080,096	6,388,776	15,388,872

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

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**
**AS OF 30 SEPTEMBER 2017**

(Amounts expressed in thousands of Turkish Lira (TL).)

LIABILITIES	Note	CURRENT PERIOD (30/09/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.1)	6,505,665	5,180,707	11,686,372	5,814,645	3,802,093	9,616,738
1.1 Deposits of Bank's Risk Group		513,289	157,660	670,949	399,445	212,031	611,476
1.2 Other		5,992,376	5,023,047	11,015,423	5,415,200	3,590,062	9,005,262
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.2)	519,900	8,068	527,968	383,197	262	383,459
<b>III. FUNDS BORROWED</b>	(5.II.3)	18,571	1,773,080	1,791,651	17,220	1,519,443	1,536,663
<b>IV. MONEY MARKETS</b>		-	493,084	493,084	179,244	504,584	683,828
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		-	493,084	493,084	179,244	504,584	683,828
<b>V. SECURITIES ISSUED (Net)</b>	(5.II.4)	1,223,267	-	1,223,267	991,975	-	991,975
5.1 Bills		1,223,267	-	1,223,267	991,975	-	991,975
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>	(5.II.5)	64,586	48,767	113,353	59,589	86,191	145,780
<b>VIII. OTHER LIABILITIES</b>	(5.II.5)	69,132	32,592	101,724	117,595	8,561	126,156
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>	(5.II.6)	-	453	453	-	85	85
10.1 Financial Lease Payables		-	512	512	-	89	89
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses ( - )		-	59	59	-	4	4
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.7)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.II.8)	178,575	-	178,575	178,668	-	178,668
12.1 General Loan Loss Provisions		113,535	-	113,535	121,287	-	121,287
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		17,290	-	17,290	16,993	-	16,993
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		47,750	-	47,750	40,388	-	40,388
<b>XIII. TAX LIABILITY</b>	(5.II.9)	35,346	-	35,346	38,481	-	38,481
13.1 Current Tax Liability		35,346	-	35,346	37,107	-	37,107
13.2 Deferred Tax Liability		-	-	-	1,374	-	1,374
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	(5.II.10)	-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(5.II.11)	-	1,103,285	1,103,285	-	397,278	397,278
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.12)	1,411,643	(1,292)	1,410,351	1,299,864	(10,103)	1,289,761
16.1 Paid-in capital		941,161	-	941,161	941,161	-	941,161
16.2 Capital Reserves		117,099	(1,292)	115,807	115,524	(10,103)	105,421
16.2.1 Share Premium		128,678	-	128,678	128,678	-	128,678
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(8,576)	(1,292)	(9,868)	(10,151)	(10,103)	(20,254)
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Investment Properties Revaluation Differences		-	-	-	-	-	-
16.2.7 Booms Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		(3,003)	-	(3,003)	(3,003)	-	(3,003)
16.3 Profit Reserves		243,284	-	243,284	128,369	-	128,369
16.3.1 Legal Reserves		13,535	-	13,535	7,790	-	7,790
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		229,749	-	229,749	120,579	-	120,579
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		110,045	-	110,045	114,757	-	114,757
16.4.1 Prior Periods' Income or (Loss)		(158)	-	(158)	(239)	-	(239)
16.4.2 Current Period Income or (Loss)		110,203	-	110,203	114,996	-	114,996
16.5 Minority Interests	(5.II.13)	54	-	54	53	-	53
<b>TOTAL LIABILITIES AND EQUITY</b>		10,026,685	8,638,744	18,665,429	9,080,478	6,308,394	15,388,872

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

## CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

AS OF 30 SEPTEMBER 2017

(Amounts expressed in thousands of Turkish Lira (TL).)

	Note	CURRENT PERIOD (30/09/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>12,136,813</b>	<b>24,073,429</b>	<b>36,210,242</b>	<b>8,581,635</b>	<b>12,614,699</b>	<b>21,196,334</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(S.III.1)	<b>612,891</b>	<b>722,745</b>	<b>1,335,636</b>	<b>440,172</b>	<b>456,854</b>	<b>897,026</b>
1.1. Letters of Guarantee		612,058	246,705	858,763	439,122	166,786	605,908
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		612,058	246,705	858,763	439,122	166,786	605,908
1.2. Bank Acceptances		833	208,522	209,355	1,050	66,001	67,051
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		833	208,522	209,355	1,050	66,001	67,051
1.3. Letters of Credit		-	267,518	267,518	-	224,067	224,067
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	267,518	267,518	-	224,067	224,067
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(S.III.1)	<b>1,190,278</b>	<b>1,820,135</b>	<b>3,010,413</b>	<b>542,376</b>	<b>326,052</b>	<b>868,428</b>
2.1. Irrevocable Commitments		1,190,278	1,820,135	3,010,413	542,376	326,052	868,428
2.1.1. Asset Purchase Commitments		570,798	1,820,135	2,390,933	89,486	326,052	415,538
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		282,144	-	282,144	171,348	-	171,348
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		206,038	-	206,038	172,800	-	172,800
2.1.8. Tax and Fund Liabilities from Export Commitments		4,370	-	4,370	4,230	-	4,230
2.1.9. Commitments for Credit Card Limits		124,111	-	124,111	101,475	-	101,475
2.1.10. Commitments for Credit Cards and Banking Services Promotions		1	-	1	1	-	1
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		2,816	-	2,816	3,016	-	3,016
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(S.III.5)	<b>10,333,644</b>	<b>21,530,549</b>	<b>31,864,193</b>	<b>7,599,087</b>	<b>11,831,793</b>	<b>19,430,880</b>
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		10,333,644	21,530,549	31,864,193	7,599,087	11,831,793	19,430,880
3.2.1. Forward Foreign Currency Buy/Sell Transactions		741,133	2,946,000	3,687,133	456,674	1,582,210	2,038,884
3.2.1.1. Forward Foreign Currency Transactions-Buy		333,676	1,511,177	1,844,853	193,451	823,219	1,016,670
3.2.1.2. Forward Foreign Currency Transactions-Sell		407,457	1,434,823	1,842,280	263,223	758,991	1,022,214
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		6,528,619	11,769,862	18,298,481	4,400,155	7,476,657	11,876,812
3.2.2.1. Foreign Currency Swap-Buy		2,529,541	6,599,402	9,128,943	2,410,286	5,533,213	5,943,499
3.2.2.2. Foreign Currency Swap-Sell		3,999,078	5,170,460	9,119,538	1,939,869	3,943,444	5,883,313
3.2.2.3. Interest Rate Swap-Buy		25,000	-	25,000	25,000	-	25,000
3.2.2.4. Interest Rate Swap-Sell		25,000	-	25,000	25,000	-	25,000
3.2.3. Foreign Currency, Interest Rate and Securities Options		3,063,892	6,814,687	9,878,579	2,742,258	2,772,926	5,515,184
3.2.3.1. Foreign Currency Options-Buy		1,601,119	3,343,019	4,944,138	1,465,408	1,288,756	2,754,164
3.2.3.2. Foreign Currency Options-Sell		1,462,773	3,471,668	4,934,441	1,276,850	1,484,170	2,761,020
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>91,926,388</b>	<b>37,120,331</b>	<b>129,046,719</b>	<b>70,880,212</b>	<b>32,888,095</b>	<b>103,778,307</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>1,215,649</b>	<b>207,013</b>	<b>1,422,662</b>	<b>961,063</b>	<b>262,458</b>	<b>1,223,521</b>
4.1. Customer Fund and Portfolio Balances		142,642	-	142,642	160,517	-	160,517
4.2. Investment Securities Held in Custody		121,811	107,852	229,663	77,188	87,118	164,306
4.3. Cheques Received for Collection		549,805	88,640	638,445	430,886	81,067	511,953
4.4. Commercial Notes Received for Collection		157,352	10,521	167,873	126,323	94,723	220,596
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		244,039	-	244,039	166,149	-	166,149
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>90,710,739</b>	<b>36,913,318</b>	<b>127,624,057</b>	<b>69,929,149</b>	<b>32,625,637</b>	<b>102,554,786</b>
5.1. Marketable Securities		46,200	133,591	179,791	55,143	83,839	143,982
5.2. Guarantee Notes		126,268	272,184	398,452	164,027	64,842	228,869
5.3. Commodity		-	-	-	2,500	-	2,500
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		9,442,980	4,268,688	13,711,668	8,994,608	4,143,780	13,138,388
5.6. Other Pledged Items		81,095,291	32,238,555	113,334,146	60,712,871	28,328,176	89,041,047
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>104,063,201</b>	<b>61,193,760</b>	<b>165,256,961</b>	<b>79,471,847</b>	<b>45,502,794</b>	<b>124,974,641</b>

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

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2017**  
(Amounts expressed in thousands of Turkish Lira (TL).)

INCOME STATEMENT		Note	CURRENT PERIOD (01/01/2017- 30/09/2017)	PRIOR PERIOD (01/01/2016- 30/09/2016)	CURRENT PERIOD (01/07/2017- 30/09/2017)	PRIOR PERIOD (01/07/2016- 30/09/2016)
I.	INTEREST INCOME	(S.IV.1)	1,317,746	930,523	505,476	332,973
1.1	Interest on Loans		1,207,274	897,433	465,978	320,688
1.2	Interest on Reserve Requirements		13,331	5,741	5,631	2,015
1.3	Interest on Banks		55,836	5,029	19,643	1,863
1.4	Interest on Money Market Transactions		3,248	361	1,580	256
1.5	Interest on Marketable Securities Portfolio		37,825	21,748	12,572	8,069
1.5.1	Trading Financial Assets		1,355	1,020	453	355
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3	Available-for-sale Financial Assets		36,470	20,728	12,119	7,714
1.5.4	Held-to-maturity Investments		-	-	-	-
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		232	211	72	82
II.	INTEREST EXPENSE		851,387	557,935	327,169	196,728
2.1	Interest on Deposits	(S.IV.2)	658,535	443,068	250,521	152,230
2.2	Interest on Funds Borrowed	(S.IV.2)	81,869	44,436	34,276	17,410
2.3	Interest Expense on Money Market Transactions		223	557	122	-
2.4	Interest on Securities Issued	(S.IV.2)	100,707	61,335	39,431	24,129
2.5	Other Interest Expenses		10,053	8,599	2,819	2,959
III.	NET INTEREST INCOME (I - II)		466,359	372,588	178,307	136,245
IV.	NET FEES AND COMMISSIONS INCOME		33,052	20,219	12,935	4,433
4.1	Fees and Commissions Received		55,777	36,011	21,997	12,001
4.1.1	Non-cash Loans		7,572	7,363	2,874	2,465
4.1.2	Other	(S.IV.12)	48,205	28,648	19,123	9,535
4.2	Fees and Commissions Paid		22,725	15,792	9,062	7,568
4.2.1	Non-cash Loans		137	168	44	51
4.2.2	Other	(S.IV.12)	22,588	15,624	9,018	7,517
V.	DIVIDEND INCOME	(S.IV.3)	-	-	-	-
VI.	TRADING INCOME/(LOSS) (Net)	(S.IV.4)	(4,461)	26,771	(14,247)	8,408
6.1	Trading Gains / (Losses) on Securities		4,138	5,773	581	2,080
6.2	Gains / (Losses) on Derivative Financial Transactions		(3,657)	24,502	(6,486)	12,578
6.3	Foreign Exchange Gains / (Losses)		(5,542)	(3,504)	(8,342)	(6,250)
VII.	OTHER OPERATING INCOME	(S.IV.5)	32,851	38,623	9,999	16,489
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		527,801	458,201	186,994	165,575
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(S.IV.6)	124,702	121,914	46,083	43,207
X.	OTHER OPERATING EXPENSES (-)	(S.IV.7)	265,153	221,428	93,809	74,843
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		137,946	114,859	47,102	47,525
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XIII.	EQUITY METHOD		-	-	-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XV.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)	(S.IV.8)	137,946	114,859	47,102	47,525
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(S.IV.9)	(27,742)	(32,545)	(9,591)	(14,068)
16.1	Current Tax Provision		(40,274)	(33,483)	(4,485)	(13,159)
16.2	Deferred Tax Provision		12,532	938	(5,106)	(909)
XVII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)	(S.IV.10)	110,204	82,314	37,511	33,457
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1	Income from Non-current Assets Held for Sale		-	-	-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3	Income from Other Discontinued Operations		-	-	-	-
XIX.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1	Expenses for Non-current Assets Held for Sale		-	-	-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3	Expenses for Other Discontinued Operations		-	-	-	-
XX.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
21.1	Current Tax Provision		-	-	-	-
21.2	Deferred Tax Provision		-	-	-	-
XXII.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII.	NET INCOME/(LOSS) (XVII+XXII)	(S.IV.11)	110,204	82,314	37,511	33,457
23.1	Group's Profit/Loss		110,203	82,314	37,511	33,457
23.2	Minority Interest Profit/Loss		1	-	-	-
	Earnings per Share		0,00117	0,00096	0,00040	0,00038

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



**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2017**

(Amounts expressed in thousands of Turkish Lira (TL).)

INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY		CURRENT PERIOD (01/01/2017-30/09/2017)	PRIOR PERIOD (01/01/2016-30/09/2016)
I.	ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	13,887	5,825
II.	TANGIBLE ASSETS REVALUATION RESERVES	-	-
III.	INTANGIBLE ASSETS REVALUATION RESERVES	-	-
IV.	TRANSLATION ADJUSTMENT FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V.	PROFIT/LOSS ON CASH FLOW HEDGED DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in the Fair Value)	-	-
VI.	PROFIT/LOSS ON NET FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion)	-	-
VII.	THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN ACCOUNTING POLICY	-	-
VIII.	OTHER INCOME AND EXPENSES RECOGNISED IN EQUITY IN ACCORDANCE WITH IAS	-	-
IX.	DEFERRED TAX EFFECT OF REVALUATION	(2,597)	(963)
X.	NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY (I+II+...+IX)	11,290	4,862
XI.	PROFIT/LOSS FOR THE PERIOD	109,299	81,303
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	(904)	(1,011)
11.2	The Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3	The Portion of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4	Other	110,203	82,314
XII.	TOTAL PROFIT /LOSS RECOGNISED FOR THE PERIOD (XI+XII)	120,589	86,165

The accompanying notes are an integral part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY  
FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2017**  
(Amounts expressed in thousands of Turkish Lira (TL).)

CHANGES IN SHAREHOLDERS' EQUITY		Note	Paid-in Capital	Paid-in Capital Adjustment	Share Premium	Share Conversion Premium	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Marketable Securities Revaluation Reserve	Transferrable Intangible Assets Revaluation Reserve	From Shares Issued in Equity Participation	Bridge Funds	Accumulated Prior Period Reserves on Assets Held For Sale	Total Equity Including Minority Interests	Minority Interests	Total Equity
<b>PERIOD PERIOD</b>																				
<b>01.01.2016-30.09.2016</b>																				
I.	Beginning Balance		847,543	-	733,79	-	3,711	-	43,075	(2,450)	31,518	(174)	(9,377)	-	-	-	-	1,004,861	52	1,004,913
II.	Corrections Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Change in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (640)		847,543	-	733,79	-	3,711	-	43,075	(2,450)	31,518	(174)	(9,377)	-	-	-	-	1,004,861	52	1,004,913
IV.	Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Increases from Acquisitions, Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Marketable Securities Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Bridge Funds (Effective Period)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Transferrable Intangible Assets Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Transferrable Intangible Assets Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	From Shares Issued from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The Effect of Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	The Effect of Revaluation of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The Effect of Changes in Equity of Subsidiaries on the Equity of the Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase		93,646	-	53,399	-	4,079	-	72,501	-	82,334	(65)	-	-	-	-	-	148,905	-	148,945
14.1	Cash		93,646	-	53,399	-	4,079	-	72,501	-	82,334	(65)	-	-	-	-	-	148,905	-	148,945
14.2	Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Conversion Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid-in Capital Initiative Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Share Issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Net Profit/Loss for the Period		-	-	-	-	-	-	-	-	82,334	(65)	-	-	-	-	-	82,334	-	82,334
20.1	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Ending Balance (01.01.2017-30.09.2017)		941,141	-	138,678	-	7,790	-	120,579	(2,450)	82,334	(239)	(9,377)	-	-	-	-	1,271,671	52	1,271,723
<b>CURRENT PERIOD</b>																				
<b>01.01.2017-30.09.2017</b>																				
I.	Prior Period Ending Balance		941,141	-	138,678	-	7,790	-	120,579	(2,450)	114,596	(239)	(9,377)	-	-	-	-	1,271,723	52	1,271,775
II.	Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Bridge Funds (Effective Period)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net Foreign Investment Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Transferrable Intangible Assets Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	From Shares Issued from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	The Effect of Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	The Effect of Revaluation of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The Effect of Changes in Equity of Subsidiaries on the Equity of the Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Conversion Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid-in Capital Initiative Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Net Profit/Loss for the Period		-	-	-	-	-	-	-	-	110,203	(114,596)	81	-	-	-	-	110,203	1	110,204
XVIII.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Ending Balance (01.10.2017-30.09.2018)		941,141	-	138,678	-	7,790	-	120,579	(2,450)	110,203	(114,596)	114,596	-	-	-	-	1,102,371	53	1,102,424

The accompanying notes are integral part of these financial statements.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2017**  
(Amounts expressed in thousands of Turkish Lira (TL).)

	Note	CURRENT PERIOD (01/01/2017-30/09/2017)	PRIOR PERIOD (01/01/2016-30/09/2016)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit before changes in operating assets and liabilities</b>		<b>339,997</b>	<b>228,819</b>
1.1.1 Interest received		1,252,700	892,886
1.1.2 Interest paid		777,255	523,630
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		56,071	35,438
1.1.5 Other income		121,934	75,089
1.1.6 Collections from previously written-off loans and other receivables		1,943	2,663
1.1.7 Payments to personnel and service suppliers		242,775	192,502
1.1.8 Taxes paid		57,341	47,197
1.1.9 Other		(15,280)	(13,928)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(1,096,504)</b>	<b>(778,603)</b>
1.2.1 Net decrease in trading securities		19,988	(43,972)
1.2.2 Net (increase) / decrease in fair value through profit/(loss) financial assets		-	-
1.2.3 Net (increase) / decrease in due from banks and other financial institutions		(237,482)	(212,150)
1.2.4 Net (increase) / decrease in loans		(2,917,138)	(1,662,655)
1.2.5 Net (increase) / decrease in other assets		24,558	(75,019)
1.2.6 Net increase / (decrease) in bank deposits		216,953	81,435
1.2.7 Net increase / (decrease) in other deposits		1,798,944	553,783
1.2.8 Net increase / (decrease) in funds borrowed		252,241	425,966
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		(254,568)	154,007
<b>I. Net cash provided from banking operations</b>		<b>(756,507)</b>	<b>(549,784)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>II. Net cash provided from investing activities</b>		<b>51,952</b>	<b>(102,468)</b>
2.1 Cash paid for acquisition of investments, associates and subsidiaries		4,897	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of property and equipment		6,570	4,063
2.4 Disposals of property and equipment		1,481	2,608
2.5 Cash paid for purchase of investments available-for-sale		95,065	483,883
2.6 Cash obtained from sale of investments available-for-sale		159,017	384,822
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		(2,014)	(1,952)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>III. Net cash provided from financing activities</b>		<b>919,652</b>	<b>830,356</b>
3.1 Cash obtained from funds borrowed and securities issued		2,301,960	1,577,968
3.2 Cash used for repayment of funds borrowed and securities issued		2,088,315	1,102,420
3.3 Issued equity instruments		706,007	148,945
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	205,863
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>1,949</b>	<b>5,361</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>217,046</b>	<b>183,465</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>704,694</b>	<b>201,712</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>921,740</b>	<b>385,177</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017**

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

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**SECTION THREE**

**ACCOUNTING POLICIES**

**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 numbered 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 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. The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained in Notes II and XXIV below.

**3. Additional paragraph for convenience translation**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**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.

Currency 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 currency risk.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017**

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

**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 30 September 2017 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, the Bank’s foreign currency exchange rates are in full TL as follows:

	<b>30 September 2017</b>	<b>31 December 2016</b>
US Dollar	3.5521	3.5192
Euro	4.1924	3.7099

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

As of 30 September 2017, net foreign exchange loss included in the income statement total amount is TL 5,542 (1 January – 30 September 2016: TL 3,504 loss).

**III. Explanations on consolidated subsidiaries**

Fiba Portföy Yönetimi A.Ş. (“Fiba Portföy”); the subsidiary of the Bank was consolidated by using full consolidation method in the consolidated financial statements dated 30 September 2017. 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 .



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017**

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

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**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. According to 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 derivative transactions held for risk management are valued at fair-value using market prices or pricing models subsequent to initial recognition and are presented in "derivative financial assets held for risk management" or "derivative financial liabilities held for risk management" items of the balance sheet depending on the difference's being positive or negative. 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 for financial assets and liabilities are recognized on accrual basis by using the effective interest rate method. The Bank ceases accruing interest income on non-performing loans and reverses any interest income accrued from such loans. No income is accounted until these loans are classified as performing or collected, according to the related regulation.

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017**

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

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**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.

**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 gains 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 maturities and the difference between market value and amortized cost (calculated using internal rate of return) of such financial assets are recognized in trading gains and losses on securities 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. Financial assets available for sale**

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

Interest income of the investment securities available-for-sale; based on the internal rate of return; is 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 2017.

**4. Loans and receivables**

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

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

Loans are initially measured at their acquisition cost and subsequently measured at amortized cost calculated by 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017**

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

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**VII. Explanations of financial assets (cont'd)**

The Parent Bank classifies its loans and receivables to related groups and calculates specific or general provisions in accordance with the “Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published in the Official Gazette dated 1 November 2006, numbered 26333 and by considering other regulations and explanations announced by BRSA.

**VIII. Explanations on impairment of financial assets**

Financial assets 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 assets or groups 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 loans and other receivables classified in accordance with the Communiqué published on the Official Gazette Numbered 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 loans 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 provided under repurchase agreements” 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 in the balance sheet under the “Receivables from reverse repurchase agreements” account.

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**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.

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**XIII. Explanations on tangible assets**

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

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

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

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

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

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

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

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

<b>Tangible Asset</b>	<b>Estimated Useful Lives (Years)</b>	<b>Depreciation Rate (%)</b>
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".



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**XVI. Explanations on contingent assets**

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

**XVII. Explanations on liabilities for employee benefits**

As per the existing labour laws and agreements in Turkey, entities are required to pay severance for the employees retired or fired. These payments are qualified as recognized retirement benefit plan according to revised TAS 19 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 of is as 11.50%, inflation rate as 8.00% and real rate of rise in salary as 0.00%.
- Effective as of 31 December 2016, ceiling salary amount is considered as TL 4,297.21 (full TL).
- Individuals' earliest retirement age is considered as retirement age.
- CSO 1980 mortality table is used for the death probabilities of male and female employees.

There is no employee foundation, fund or similar institutions.

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**XVIII. Explanations on taxation**

**1. Current Tax**

Effective from 1 January 2006, statutory income is subject to corporate tax at 20%. 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 numbered 2009/14593 and numbered 2009/14594 of the Council of Ministers published in the Official Gazette numbered 27130 dated 3 February 2009, certain duty rates included in the articles numbered 15 and 30 of the new Corporate Tax Law numbered 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 Turkish 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.

Deferred tax asset is TL 8,600 and there is no deferred tax liability in the balance sheet as of 30 September 2017 (31 December 2016: TL 39 deferred tax asset, TL 1,374 deferred tax liability).

Deferred tax benefit/(charge) is TL 17,638 and recognized within "Deferred tax benefit/(charge)" in the income statement. (1 January – 30 September 2016: TL 938 deferred tax benefit). Deferred tax effects of the transactions and events recognized directly in the equity are also recognized directly in the equity which is TL 2,597 charge (1 January - 30 September 2016: TL 963 charge).

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**3. Transfer pricing**

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

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

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

**XIX. Additional explanations on borrowings**

The Group provides resources by using loans from both domestic and foreign foundations and real personsthrough borro issuing bonds and bills.

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 Bank’s spot foreign exchange buying rates and interest expenses incurred during the period relating to the borrowing funds are recognized in income statement.

The Bank 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.

**XX. Explanations on share certificates issued**

None.

**XXI. Explanations on bank acceptances and bills of guarantee**

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

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

**XXII. Explanation on government incentives**

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

**XXIII. Explanations on segment reporting**

Segment reporting is presented in the section four, note VIII.

**XXIV. Other matters**

None.

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**SECTION FOUR**

**CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT**

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

As of 30 September 2017, total capital has been calculated as TL 2,611,506, capital adequacy standard ratio is 17.52%. (As of 31 December 2016, Group’s total capital amounted to TL 1,782,988, capital adequacy standard ratio was 13.48%)

**I. Explanations related to the components of shareholders’ equity**

	Current Period (30/09/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
<b>TIER I CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	941,161	
Share premium	128,678	--
Reserves	243,284	
Other comprehensive income according to TAS	--	
Profit	110,204	
Current period profit	110,204	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Minority shareholder	11	
<b>Tier I Capital Before Deductions</b>	<b>1,423,338</b>	
<b>Deductions From Tier I Capital</b>		
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 (-)	13,030	--
Improvement costs for operating leasing (-)	9,606	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,074	--
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	--	--

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	Current Period (30/09/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
Net amount of defined benefit plans	--	--
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	--
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets from temporary differences (-)	--	--
Other items to be defined by the BRSA	--	--
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	--
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>25,710</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1,397,628</b>	
<b>ADDITIONAL TIER I CAPITAL</b>	--	
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)		
<b>Additional Core Capital before Deductions</b>	--	
<b>Deductions from Additional Core Capital</b>	--	
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	--
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--



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	Current Period (30/09/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	768	--
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 (-)	--	
<b>Total Deductions from Additional Tier I Capital</b>	--	
<b>Total Additional Tier I Capital</b>	--	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	1,396,860	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,101,151	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Third parties' share in the Tier II Capital	--	
Third parties' share in the Tier II Capital (Temporary Article 3)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	113,535	
<b>Tier II Capital before Deductions</b>	1,214,686	
<b>Deductions from Tier II Capital</b>	--	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	--
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
<b>Total Deductions from Tier II Capital</b>	--	
<b>Total Tier II Capital</b>	1,214,686	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	2,611,546	

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	Current Period (30/09/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans granted against the Articles 50 and 51 of the Banking Law (-)	--	
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	--	
Other items to be defined by the BRSA (-)	40	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
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 (-)	--	--
<b>EQUITY</b>		
<b>Total Capital ( Total of Tier I Capital and Tier II Capital )</b>	<b>2,611,506</b>	--
<b>Total Risk Weighted Assets</b>	<b>14,906,984</b>	--
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Ratio (%)	9.38	--
Consolidated Tier I Capital Ratio (%)	9.37	--
Consolidated Capital Adequacy Ratio (%)	17.52	--
<b>BUFFERS</b>		
Bank-specific total Core Capital Ratio	4.50	--
Capital Conservation Buffer Ratio (%)	1.25	--
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.02	--

\* The amounts to be considered under the transitional provisions.

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	Current Period (30/09/2017) Amount	Amount as per the regulation before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	0.03	--
<b>Amounts lower than Excesses as per Deduction Rules</b>	--	--
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	--	--
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	113,535	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	113,535	--
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	--	--
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	--	--
Upper limit for Additional Tier I Capital items subject to Temporary Article 4	--	--
Amount of Additional Tier I Capital items subject to Temporary Article 4 that exceeds upper limit	--	--
Upper limit for Additional Tier II Capital items subject to Temporary Article 4	--	--
Amount of Additional Tier II Capital items subject to Temporary Article 4 that exceeds upper limit	--	--

\* The amounts to be considered under the transitional provisions.

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	Prior Period (31/12/2016) Amount	Amount as per the regulation before 1/1/2014 (*)
<b>TIER I CAPITAL</b>		
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	114,996	
Current period profit	114,996	
Prior period profit	--	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	--	
Minority shareholder	22	
<b>Tier I Capital Before Deductions</b>	<b>1,313,226</b>	
<b>Deductions From Tier I Capital</b>		
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 (-)	23,497	--
Improvement costs for operating leasing (-)	10,968	--
Goodwill and other intangible assets and related deferred taxes (-)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2,388	--
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	--	--

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	Prior Period (31/12/2016) Amount	Amount as per the regulation before 1/1/2014 (*)
Net amount of defined benefit plans		
Direct and indirect investments of the Bank on its own Tier I Capital (-)	--	--
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	--	--
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	--	--
Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	--	
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	--	
Excess amount arising from mortgage servicing rights	--	
Excess amount arising from deferred tax assets from temporary differences (-)	--	
Other items to be defined by the BRSA	--	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	--	
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>36,853</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1,276,373</b>	
<b>ADDITIONAL TIER I CAPITAL</b>	--	
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)	--	
<b>Additional Core Capital before Deductions</b>	--	
<b>Deductions from Additional Core Capital</b>	--	
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	--	--
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	--	--
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--

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	Prior Period (31/12/2016) Amount	Amount as per the regulation before 1/1/2014 (*)
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
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 (-)	1,592	--
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 (-)	--	
<b>Total Deductions from Additional Tier I Capital</b>	--	
<b>Total Additional Tier I Capital</b>	--	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,274,781</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	387,112	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	
Third parties' share in the Tier II Capital	--	
Third parties' share in the Tier II Capital (Temporary Article 3)	--	
Provisions (Article 8 of the Regulation on the Equity of Banks)	121,287	
<b>Tier II Capital before Deductions</b>	<b>508,399</b>	
<b>Deductions from Tier II Capital</b>	--	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	--
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	--	--
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	--	--
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	--	--
Other items to be defined by the BRSA (-)	--	
<b>Total Deductions from Tier II Capital</b>	--	
<b>Total Tier II Capital</b>	<b>508,399</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>1,783,180</b>	

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	Prior Period (31/12/2016) Amount	Amount as per the Regulation Before 1/1/2014 (*)
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans granted against the Articles 50 and 51 of the Banking Law (-)	66	
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 (-)	126	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
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 (-)	--	--
<b>EQUITY</b>		
<b>Total Capital ( Total of Tier I Capital and Tier II Capital )</b>	<b>1,782,988</b>	<b>1,782,988</b>
<b>Total Risk Weighted Assets</b>	<b>13,230,505</b>	<b>13,230,505</b>
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Ratio (%)	9.65	9.65
Consolidated Tier I Capital Ratio (%)	9.65	9.65
Consolidated Capital Adequacy Ratio (%)	13.48	13.48
<b>BUFFERS</b>		
Bank-specific total Core Capital Ratio	4.50	4.50
Capital Conservation Buffer Ratio (%)	0.63	0.63
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	--	--

\* The amounts to be considered under the transitional provisions.

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	Prior Period (31/12/2016) Amount	Amount as per the Regulation Before 1/1/2014 (*)
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to risk weighted assets	0.05	--
<b>Amounts lower than Excesses as per Deduction Rules</b>	--	--
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	--	--
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	--	--
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	121,287	--
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	121,287	--
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	--	--
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper limit for Additional Tier I Capital items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital items subject to Temporary Article 4 that exceeds upper limit	-	-
Upper limit for Additional Tier II Capital items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital items subject to Temporary Article 4 that exceeds upper limit	-	-

\* The amounts to be considered under the transitional provisions.



## FİBABANKA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017

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

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

On the other hand, in the calculation of the "Equity", improvement costs for 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 calculation :

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
<b>Status in Shareholders' Equity Calculation</b>		
Situation of subjection 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 – Million TL)	1,065,630	35,521
Nominal value of debt instrument (Million TL)	1,065,630	35,521
Related account of debt instrument	Subordinated Debt Instruments	Subordinated Loan
Export date of debt instrument	24/03/16-10/05/17	06/08/13
Maturity structure of debt instrument (Demand/Time)	Time	Time
Beginning term of debt instrument	11 years	10 years
Whether there is right of reimbursement of exporter or not according to BRSA rules	There is a right to reimbursement	There is a right to reimbursement
Optional reimbursement date, options of conditional reimbursement and reimbursement amount	24/11/2022; 300 million USD	06/08/2018; 10 million USD
Following reimbursement option dates	None	None

\*Represents subordinated loan provided from Eco Trade and Development Bank.

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<b>Interest/Dividend Payments</b>		
Fixed or floating interest/dividend payments	Floating interest	Floating interest
Interest rate or index value of interest rate	Until optional reimbursement date 7.75% (5-years mid-swap rate +5.758%); after then, updated 5-years mid-swap rate+5.758%	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	Obligatory	Obligatory
Whether there is any stimulant to repayment like interest rate hike or not	None	None
Feature of being cumulative or noncumulative	--	--
<b>Feature of being convertible bonds</b>		
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 –oligatory or optional-	--	--
If there is convertible bonds, types of convertible instruments	--	--
If there is convertible bonds, exporter of convertible debt instruments	--	--
<b>Feature of value reducement</b>		
If there is a feature of value reducement, trigger incidents cause this reducement	--	--
If there is a feature of value reducement, feature of full or partially reducement of value	--	--
If there is a feature of value reducement, feature of being constant of temporary	--	--
If there is a feature of value reducement, 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	--	--

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**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 numbered 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 2017:

- CR8 - RWA flow statements of credit risk exposures under IRB (Internal Ratings Based)
- CCR7 - RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- MR2 - RWA flow statements of market risk exposures under an IMA

**Overview of Risk Weighted Amounts**

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	12,784,773	11,714,299	1,022,782
2	Of which standardised approach (SA)	12,784,773	11,714,299	1,022,782
3	Of which internal rating-based (IRB) approach	--	--	--
4	Counterparty credit risk	711,065	662,570	56,885
5	Of which standardised approach for counterparty credit risk (SA-CCR)	711,065	662,570	56,885
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	33,582	44,943	2,687
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	487,938	153,788	39,035
17	Of which standardised approach (SA)	487,938	153,788	39,035
18	Of which internal model approaches (IMM)	--	--	--
19	Operational risk	889,626	654,905	71,170
20	Of which basic indicator approach	889,626	654,905	71,170
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>14,906,984</b>	<b>13,230,505</b>	<b>1,192,559</b>

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**III. Explanations on consolidated currency risk**

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

As of 30 September 2017, the Group's net foreign currency short position is TL 131,492 (31 December 2016: TL 125,488 short position) resulting from short position on the balance amounting to TL 1,301,262 (31 December 2016: TL 376,413 long position) and long position on the off-balance sheet amounting to TL 1,169,770 (31 December 2016: TL 501,901 short position). "Standard Method" is used in legal reporting to measure the foreign exchange risk.

The announced current foreign exchange buying rates of the Bank at 30 September 2017 and the previous five working days in full TL are as follows:

US Dollar purchase rate as at the balance sheet date	TL 3.5521
Euro purchase rate as at the balance sheet date	TL 4.1924

Date	USD	EUR
26 September 2017	3.5162	4.1818
27 September 2017	3.5344	3.1747
28 September 2017	3.5657	3.1891
29 September 2017	3.5720	3.2023
30 September 2017	3.5521	3.1924

Simple arithmetic means of foreign exchange rates in September 2017 are TL 3.4619 for US dollar, and TL 4.1381 for Euro (Full basis TL).

# FİBABANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017

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

Current Period	EUR	USD	Other	Total
<b>Assets</b>				
Cash and Balances with the Central Bank of Turkey	234,458	1,552,622	343,876	2,130,956
Banks	7,342	83,856	5,727	96,925
Financial Assets at Fair Value through Profit/Loss (*)	378	4,395	--	4,773
Interbank Money Market Placements	--	--	--	--
Financial Assets Available for Sale	82,047	576,714	--	658,761
Loans (**)	3,014,329	1,316,291	106,154	4,436,774
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 (***)	685	1,831	1	2,517
<b>Total Assets</b>	<b>3,339,239</b>	<b>3,535,709</b>	<b>455,758</b>	<b>7,330,706</b>
<b>Liabilities</b>				
Banks Deposits	104,671	481,854	39,034	625,559
Foreign Currency Deposits	739,099	3,754,458	61,591	4,555,148
Interbank Money Market Received	58,128	434,956	--	493,084
Funds Borrowed from Other Financial Institutions	973,579	833,689	1,913	1,809,181
Sundry Creditors	7,347	41,357	63	48,767
Marketable Securities Issued	--	--	--	--
Derivative Financial Liabilities Held for Hedging Purposes	--	--	--	--
Other Liabilities (****)	25,120	1,075,109	--	1,100,229
<b>Total Liabilities</b>	<b>1,907,944</b>	<b>6,621,423</b>	<b>102,601</b>	<b>8,631,968</b>
<b>Net Balance Sheet Position</b>	<b>1,431,295</b>	<b>(3,085,714)</b>	<b>353,157</b>	<b>(1,301,262)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(1,475,475)</b>	<b>2,999,030</b>	<b>(353,785)</b>	<b>1,169,770</b>
Financial Derivative Assets (*****)	3,627,014	8,347,890	249,491	12,224,395
Financial Derivative Liabilities (*****)	5,102,489	5,348,860	603,276	11,054,625
Non-Cash Loans (*****)	203,332	519,414	--	722,746
<b>Prior Period</b>				
Total Assets	2,769,187	3,549,207	376,254	6,694,648
Total Liabilities	1,785,647	4,490,878	41,710	6,318,235
<b>Net Balance Sheet Position</b>	<b>983,540</b>	<b>(941,671)</b>	<b>334,544</b>	<b>376,413</b>
<b>Net Off-Balance Sheet Position</b>	<b>(1,015,278)</b>	<b>810,480</b>	<b>(297,103)</b>	<b>(501,901)</b>
Derivative Financial Assets (*****)	2,245,247	3,495,902	86,823	5,827,972
Derivative Financial Liabilities (*****)	3,260,525	2,685,422	383,926	6,329,873
Non-Cash Loans (*****)	139,807	316,902	145	456,854

(\*) The balance does not include trading derivative assets discount amounting to TL 8,069.

(\*\*) The balance includes foreign currency indexed loans and accruals amounting to TL 357,589.

(\*\*\*) The balance does not include TL 15,160 of prepaid expenses.

(\*\*\*\*) The balance does not include trading derivative liabilities discount amounting to TL 8,068.

(\*\*\*\*\*) In the current period, exchange purchase commitments within the derivative financial assets amounted to TL 770,797 (31 December 2016: TL 182,784), exchange sale commitments within the derivative financial liabilities amounted to TL 1,007,867 (31 December 2016: TL 143,268).

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

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### IV. Explanations on consolidated interest rate risk

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

Standard method and asset-liability risk measurement methods are used to measure the bank's interest rate risk.

Measurements by employing the standard method are carried out monthly by using maturity ladder. Bank applies interest rate shock analysis to interest rate sensitive assets and liabilities considering historic economic crises. Change in the net present value of the net assets of the Bank is 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
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,650,301	--	--	--	--	650,020	2,300,321
Banks	290,298	--	--	--	--	34,635	324,933
Financial Assets at Fair Value							
Through Profit or Loss	50,392	40,800	66,523	355,966	3,672	25,274	542,627
Interbank Money Market Placements	103,675	--	--	--	--	--	103,675
Financial Assets Available-for-Sale	1,759	9,085	94,702	632,929	94,662	1,589	834,726
Loans	2,070,572	3,992,379	2,185,615	4,842,164	972,171	197,501	14,260,402
Investment Securities Held-to- Maturity	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	--	--	298,745	298,745
<b>Total Assets</b>	<b>4,166,997</b>	<b>4,042,264</b>	<b>2,346,840</b>	<b>5,831,059</b>	<b>1,070,505</b>	<b>1,207,764</b>	<b>18,665,429</b>
<b>Liabilities</b>							
Bank Deposits	517,234	56,692	4,135	--	--	116,696	694,757
Other Deposits	6,636,765	2,883,505	731,160	26,630	--	713,555	10,991,615
Interbank Money Market Received	386,755	106,329	--	--	--	--	493,084
Sundry Creditors	--	--	--	--	--	113,353	113,353
Marketable Securities Issued	326,475	207,995	688,797	--	--	--	1,223,267
Funds Borrowed from Other Financial Institutions	176,572	1,086,595	563,511	1,074	--	--	1,827,752
Other Liabilities (**)	17,675	56,457	66,853	388,518	1,065,649	1,726,449	3,321,601
<b>Total Liabilities</b>	<b>8,061,476</b>	<b>4,397,573</b>	<b>2,054,456</b>	<b>416,222</b>	<b>1,065,649</b>	<b>2,670,053</b>	<b>18,665,429</b>
Balance Sheet Long Position	--	--	292,384	5,414,837	4,856	--	5,712,077
Balance Sheet Short Position	(3,894,479)	(355,309)	--	--	--	(1,462,289)	(5,712,077)
Off-Balance Sheet Long Position	--	--	--	25,000	--	17,121,339	17,146,339
Off-Balance Sheet Short Position	--	--	--	(25,000)	--	(17,083,787)	(17,108,787)
<b>Total Position</b>	<b>(3,894,479)</b>	<b>(355,309)</b>	<b>292,384</b>	<b>5,414,837</b>	<b>4,856</b>	<b>(1,424,737)</b>	<b>37,552</b>

(\*) Non-interest bearing column includes TL 4,897 subsidiaries, TL 186,191 tangible assets, TL 3,842 intangible assets, TL 8,889 tax asset, TL 16,389 assets held for sale and TL 78,537 other assets.

(\*\*) Non-interest bearing column includes TL 1,410,351 shareholders' equity, TL 101,724 other liabilities, TL 453 finance lease liabilities, TL 178,575 provisions and TL 35,346 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
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,352,802	--	--	--	--	585,132	1,937,934
Banks	33,815	--	--	--	--	24,565	58,380
Financial Assets at Fair Value Through Profit or Loss	21,971	1,174	1,014	1,194	2,905	469,427	497,685
Interbank Money Market Placements	274,702	--	--	--	--	--	274,702
Financial Assets Available -for-Sale	--	293	24,940	751,929	109,044	1,020	887,226
Loans	1,869,120	3,805,040	1,991,266	2,772,280	875,097	128,469	11,441,272
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	--	--	291,673	291,673
<b>Total Assets</b>	<b>3,552,410</b>	<b>3,806,507</b>	<b>2,017,220</b>	<b>3,525,403</b>	<b>987,046</b>	<b>1,500,286</b>	<b>15,388,872</b>
<b>Liabilities</b>							
Bank Deposits	347,019	20,072	--	--	--	114,714	481,805
Other Deposits	5,589,025	2,134,088	891,984	17,244	--	502,592	9,134,933
Interbank Money Market Received	517,259	166,569	--	--	--	--	683,828
Sundry Creditors	--	--	--	--	--	145,780	145,780
Marketable Securities Issued	183,558	424,661	383,756	--	--	--	991,975
Funds Borrowed from Other Financial Institutions	56,928	903,970	609,851	2,534	--	--	1,573,283
Other Liabilities (**)	--	8,737	--	--	351,920	2,016,611	2,377,268
<b>Total Liabilities</b>	<b>6,693,789</b>	<b>3,658,097</b>	<b>1,885,591</b>	<b>19,778</b>	<b>351,920</b>	<b>2,779,697</b>	<b>15,388,872</b>
Balance Sheet Long Position	--	148,410	131,629	3,505,625	635,126	--	4,420,790
Balance Sheet Short Position	(3,141,379)	--	--	--	--	(1,279,411)	(4,420,790)
Off-Balance Sheet Long Position	--	--	--	25,000	--	9,921,939	9,946,939
Off-Balance Sheet Short Position	--	--	--	(25,000)	--	(9,874,479)	(9,899,479)
<b>Total Position</b>	<b>(3,141,379)</b>	<b>148,410</b>	<b>131,629</b>	<b>3,505,625</b>	<b>635,126</b>	<b>(1,231,951)</b>	<b>47,460</b>

(\*) Non-interest bearing column includes TL 186,205 tangible assets, TL 3,979 intangible assets, TL 307 tax assets, TL 3,817 non-current assets held for sale and TL 97,365 other assets.

(\*\*) Non-interest bearing column includes TL 1,289,769 shareholders' equity, TL 126,155 other liabilities, TL 85 finance lease liabilities, TL 178,668 provisions and TL 38,474 tax liabilities.

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**IV. Explanations on consolidated interest rate risk (cont'd)**
**Average interest rates applied to financial instruments**

<b>Current Period End</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	1.25	--	6.41
Banks	--	1.40	--	12.25
Financial Assets at Fair Value Through Profit/ Loss	2.00	5.28	--	13.15
Interbank Money Market Placements	--	--	--	13.07
Financial Assets Available-for-Sale	3.43	4.44	--	9.57
Loans	6.06	6.56	--	16.66
Investment Securities Held-to-Maturity	--	--	--	--
<b>Liabilities</b>				
Bank Deposits	--	1.56	--	10.10
Other Deposits	1.88	3.76	--	13.81
Interbank Money Market Funds	0.29	2.25	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	7.75	--	13.80
Funds Borrowed from Other Financial Institutions	1.79	2.72	--	6.60
<b>Prior Period End</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	0.75	--	3.31
Banks	0.03	0.55	--	--
Financial Assets at Fair Value Through Profit/Loss	3.19	4.69	--	10.67
Interbank Money Market Placements	0.01	--	--	10.40
Financial Assets Available-for-Sale	3.43	4.51	--	9.40
Loans	5.97	6.23	--	15.23
Investment Securities Held-to-Maturity	--	--	--	--
<b>Liabilities</b>				
Bank Deposits	--	0.84	--	9.06
Other Deposits	1.60	3.46	--	11.40
Interbank Money Market Received	0.53	2.27	--	8.00
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	9.25	--	10.77
Funds Borrowed from Other Financial Institutions	1.89	2.53	--	6.55



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**V. Explanations on consolidated equity share position risk**

As of 30 September 2017 , there is no any equity share position.

**VI. Explanations on Liquidity Risk and Liquidity Coverage Ratios**

The Group 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.

The Board of Directors reviews the liquidity and funding risk management policy once a year or in case of necessity. Liquidity risk is managed by Asset and Liability Committee (ALCO) through risk management policy with the perspective of short and long term liquidity risk.

Liquidity strategies are weekly determined by the Group within the scope of ALCO meetings where funding needs and funds are discussed. Treasury department manages cash flows in line with strategies determined. As deemed necessary by the ALCO members, liquidity meetings are performed for the purposes of close monitoring. While Treasury Department manages short term liquidity, ALCO strategy considers legal ratios and stress tests.

Group's TL/FC balance is monitored weekly and decision of actions are determined based on ALCO decisions. The funding balance is directly monitored and compensated by making the risk-return-cost evaluation.

"Maturity Mismatch Report" is prepared on a weekly basis for long term liquidity risk and it is included in ALCO presentation. The Bank, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 2 years 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.

**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 are based on the scenarios that deposit and funds obtained from issued bonds will outflow and Bank's limits will not be used in a 14-day period, and the results are presented in ALCO meetings on a weekly 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 takes into consideration the results of the above-mentioned stress testing and scenario analysis by the early warning system.

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks"; published in the Official Gazette numbered 28948, dated 21 March 2014; liquidity ratio is required to be 60% for foreign currency assets/liabilities and 80% for total assets/liabilities in the calculation of the banks' weekly and monthly reporting effective from 1 January 2017.

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**VI. Explanations on Liquidity Risk and Liquidity Coverage Ratios (cont'd)**

Current Period		Total Unweighted Value (*)		Total Weighted Value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>					
1	Total high-quality liquid assets (HQLA)			2,343,158	1,980,946
<b>CASH OUTFLOWS</b>					
2	Deposits from natural persons and retail deposits	6,364,241	2,695,403	612,187	269,540
3	Stable deposits	485,194	--	24,238	--
4	Less stable deposits	5,879,047	2,695,403	587,949	269,540
5	Unsecured funding except for retail deposits and deposits from natural persons, of which:	3,521,637	1,323,933	2,412,039	990,991
6	Operational deposits	--	--	--	--
7	Non-operational deposits	2,901,257	1,256,336	1,160,502	335,023
8	Other unsecured funding	620,380	67,596	1,251,537	655,968
9	Secured funding			445,931	445,931
10	Other cash outflows	1,967,815	785,785	393,804	239,165
11	Outflows related to derivative exposures and other collateral requirements	220,691	188,518	220,691	188,518
12	Outflows related to restructured financial instruments	--	--	--	--
13	Payment commitments granted for debts to financial markets and other off-balance sheet commitments	1,747,124	597,267	173,113	50,647
14	Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15	Other irrevocable or conditionally revocable off-balance sheet obligations	18,383	5	18,383	5
16	<b>TOTAL CASH OUTFLOWS</b>			<b>3,882,344</b>	<b>1,945,633</b>
<b>CASH INFLOWS</b>					
17	Secured receivables	101,192	101,192	67,461	67,461
18	Unsecured receivables	2,043,442	476,685	1,370,909	406,164
19	Other cash inflows	52,116	27,050	52,116	27,050
20	<b>TOTAL CASH INFLOWS</b>	<b>2,196,750</b>	<b>604,927</b>	<b>1,490,486</b>	<b>500,675</b>
21	<b>TOTAL HQLA</b>			<b>2,343,158</b>	<b>1,980,946</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>2,399,527</b>	<b>1,444,958</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>97.65</b>	<b>137.09</b>

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

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**VI. Explanations on Liquidity Risk and Liquidity Coverage Ratios (cont'd)**

Prior Period		Total Unweighted Value (*)		Total Weighted Value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>					
1	Total high-quality liquid assets (HQLA)			1,638,399	1,512,782
<b>CASH OUTFLOWS</b>					
2	Deposits from natural persons and retail deposits	5,822,217	2,336,467	368,166	141,711
3	Stable deposits	4,281,117	1,838,709	214,056	91,935
4	Less stable deposits	1,541,100	497,758	154,110	49,776
5	Unsecured funding except for retail deposits and deposits from natural persons, of which:	3,273,924	1,452,496	1,963,525	867,812
6	Operational deposits	--	--	--	--
7	Non-operational deposits	2,154,537	946,043	861,815	378,417
8	Other unsecured funding	1,119,387	506,453	1,101,710	489,395
9	Secured funding			423,489	423,489
10	Other cash outflows	1,373,571	532,901	256,376	171,913
11	Outflows related to derivative exposures and other collateral requirements	125,003	117,321	125,003	117,321
12	Outflows related to restructured financial instruments	--	--	--	--
13	Payment commitments granted for debts to financial markets and other off-balance sheet commitments	1,248,568	415,580	131,373	54,592
14	Other revocable off-balance sheet commitments and other contractual obligations	--	--	--	--
15	Other irrevocable or conditionally revocable off-balance sheet obligations	25,897	8	25,897	8
16	<b>TOTAL CASH OUTFLOWS</b>			<b>3,037,453</b>	<b>1,604,934</b>
<b>CASH INFLOWS</b>					
17	Secured receivables	--	--	54,535	54,535
18	Unsecured receivables	1,638,947	272,869	1,075,831	224,293
19	Other cash inflows	40,101	32,356	40,101	32,355
20	<b>TOTAL CASH INFLOWS</b>	<b>1,679,048</b>	<b>305,225</b>	<b>1,170,467</b>	<b>311,183</b>
21	<b>TOTAL HQLA</b>			<b>1,638,399</b>	<b>1,512,782</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>1,866,986</b>	<b>1,293,751</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>87.76</b>	<b>116.93</b>

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

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**VI. Explanations on Liquidity Risk and Liquidity Coverage Ratios (cont'd)**

<b>Current Period</b>	<b>TL+FC</b>	<b>FC</b>
31 July 2017	92.53%	207.66%
31 August 2017	105.50%	128.37%
30 September 2017	96.10%	113.57%
<b>Average</b>	<b>98.04%</b>	<b>149.87%</b>

<b>Prior Period</b>	<b>TL+FC</b>	<b>FC</b>
31 October 2016	79.55%	105.59%
30 November 2016	90.57%	103.27%
31 December 2016	94.29%	154.69%
<b>Average</b>	<b>88.14%</b>	<b>121.18%</b>

The Bank implements the related ratio 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 are remaining maturities of 30 days deposits, placements in interbank money market and borrowing items. Deposits form a significant portion of the Bank's sources of funds, on the other hand bonds issued, money market borrowings, funds provided from abroad are other important sources of funding.

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

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### VI. Explanations on Liquidity Risk and Liquidity Coverage Ratios (cont'd)

Presentation of assets and liabilities according to their remaining maturities:

Current Period End	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated	Total
<b>Assets</b>								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	424,894	1,875,427	--	--	--	--	--	2,300,321
Banks	34,635	290,298	--	--	--	--	--	324,933
Financial Assets at Fair Value Through Profit or Loss	--	75,469	40,800	49,242	373,444	3,672	--	542,627
Interbank Money Market Placements	--	103,675	--	--	--	--	--	103,675
Financial Assets Available-for-Sale	1,589	--	9,085	94,702	632,929	96,421	--	834,726
Loans	--	2,198,149	1,797,773	4,933,067	4,719,569	414,343	197,501	14,260,402
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--	--
Other Assets(*)	--	--	--	--	--	--	298,745	298,745
<b>Total Assets</b>	<b>461,118</b>	<b>4,543,018</b>	<b>1,847,658</b>	<b>5,077,011</b>	<b>5,725,942</b>	<b>514,436</b>	<b>496,246</b>	<b>18,665,429</b>
<b>Liabilities</b>								
Bank Deposits	116,696	517,234	56,692	4,135	--	--	--	694,757
Other Deposits	713,555	6,636,765	2,883,505	731,160	26,630	--	--	10,991,615
Funds Borrowed from Other Financial Institutions	--	34,492	636,066	719,663	377,604	59,927	--	1,827,752
Interbank Money Market Received	--	386,755	106,329	--	--	--	--	493,084
Marketable Securities Issued	--	326,475	207,995	688,797	--	--	--	1,223,267
Sundry Creditors	--	113,353	--	--	--	--	--	113,353
Other Liabilities(**)	--	109,243	63,965	74,272	410,683	1,066,191	1,597,247	3,321,601
<b>Total Liabilities</b>	<b>830,251</b>	<b>8,124,317</b>	<b>3,954,552</b>	<b>2,218,027</b>	<b>814,917</b>	<b>1,126,118</b>	<b>1,597,247</b>	<b>18,665,429</b>
<b>Net Liquidity Surplus/(Gap)</b>	<b>(369,133)</b>	<b>(3,581,299)</b>	<b>(2,106,894)</b>	<b>2,858,984</b>	<b>4,911,025</b>	<b>(611,682)</b>	<b>(1,101,001)</b>	<b>--</b>
<b>Net Off-Balance Sheet Position</b>	<b>--</b>	<b>14,298</b>	<b>(4,013)</b>	<b>6,076</b>	<b>5,314</b>	<b>--</b>	<b>--</b>	<b>21,675</b>
Derivative Financial Assets	--	4,149,350	3,639,150	3,558,757	4,584,633	11,044	--	15,942,934
Derivative Financial Liabilities	--	4,135,052	3,643,163	3,552,681	4,579,319	11,044	--	15,921,259
Non-Cash Loans	--	69,079	213,373	581,193	145,206	326,785	--	1,335,636
<b>Prior Period</b>								
<b>Total Assets</b>	<b>373,897</b>	<b>3,690,006</b>	<b>1,575,068</b>	<b>4,420,080</b>	<b>4,322,835</b>	<b>586,844</b>	<b>420,142</b>	<b>15,388,872</b>
<b>Total Liabilities</b>	<b>617,306</b>	<b>6,955,317</b>	<b>2,927,080</b>	<b>2,134,568</b>	<b>852,775</b>	<b>432,119</b>	<b>1,469,707</b>	<b>15,388,872</b>
<b>Net Liquidity Gap</b>	<b>(243,409)</b>	<b>(3,265,311)</b>	<b>(1,352,012)</b>	<b>2,285,512</b>	<b>3,470,060</b>	<b>154,725</b>	<b>(1,049,565)</b>	<b>--</b>
<b>Net Off-Balance Sheet Position</b>	<b>--</b>	<b>15,785</b>	<b>(3,025)</b>	<b>19,021</b>	<b>16,005</b>	<b>--</b>	<b>--</b>	<b>47,786</b>
Derivative Financial Assets	--	2,622,167	1,018,933	2,321,449	3,776,784	--	--	9,739,333
Derivative Financial Liabilities	--	2,606,382	1,021,958	2,302,428	3,760,779	--	--	9,691,547
Non-Cash Loans	--	49,172	158,169	321,197	95,139	273,349	--	897,026

(\*) 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. Explanations on Liquidity Risk and Liquidity Coverage Ratios (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 August 2015, total amount of assets and risk in the consolidated financial statements prepared in accordance with Turkish Accounting Standards is shown below;

		<b>Current Period(*)</b>	<b>Prior Period(*)</b>
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*)	39,323,730	27,193,355
2	The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	--	--
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(15,657,240)	(8,176,420)
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	<b>Total risk amount</b>	<b>23,666,489</b>	<b>19,016,935</b>

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

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**VI. Explanations on Liquidity Risk and Liquidity Coverage Ratios (cont'd)**

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 November 2013 is shown below;

	<b>On – balance sheet assets</b>	<b>Current Period(*)</b>	<b>Prior Period(*)</b>
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	19,037,314	15,529,445
2	(Assets deducted in determining Tier I capital)	(24,766)	(34,434)
3	Total on-balance sheet risks (sum of lines 1 and 2)	19,012,548	15,495,011
	<b>Derivative financial instruments and credit derivatives</b>		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	478,915	331,031
5	Potential credit risk associated with all derivative financial instruments and credit derivatives	292,872	185,286
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	771,787	516,317
	<b>Securities or commodity financing transactions (SCFT)</b>		
7	Risks from SCFT assets (except for on-balance sheet)	673,778	811,748
8	Risks from brokerage activities related exposures	--	--
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	673,778	811,748
	<b>Other off-balance sheet transactions</b>		
10	Gross notional amounts of off-balance sheet transactions	3,208,376	2,193,861
11	(Adjustments for conversion to credit equivalent amounts)	--	--
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	3,208,376	2,193,861
	<b>Capital and total risks</b>		
13	Tier 1 capital	1,384,312	1,265,679
14	Total risks (sum of lines 3, 6, 9 and 12)	23,666,489	19,016,937
	<b>Leverage ratio</b>		
15	Leverage ratio	5.86	6.67

(\*) Represents three-months average amounts.

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### VII. 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 corporate/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
<b>Current Period</b>				
<b>1 January – 30 September 2017</b>				
Operating Income	214,653	316,348	(3,200)	527,801
Operating Profit	(21,055)	214,897	(55,896)	137,946
Taxation				(27,742)
<b>Net Profit/(Loss) for the Period</b>				<b>110,204</b>
<b>Current Period- 30 September 2017</b>				
Segment Assets	4,018,062	10,044,839	4,602,528	18,665,429
Unallocated Assets				--
<b>Total Assets</b>				<b>18,665,429</b>
Segment Liabilities	6,972,866	4,023,627	6,258,585	17,255,078
Unallocated Liabilities				--
Shareholders' Equity				1,410,351
<b>Total Liabilities</b>				<b>18,665,429</b>
	Retail Banking	Commercial & Corporate Banking	Treasury & Headquarters	Total Operations of the Bank
<b>Prior Period</b>				
<b>1 January – 30 September 2016</b>				
Operating Income	184,196	224,716	49,289	458,201
Operating Profit	16,111	135,539	(36,791)	114,859
Taxation				(32,545)
<b>Net Profit/(Loss) for the Period</b>				<b>82,314</b>
<b>Prior Period- 31 December 2016</b>				
Segment Assets	3,338,361	7,974,405	4,076,106	15,388,872
Unallocated Assets				--
<b>Total Assets</b>				<b>15,388,872</b>
Segment Liabilities	6,543,963	2,595,736	4,959,412	14,099,111
Unallocated Liabilities				--
Shareholders' Equity				1,289,761
<b>Total Liabilities</b>				<b>15,388,872</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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	26,638	76,476	28,535	49,972
Balances with the Central Bank of Turkey	142,727	2,054,480	109,442	1,749,985
Other	--	--	--	--
<b>Total</b>	<b>169,365</b>	<b>2,130,956</b>	<b>137,977</b>	<b>1,799,957</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	65,479	256,301	109,442	160,363
Unrestricted Time Deposits	77,248	--	--	25,969
Restricted Time Deposits	--	1,798,179	--	1,563,653
<b>Total</b>	<b>142,727</b>	<b>2,054,480</b>	<b>109,442</b>	<b>1,749,985</b>

According to the communiqué Numbered 2005/1 on “Reserve Deposits” of CBRT, banks 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 4% - 24% and denominated mainly in EUR and USD for FC liabilities. According to the Central Bank of Turkey’s press announcement Numbered 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 press announcement Numbered 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	17,540	--	7,055	--
Other	--	--	--	--
<b>Total</b>	<b>17,540</b>	<b>--</b>	<b>7,055</b>	<b>--</b>

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

**FİBABANKA A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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	--	--	9,581	--
<b>Total</b>	<b>--</b>	<b>--</b>	<b>9,581</b>	<b>--</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	44,846	--	15,877	--
Swap Transactions	319,598	--	272,383	--
Futures Transactions	--	--	--	--
Options	106,512	8,069	126,479	265
Other	--	--	--	--
<b>Total</b>	<b>470,956</b>	<b>8,069</b>	<b>414,739</b>	<b>265</b>

**3. Information on Banks****3.1 Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	227,157	63,943	830	33,815
Foreign	851	32,982	598	23,137
Foreign head-offices and branches	--	--	--	--
<b>Total</b>	<b>228,008</b>	<b>96,925</b>	<b>1,428</b>	<b>56,952</b>

**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 available-for-sale 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	169,244	611,102	169,880	681,568
Other	--	--	--	--
<b>Total</b>	<b>169,244</b>	<b>611,102</b>	<b>169,880</b>	<b>681,568</b>

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**4.2 Details of financial assets available-for-sale**

	Current Period	Prior Period
Debt instruments	843,158	902,795
Quoted on Stock Exchange	843,158	902,795
Unquoted on Stock Exchange	--	--
Share certificates	1,590	1,019
Quoted on Stock Exchange	1,590	1,019
Unquoted on Stock Exchange	--	--
Impairment provision (-)	10,022	16,588
<b>Total</b>	<b>834,726</b>	<b>887,226</b>

**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
<b>Direct Loans to Shareholders</b>	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
<b>Indirect Loans to Shareholders</b>	--	--	--	--
<b>Loans granted to Employees</b>	<b>4,020</b>	--	<b>3,630</b>	--
<b>Total</b>	<b>4,020</b>	--	<b>3,630</b>	--

**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		
Cash Loans	Loans and Other Receivables (Total)	Loan and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loan and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
<b>Loans</b>	<b>13,077,592</b>	<b>15,093</b>	--	<b>985,309</b>	<b>456,583</b>	<b>104,863</b>
Working Capital Loans	--	--	--	--	--	--
Export Loans	281,501	--	--	13,219	12,686	--
Import Loans	--	--	--	--	--	--
Loans to Financial Sector	691,674	--	--	1,451	65	--
Consumer Loans	523,694	8	--	60,659	5,503	1,831
Credit Cards	102,292	--	--	11,899	--	--
Others	11,478,431	15,085	--	898,081	438,329	103,032
<b>Specialization Loans</b>	--	--	--	--	--	--
<b>Other Receivables</b>	--	--	--	--	--	--
<b>Total</b>	<b>13,077,592</b>	<b>15,093</b>	--	<b>985,309</b>	<b>456,583</b>	<b>104,863</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**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
<b>Number of Extensions</b>	<b>15,093</b>	<b>456,583</b>	<b>9,356</b>	<b>474,112</b>
1 or 2 times	15,093	449,973	9,356	470,413
3, 4 or 5 times	--	6,610	--	3,699
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
<b>Extension Periods</b>	<b>15,093</b>	<b>456,583</b>	<b>9,356</b>	<b>474,112</b>
0-6 months	972	41,106	2,012	32,121
6 -12 months	--	28,718	843	38,737
1 – 2 years	979	98,508	470	124,864
2 – 5 years	6,893	152,474	4,095	168,291
5 years and over	6,249	135,777	1,936	110,099

*The overdue analysis of close monitoring loans*

<b>Current Period</b>	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Total</b>
1-30 days	156,996	7,708	164,704
31-60 days	88,818	19,852	108,670
61-90 days	152,629	15,358	167,987
<b>Total</b>	<b>398,443</b>	<b>42,918</b>	<b>441,361</b>

<b>Prior Period</b>	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Total</b>
1-30 days	141,691	5,493	147,184
31-60 days	63,683	19,468	83,151
61-90 days	173,908	12,202	186,110
<b>Total</b>	<b>379,282</b>	<b>37,163</b>	<b>416,445</b>

**Distribution of cash loans by maturity**

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
<b>Consumer Loans-TL</b>	<b>16,306</b>	<b>504,984</b>	<b>521,290</b>
Real Estate Loans	138	300,871	301,009
Vehicle Loans	--	5,303	5,303
General Purpose Loans	16,168	198,810	214,978
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>51,339</b>	<b>51,339</b>
Real Estate Loans	--	50,004	50,004
Vehicle Loans	--	--	--
General Purpose Loans	--	1,335	1,335
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>1,111</b>	<b>1,111</b>
Real Estate Loans	--	1,111	1,111
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Individual Credit Cards-TL</b>	<b>6,078</b>	<b>--</b>	<b>6,078</b>
With Installment	933	--	933
Without Installment	5,145	--	5,145
<b>Individual Credit Cards-FC</b>	<b>24</b>	<b>--</b>	<b>24</b>
With Installment	--	--	--
Without Installment	24	--	24
<b>Loans Given to Employees-TL</b>	<b>331</b>	<b>2,668</b>	<b>2,999</b>
Real Estate Loans	--	58	58
Vehicle Loans	--	--	--
General Purpose Loans	331	2,610	2,941
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Personnel Credit Cards – TL</b>	<b>1,019</b>	<b>--</b>	<b>1,019</b>
With Installment	320	--	320
Without Installment	699	--	699
<b>Personnel Credit Cards – FC</b>	<b>2</b>	<b>--</b>	<b>2</b>
With Installment	--	--	--
Without Installment	2	--	2
<b>Overdraft Loans-TL (Real Persons)</b>	<b>7,614</b>	<b>--</b>	<b>7,614</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>31,374</b>	<b>560,102</b>	<b>591,476</b>

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**5.4 Information on commercial loans with installments and corporate credit cards**

	Short Term	Medium or Long Term	Total
<b>Installment Commercial Loans – TL</b>	<b>824,138</b>	<b>3,733,824</b>	<b>4,557,962</b>
Real Estate Loans	--	5,750	5,750
Vehicle Loans	2,751	61,475	64,226
General Purpose Loans	821,387	3,666,599	4,487,986
Other	--	--	--
<b>Installment Commercial Loans – Indexed to FC</b>	<b>7,520</b>	<b>179,178</b>	<b>186,698</b>
Real Estate Loans	--	429	429
Vehicle Loans	--	15,560	15,560
General Purpose Loans	7,520	163,189	170,709
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Corporate Credit Cards – TL</b>	<b>107,018</b>	<b>--</b>	<b>107,018</b>
With Installment	22,096	--	22,096
Without Installment	84,922	--	84,922
<b>Corporate Credit Cards – FC</b>	<b>50</b>	<b>--</b>	<b>50</b>
With Installment	--	--	--
Without Installment	50	--	50
<b>Overdraft Loans-TL (Corporates)</b>	<b>77,167</b>	<b>--</b>	<b>77,167</b>
<b>Overdraft Loans-FC (Corporates)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>1,015,893</b>	<b>3,913,002</b>	<b>4,928,895</b>

**5.5 Allocation of loans by customers**

	Current Period	Prior Period
Public Sector	--	--
Private Sector	14,062,901	11,312,803
<b>Total</b>	<b>14,062,901</b>	<b>11,312,803</b>

**5.6 Allocation of domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	13,681,262	10,938,052
Foreign Loans	381,639	374,751
<b>Total</b>	<b>14,062,901</b>	<b>11,312,803</b>

**5.7 Loans granted to subsidiaries and associates**

None.

# FİBABANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017

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

### 5.8 *Specific provisions for loans*

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectability	10,215	9,430
Loans and Receivables with Doubtful Collectability	43,932	23,399
Uncollectible Loans and Receivables	117,619	51,341
<b>Total</b>	<b>171,766</b>	<b>84,170</b>

### 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
<b>Current Period</b>	<b>38</b>	<b>216</b>	<b>38</b>
(Gross Amounts before Specific Provisions)	--	--	--
Restructured Loans and Other Receivables	38	216	38
Rescheduled Loans and Other Receivables	--	--	--
<b>Prior Period</b>	<b>--</b>	<b>--</b>	<b>88</b>
(Gross Amounts before Specific Provisions)	--	--	--
Restructured Loans and Other Receivables	--	--	88
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
<b>Balances at Beginning of Period</b>	<b>71,154</b>	<b>62,682</b>	<b>78,803</b>
Additions (+)	228,397	2,736	1,784
Transfers from Other Categories of Non-Performing Loans (+)	--	201,099	122,362
Transfers to Other Categories of Non-Performing Loans (-)	201,105	122,355	--
Collections (-)	26,403	11,294	11,186
Write-offs (-)*	--	7,540	19,867
Corporate and Commercial Loans	--	7,148	14,186
Retail Loans	--	26	3,786
Credit Cards	--	366	1,895
Other	--	--	--
<b>Balances at End of the Period</b>	<b>72,043</b>	<b>125,328</b>	<b>171,896</b>
Specific Provisions (-)	10,215	43,932	117,619
<b>Net Balance on Balance Sheet</b>	<b>61,828</b>	<b>81,396</b>	<b>54,277</b>

(\*) TL 27,407 of loans were sold and transferred to asset management company and written off in June 2017.

# FİBABANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017

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

### 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
<b>Current Period</b>			
Balance as of the Period End	3,282	11,060	28,537
Specific Provisions (-)	164	5,479	11,306
<b>Net Balance on Balance Sheet</b>	<b>3,118</b>	<b>5,581</b>	<b>17,231</b>
<b>Prior Period</b>			
Balance as of the Period End	348	4,057	24,401
Specific Provisions (-)	70	2,029	7,352
<b>Net Balance on Balance Sheet</b>	<b>278</b>	<b>2,028</b>	<b>17,049</b>

### 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
<b>Current Period (Net)</b>	<b>61,828</b>	<b>81,396</b>	<b>54,277</b>
Loans Granted to Real Persons and Corporates (Gross)	72,043	125,328	171,896
Specific provisions (-)	10,215	43,932	117,619
Loans Granted to Real Persons and Corporates (Net)	61,828	81,396	54,277
Banks (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific Provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
<b>Prior Period (Net)</b>	<b>61,724</b>	<b>39,283</b>	<b>27,462</b>
Loans Granted to Real Persons and Corporates (Gross)	71,154	62,682	78,803
Specific provisions (-)	9,430	23,399	51,341
Loans Granted to Real Persons and Corporates (Net)	61,724	39,283	27,462
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

The Group allocates 100% provision for uncollectible loans. If the Bank has collateral, non-performing loans and other receivables are collected through both executive and legal attempts, as soon as possible by liquidation of these collaterals. In the absence of collateral, the Group performs periodical market intelligence and tries to determine the assets acquired subsequently by the debtor and applies to the legal follow-up process.



**FİBABANKA A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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**

The Bank has TL 4,897 of investment on associates in as of 30 September 2017 (31 December 2016: None).

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

**8. Information on consolidated subsidiary**

The Bank has TL 5,445 of consolidated subsidiaries in its consolidated financial statements as of 30 September 2017 (31 December 2016: TL 5,445).

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
5,708	5,454	3	479	--	113	23	5,454

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

**Information on capital adequacy of major subsidiary.**

Current Period	Fiba Portföy Yönetimi A.Ş.
<b>CORE CAPITAL</b>	<b>5,454</b>
Paid-in Capital	5,500
Inflation Adjustments to Paid-in Capital	--
Share Premium	--
Reserves	--
Current Period's Profit and Prior Periods' Profit	113
Current Period's Losses and Prior Periods' Losses	(159)
Leasehold Improvements on Operational Leases (-)	--
Intangible Assets (-)	--
Goodwill (Net) (-)	--
<b>SUPPLEMENTARY CAPITAL</b>	<b>--</b>
<b>CAPITAL</b>	<b>5,454</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>--</b>
<b>NET AVAILABLE EQUITY</b>	<b>5,454</b>

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

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

**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.

**8.2 Movement of consolidated investment in subsidiary**

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

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 Value	--	--

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.

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**9. Information on entities under common control**

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 2017 as it became ineffective. The cumulative fair value difference on the carrying value of the hedged loans amounting to TL 3,804 will be reflected 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.

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

**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 2017, the deferred tax asset amounting to TL 8,600 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2016: TL 1,335 deferred tax liability).

Deferred tax 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 are used in the computation of taxable profit. The deferred tax assets and liabilities are presented as net in the accompanying financial statements.

<b>Current Period</b>		
	<b>Deferred Tax Base</b>	<b>Deferred Tax Asset/ (Liability)</b>
Financial Assets Valuation	10,967	2,193
Unearned Commission Income	20,196	4,039
Retirement Pay and Unused Vacation Provision	17,285	3,457
Tangible Assets Base Differences	(3,750)	(750)
Other	(1,697)	(339)
<b>Deferred Tax Asset/(Liability)</b>	<b>43,001</b>	<b>8,600</b>

<b>Prior Period</b>		
	<b>Deferred Tax Base</b>	<b>Deferred Tax Asset/ (Liability)</b>
Financial Assets Valuation	(25,566)	(5,113)
Unearned Commission Income	1,572	315
Retirement Pay and Unused Vacation Provision	17,842	3,569
Tangible Assets Base Differences	(3,367)	(673)
Carry Forward Losses	97	19
Other	2,741	548
<b>Deferred Tax Asset/(Liability)</b>	<b>(6,681)</b>	<b>(1,335)</b>

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

	<b>1 January-30 September 2017</b>	<b>1 January-31 December 2016</b>
Deferred Tax Asset, 1 January	(1,335)	1,713
Deferred Tax Income / (Expense)	12,532	(5,822)
Deferred Tax Recognized Directly Under Equity	(2,597)	2,773
Other	--	--
<b>Deferred Tax Asset/(Liability), at the End of the Period</b>	<b>8,600</b>	<b>(1,335)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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. (As of 31 December 2016: the Group has TL 19 deferred tax asset calculated over TL 97 of carry forward tax losses. Part of TL 27 and TL 70 of the carry forward tax losses can be deducted till 2019 and 2020 respectively).
- 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 2017, the Group has TL 16,389 assets held for sale (31 December 2016: TL 3,817).
- 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 2017, total prepaid expenses are TL 29,964 (31 December 2016: TL 24,075).

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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
<b>Saving Deposits</b>	<b>68,549</b>	--	<b>429,749</b>	<b>2,178,585</b>	<b>344,569</b>	<b>174,865</b>	<b>96,298</b>	--	<b>3,292,615</b>
<b>Foreign Currency</b>									
<b>Deposits</b>	<b>329,230</b>	--	<b>433,938</b>	<b>3,441,274</b>	<b>166,082</b>	<b>47,573</b>	<b>129,321</b>	--	<b>4,547,418</b>
Residents in Turkey	314,266	--	401,285	3,422,951	165,211	46,256	45,511	--	4,395,480
Residents Abroad	14,964	--	32,653	18,323	871	1,317	83,810	--	151,938
<b>Public Sector Deposits</b>	<b>45,956</b>	--	--	--	--	--	--	--	<b>45,956</b>
<b>Commercial Deposits</b>	<b>259,532</b>	--	<b>83,202</b>	<b>1,862,611</b>	<b>121,026</b>	<b>221,243</b>	<b>418,087</b>	--	<b>2,965,701</b>
<b>Other Ins. Deposits</b>	<b>2,559</b>	--	<b>807</b>	<b>82,662</b>	<b>39,783</b>	<b>6,305</b>	<b>79</b>	--	<b>132,195</b>
<b>Precious Metal</b>									
<b>Deposits</b>	<b>7,730</b>	--	--	--	--	--	--	--	<b>7,730</b>
<b>Interbank Deposits</b>	<b>116,696</b>	--	<b>484,647</b>	<b>85,976</b>	<b>7,438</b>	--	--	--	<b>694,757</b>
Central Bank of Turkey	--	--	116,070	--	--	--	--	--	116,070
Domestic Banks	4,146	--	366,831	53,388	7,438	--	--	--	431,803
Foreign Banks	25,580	--	1,746	32,588	--	--	--	--	59,914
Special Finan.Inst.	86,970	--	--	--	--	--	--	--	86,970
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>830,252</b>	--	<b>1,432,343</b>	<b>7,651,108</b>	<b>678,898</b>	<b>449,986</b>	<b>643,785</b>	--	<b>11,686,372</b>

**Prior 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
<b>Saving Deposits</b>	<b>56,397</b>	--	<b>482,578</b>	<b>2,032,327</b>	<b>325,157</b>	<b>354,068</b>	<b>95,077</b>	--	<b>3,345,604</b>
<b>Foreign Currency</b>									
<b>Deposits</b>	<b>265,625</b>	--	<b>90,370</b>	<b>2,599,456</b>	<b>252,024</b>	<b>126,933</b>	<b>95,198</b>	--	<b>3,429,606</b>
Residents in Turkey	257,644	--	85,315	2,588,713	247,014	121,569	14,544	--	3,314,799
Residents Abroad	7,981	--	5,055	10,743	5,010	5,364	80,654	--	114,807
<b>Public Sector Deposits</b>	<b>1</b>	--	--	<b>10</b>	--	--	--	--	<b>11</b>
<b>Commercial Deposits</b>	<b>172,149</b>	--	<b>311,657</b>	<b>1,217,012</b>	<b>169,403</b>	<b>173,250</b>	<b>220,118</b>	--	<b>2,263,589</b>
<b>Other Ins. Deposits</b>	<b>1,505</b>	--	<b>1,522</b>	<b>55,280</b>	<b>18,590</b>	<b>12,299</b>	<b>15</b>	--	<b>89,211</b>
<b>Precious Metal</b>									
<b>Deposits</b>	<b>6,912</b>	--	--	--	--	--	--	--	<b>6,912</b>
<b>Interbank Deposits</b>	<b>114,714</b>	--	<b>332,421</b>	<b>34,670</b>	--	--	--	--	<b>481,805</b>
Central Bank of Turkey	--	--	--	--	--	--	--	--	--
Domestic Banks	12	--	314,090	20,072	--	--	--	--	334,174
Foreign Banks	17,263	--	18,331	14,598	--	--	--	--	50,192
Special Finan.Inst.	97,439	--	--	--	--	--	--	--	97,439
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>617,303</b>	--	<b>1,218,548</b>	<b>5,938,755</b>	<b>765,174</b>	<b>666,550</b>	<b>410,408</b>	--	<b>9,616,738</b>

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

**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	1,158,426	937,362	2,114,820	2,380,080
Foreign Currency Saving Deposits	309,698	188,315	2,279,719	2,163,704
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	--	--	--	--
<b>Total</b>	<b>1,468,124</b>	<b>1,125,677</b>	<b>4,394,539</b>	<b>4,543,784</b>

**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	38,292	47,498
Deposits of Chairman and Members of the Board of Directors and Their Close Families	13,388	8,032
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	35,826	--	16,986	--
Swap Transactions	375,221	--	239,985	--
Futures Transactions	--	--	--	--
Options	108,853	8,068	126,226	262
Other	--	--	--	--
<b>Total</b>	<b>519,900</b>	<b>8,068</b>	<b>383,197</b>	<b>262</b>

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

**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	18,571	72,688	17,220	65,573
From Foreign Banks, Institutions and Funds	--	1,700,392	--	1,453,870
<b>Total</b>	<b>18,571</b>	<b>1,773,080</b>	<b>17,220</b>	<b>1,519,443</b>

**3.2 Maturity analysis of borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	17,662	206,926	17,220	45,031
Medium and Long Term	909	1,566,154	--	1,474,412
<b>Total</b>	<b>18,571</b>	<b>1,773,080</b>	<b>17,220</b>	<b>1,519,443</b>

**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, money market funds, bank borrowings and bond/bill issuances.

**4. Informations related with issued instruments**

Current Period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	1,264,520	--	--	--
Book Value	1,223,267	--	--	--
Prior Period	TL		FC	
	Short Term	Medium and Long Term	Short Term	Medium and Long Term
Nominal	1,015,580	--	--	--
Book Value	991,975	--	--	--

**5. Sundry creditors and other liabilities**

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

**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 Detailed information about 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	135	111	89	85
Between 1-4 Years	377	342	--	--
More than 4 Years	--	--	--	--
<b>Total</b>	<b>512</b>	<b>453</b>	<b>89</b>	<b>85</b>

**6.3 Information on operational leases and footnotes**

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

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

**6.4 Information on "Sale-and-lease back" agreements**

None.

**7. Information on derivative financial liabilities for hedging purposes**

None.

**8. Information on provisions**

**8.1 Information on general provisions**

	Current Period	Prior Period
Loans and Receivables in Group 1	86,314	95,988
- Additional Provision for Loan and Receivables with Extended Maturities	--	--
Loans and Receivables in Group 2	16,988	18,047
- Additional Provision for Loan and Receivables with Extended Maturities	--	--
Non-Cash Loans	10,233	7,252
Others	--	--
<b>Total</b>	<b>113,535</b>	<b>121,287</b>

**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 2017, amounting to TL 25 are netted off from the loans on the balance sheet (31 December 2016: TL 920).

**8.3 The specific provisions provided for unindemnified non cash loans**

As of 30 September 2017, the specific provision provided for unindemnified non-cash loans is TL 1,889 (31 December 2016: TL 1,311).

**FİBABANKA A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**8.4 Explanation on other provisions****8.4.1 Provisions for probable losses**

	Current Period	Prior Period
Provisions for probable losses	42,000	36,000

**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 2017, the Group has reserves for employee benefits amounting to TL 17,290 (31 December 2016: TL 16,993) comprise TL 9,710 reserve for employee termination benefits (31 December 2016: TL 8,292), TL 2,319 unused vacation pay liability (31 December 2016: TL 2,755) and TL 5,261 personnel premium accrual (31 December 2016: TL 5,946).

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

As of 30 September 2017, The Group's current tax liability is TL 35,346 (31 December 2016: TL 37,107). As of 30 September 2017 the Group's corporate taxes payable is TL 4,842 (31 December 2016: TL 40,453 and after netting prepaid taxes, the remaining amount of Corporate Tax TL 6,714).

**9.1.2 Information on taxes payable**

	Current Period	Prior Period
Corporate taxes payable	4,842	6,714
Taxation on securities	10,993	11,912
Property tax	385	391
Banking and Insurance Transaction Tax (BITT)	11,761	9,236
Taxes on foreign exchange transactions	--	--
Value added taxes payable	100	186
Income tax ceased from wages	3,226	2,670
Other	357	349
<b>Total</b>	<b>31,664</b>	<b>31,458</b>

**9.1.3 Information on premiums**

	Current Period	Prior Period
Social Security Premiums- Employee	1,570	2,433
Social Security Premiums- Employer	1,787	2,711
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	109	168
Unemployment Insurance- Employer	216	337
Other	--	--
<b>Total</b>	<b>3,682</b>	<b>5,649</b>

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**9.2 Explanations on deferred tax liabilities**

As of balance sheet date, the Group has no deferred tax liability asset, after netting of the deferred tax asset (31 December 2016 : TL 1,355).

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

None.

**11. Explanations on subordinated loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	--	--	--	--
Domestic Other Institutions	--	--	--	360,657
Foreign Banks	--	36,101	--	36,621
Foreign Other Institutions	--	1,067,184	--	--
<b>Total</b>	<b>--</b>	<b>1,103,285</b>	<b>--</b>	<b>397,278</b>

**12. Information on shareholders' equity**

**12.1 Paid-in capital**

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

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

Registered share capital system is not applied.

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

None.

**12.4 Information on share capital increases from revaluation funds**

None.

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

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

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

None.

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

**12.7 Information on privileges given to stocks representing the capital**

The Bank does not have any preferred shares.

**12. Information on shareholders' equity (cont'd)****12.8 Common stock issue premiums, shares and equity instruments**

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

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

**12.9 Information on marketable securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates, and Entities Under Common Control (Joint Ventures)	--	--	--	--
Security Valuation Difference	(8,576)	(1,292)	(10,151)	(10,103)
Exchange Difference	--	--	--	--
<b>Total</b>	<b>(8,576)</b>	<b>(1,292)</b>	<b>(10,151)</b>	<b>(10,103)</b>

**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	13,535	7,790
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	229,749	120,579
Retained Earnings	--	--
Accumulated Losses	--	--
Foreign Currency Capital Exchange Difference	--	--

**13. Information on minority shares**

	Current Period	Prior Period
Balance at Beginning of Period	53	52
Profit Share of Affiliates Net Profits	1	1
Prior Period Dividend Payment	--	--
Increase/(Decrease) in Minority Interest due to Sales	--	--
Other	--	--
<b>Balance at the End of Period</b>	<b>54</b>	<b>53</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

**1. Information on consolidated off-balance sheet commitments**

**1.1 Nature and amount of irrevocable loan commitments**

	Current Period	Prior Period
Asset Sale and Purchase Commitments	2,390,933	415,538
Credit Card Limit Commitments	124,111	101,475
Commitments for Credit Cards and Banking Services Promotions	1	1
Commitments for Credit Allocation with the Guarantee of Usage	282,144	171,368
Export Commitments	4,370	4,230
Commitment for Cheques	206,038	172,800
Other Irrevocable Commitments	2,816	3,016
<b>Total</b>	<b>3,010,413</b>	<b>868,428</b>

**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	612,058	439,122
Letters of Guarantee FC	246,705	166,786
Letters of Credit	267,518	224,067
Bills of Exchange and Acceptances	209,355	67,051
<b>Total</b>	<b>1,335,636</b>	<b>897,026</b>

**1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies**

	Current Period	Prior Period
Revocable Letters of Guarantee	52,439	34,534
Irrevocable Letters of Guarantee	695,735	497,262
Letters of Guarantee Given in Advance	62,193	47,727
Letters of Guarantee Given to Customs	12,907	14,741
Other Letters of Guarantee	35,489	11,644
<b>Total</b>	<b>858,763</b>	<b>605,908</b>

**2. Total amount of non-cash loans**

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	23,680	5,503
With Original Maturity of 1 Year or Less Than 1 Year	2,279	--
With Original Maturity of More Than 1 Year	21,401	5,503
Other Non-Cash Loans	1,311,956	891,523
<b>Total</b>	<b>1,335,636</b>	<b>897,026</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**3. Information on sectoral risk concentrations of non-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”.

**4. Information on the first and second group of non-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”.

**5. Information related to derivative financial instruments**

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”.

**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 1,083 for the legal cases pending against the Group where the cash out flows are highly probable (31 December 2016: TL 1,055).

**8. Custodian and intermediary services**

The Group provides trading and safe keeping services in the name and account of third parties, to meet their demands and those transactions are presented in off balance sheet.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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
<b>Interest on loans</b>	<b>1.017.072</b>	<b>188.259</b>	<b>756,845</b>	<b>137,925</b>
Short Term Loans	558.552	17.593	480,630	17,229
Medium and Long Term Loans	458.520	170.666	276,215	120,696
Interest on Non-Performing Loans	1.943	--	2,663	--
Premiums received from Resource Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>1.019.015</b>	<b>188.259</b>	<b>759,508</b>	<b>137,925</b>

(\*)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	22,610	--	--	3
Domestic Banks	32,572	416	4,704	220
Foreign Banks	--	238	--	102
Branches and Head Office Abroad	--	--	--	--
<b>Total</b>	<b>55,182</b>	<b>654</b>	<b>4,704</b>	<b>325</b>

**1.3 Interest received from marketable securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	1,189	166	880	140
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Financial Assets Available-for-Sale	12,480	23,990	5,476	15,252
Investment Securities Held-to-Maturity	--	--	--	--
<b>Total</b>	<b>13,669</b>	<b>24,156</b>	<b>6,356</b>	<b>15,392</b>

**1.4 Information on interest income received from associates and subsidiaries**

None.

## FİBABANKA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017

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

#### 2. Interest expense

##### 2.1 Information on interest on funds borrowed (\*)

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>853</b>	<b>22,618</b>	<b>759</b>	<b>17,971</b>
The Central Bank of Turkey	--	--	--	--
Domestic Banks	845	3,799	759	2,354
Foreign Banks	8	18,819	--	15,617
Branches and Head Office Abroad	--	--	--	--
<b>Other Institutions</b>	<b>--</b>	<b>58,398</b>	<b>--</b>	<b>25,706</b>
<b>Total</b>	<b>853</b>	<b>81,016</b>	<b>759</b>	<b>43,677</b>

(\*) Includes 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	100,707	--	61,335	--

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

Account Description	Time Deposits							Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	Cumulative Deposit	
<b>Turkish Lira</b>								
Bank Deposits	--	6,586	--	--	--	--	--	6,586
Saving Deposits	--	35,482	204,466	29,726	25,204	8,099	--	302,977
Public Sector Deposits	--	--	--	--	--	--	--	--
Commercial Deposits	--	14,349	140,661	22,546	29,954	27,137	--	234,647
Other	--	490	8,556	1,648	946	3	--	11,643
7 Day Call Accounts	--	--	--	--	--	--	--	--
<b>Total</b>	<b>--</b>	<b>56,907</b>	<b>353,683</b>	<b>53,920</b>	<b>56,104</b>	<b>35,239</b>	<b>--</b>	<b>555,853</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	--	8,171	79,679	4,244	2,059	2,926	--	97,079
Bank Deposits	--	5,603	--	--	--	--	--	5,603
7 Day Call Accounts	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	--	--	--	--	--	--	--
<b>Total</b>	<b>--</b>	<b>13,774</b>	<b>79,679</b>	<b>4,244</b>	<b>2,059</b>	<b>2,926</b>	<b>--</b>	<b>102,682</b>
<b>Grand Total</b>	<b>--</b>	<b>70,681</b>	<b>433,362</b>	<b>58,164</b>	<b>58,163</b>	<b>38,165</b>	<b>--</b>	<b>658,535</b>

#### 3. Information on dividend income

None.



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**4. Information on net trading income / loss**

	Current Period	Prior Period
<b>Income</b>	<b>1,234,919</b>	<b>785,862</b>
Gains on Capital Market Operations	5,685	6,378
Gains on Derivative Financial Instruments	628,794	393,098
Foreign Exchange Gains	600,440	386,386
<b>Loss (-)</b>	<b>1,239,380</b>	<b>759,091</b>
Losses on Capital Market Operations	1,547	605
Losses on Derivative Financial Instruments	631,851	368,596
Foreign Exchange Losses	605,982	389,890
<b>Net Trading Income / ( Loss )</b>	<b>(4,461)</b>	<b>26,771</b>

**5. Information on other operating income**

Other operating income consists of reversal of general and specific provisions, profit from sale of assets, commissions on cheques and notes and costs recharged.

**6. Impairment on loans and other receivables**

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	118,702	78,680
III. Group Loans and Receivables	4,170	4,003
IV. Group Loans and Receivables	23,133	20,920
V. Group Loans and Receivables	91,399	53,757
General Loan Loss Provisions	--	29,734
Free Provision for Probable Risks	6,000	13,500
Impairment Losses on Securities:	--	--
Financial Assets at Fair Value Through Profit or Loss	--	--
Financial Assets Available-for-Sale	--	--
Impairment Losses on Associates, Subsidiaries, Joint Ventures and		
Investment Securities Held to Maturity:	--	--
Associates	--	--
Subsidiaries	--	--
Joint Ventures	--	--
Investments Held to Maturity	--	--
Other	--	--
<b>Total</b>	<b>124,702</b>	<b>121,914</b>

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

**7. Information related to other operational expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel Expenses	147,469	111,037
Provision for Employee Termination Benefits	1,418	1,364
Provision for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	9,437	9,158
Impairment Losses on Intangible Assets	--	--
Amortization Charges of Intangible Assets	--	2,847
Impairment Losses on Investment Accounted for under Equity Method	2,217	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	--	18
Impairment of Assets Held for Sale	55	--
Other Operating Expenses	66,135	60,228
<i>Operational Leases Expenses</i>	26,060	21,814
<i>Repair and Maintenance Expenses</i>	1,583	1,169
<i>Advertisement Expenses</i>	7,878	7,128
<i>Other Expenses</i>	30,614	30,117
Losses on Sale of Assets	292	14
Other	38,130	36,762
<b>Total</b>	<b>265,153</b>	<b>221,428</b>

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**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 as of 30 September 2017, deferred tax benefit of the Group is TL 12,532 and current period taxation charge is TL 40,274 (1 January – 30 September 2016: TL 938 deferred tax benefit, TL 33,483 current period taxation charge).

	Current Period	Prior Period
Deferred Tax Benefit/ (Charge)	12,532	938
Allowance for Deferred Taxes	--	--
<b>Net Deferred Tax Benefit/ (Charge)</b>	<b>12,532</b>	<b>938</b>

**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 (+)	13,439	1,784
Arising from Reversal of Deductible Temporary Differences (-)	(547)	(1,453)
Arising from Origination of Taxable Temporary Differences (-)	(2,678)	(1,629)
Arising from Reversal of Taxable Temporary Differences (+)	2,318	2,236
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 (-)	--	--
<b>Total</b>	<b>12,532</b>	<b>938</b>
<b>Allowance</b>	<b>--</b>	<b>--</b>
<b>Net deferred tax</b>	<b>12,532</b>	<b>938</b>

**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	12,892	331
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	(360)	607
Arising from Origination (+)/ Reversal (-) of Tax Losses	--	--
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
<b>Total</b>	<b>12,532</b>	<b>938</b>
<b>Allowance</b>	<b>--</b>	<b>--</b>
<b>Net deferred tax income/(expense)</b>	<b>12,532</b>	<b>938</b>

**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".

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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**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 *There is no profit or loss attributable to the minority shares. (2016: None)***

**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 income statement, “other” items recognised under “fees and commissions received” is comprised of allocation and revise of limit commissions, valuation commissions, insurance commissions, contracted merchant commissions, credit card commissions and account and account maintenance fee etc.

In the income statement, “other” items recognised under “fees and commissions paid” is majorly comprised of commissions to correspondent banks, credit card commissions and commissions on issuance of securities.

# FİBABANKA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017

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

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

#### 1. Information on the volume of transactions with the Bank'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 and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Real Persons and Corporates in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables (**)						
Balance at the Beginning of the Period	--	--	--	22	126,939	30,871
Balance at the End of the Period	--	--	--	22	6,520	46,708
Interest and Commission Income Received	--	--	--	--	3,429	67

(\*) Described in article 49 of the Banking Act Numbered 5411.

(\*\*) Includes all transactions accepted as loans in article 48 of the Banking Act numbered 5411.

##### Prior Period

Group's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Real Persons and Corporates 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	126,939	30,871
Interest and Commission Income Received	--	--	--	--	441	230

(\*) Described in article 49 of the Banking Act Numbered 5411.

(\*\*) Includes all transactions accepted as loans in article 48 of the Banking Act Numbered 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	--	--	15,552	89,173	595,922	496,534
Balance at the End of the Period	--	--	138,247	15,552	532,706	595,922
Deposit Interest Expense	--	--	17,151	7,956	31,776	23,651

(\*) Described in article 49 of the Banking Act Numbered 5411.

##### 1.3 Information on funds obtained from Group's risk group

As of 30 September 2017, the amount of funds obtained from other real persons and corporates in Bank's risk group is TL 150,160 and provided from IFC and EBRD in the form of borrowings. (31 December 2016: TL 523,313; TL 162,656 is from IFC and EBRD in the form of borrowings and TL 360,657 is from Fiba Holding A.Ş. through the issuance of subordinated bonds).

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**1.4 Information on forward and option agreements and similar agreements made with 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
Financial Assets at Fair Value Through Profit and Loss:						
Balance at the Beginning of the Period	--	--	--	--	863,016	344,668
Balance at the End of the Period	--	--	--	--	775,824	863,016
Total Income/Loss	--	--	--	--	(20,535)	(4,741)
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 Numbered 5411.

**2. Information on transactions with the Group's risk group**

**2.1 Relations with entities in the risk group of / or controlled by the Group 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 2017, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 0.04% (31 December 2016 : 1.10 %) and the ratio of the deposits of entities of risk group to total deposits is 5.74% (31 December 2016 :6.36 %). Ratio of the borrowings from entities of risk group to total borrowing is 5.2% (31 December 2016: 27.1%). Dispersion of 5.2% is; 5.0% IFC and 0.2% EBRD.

In current period benefits provided to the key management of the Group is TL 12,028 (1 January - 31 September 2016: TL7,274).

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

None.

**2.4 Transactions accounted for under equity method**

None.

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

None.

**FİBABANKA A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**VI. Explanations on the Parent Bank's domestic, foreign, off-shore branches or investments in associates and foreign representative offices****1. Information related to the Parent Bank's domestic and foreign branch and representatives**

	Number	Number of Employees			
Domestic Branch	80	1,692			
			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.	8	5,708	5,454

**VII. Events after balance sheet date**

None.

**VIII. Other disclosures on activities of the Bank****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

**SECTION SIX**

**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 Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Ernst&Young Global Limited) and the auditors' limited review report is presented before the financial statements

**II. Other footnotes and explanations prepared by the independent auditors**

None.



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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 BankEuropa 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, provided from inflation adjustment difference TL 17,415, from the profit from the sale of real estate TL 9,502 and cash from Fiba Holding TL 96,432.

On 31 March 2015, according to BOD's decision as of 5 March 2015, share capital was increased from TL 550,000 to TL 678,860 while TL 127,045 of the increase was provided by the subordinated loan granted by Fiba Holding A.Ş. which had been approved to be converted to capital and TL 1,815 of total capital was paid in cash by the other shareholders, capital increase was recognised in financial statements following the completion of the legal procedures on 7 May 2015.

According to the Subscription Agreement signed on the date of 23 October 2015, by and between the Bank and International Finance Corporation ("IFC") and European Bank for Reconstruction and Development ("EBRD"), IFC and EBRD have separately subscribed an amount of including the share premium TL 121,017 (TL 84,328 of said amount is the share of capital; TL 36,689 is the share premium), which makes a total amount of TL 242,034, in the share capital of the Bank by way of capital increase.

The Bank's paid-in capital of TL 847,515 was increased by TL 93,646 on 7 September 2016 all by TurkFinance B.V. to reach TL 941,161. In addition, TL 55,299 was recorded to equities as share premium.

As of 30 September 2017, the Bank's paid-in capital is TL 941,161.

**As of 30 September 2017, The Bank's Shareholder Structure:**

Commercial Title	Share Amount (Full basis TL)	Share Ratios (%)
Fiba Holding A.Ş.	673,147,386.04	71.52%
Turk Finance B.V.	93,645,475.05	9.95%
International Finance Corporation	84,327,750.28	8.96%
European Bank for Reconstruction and Development	84,327,750.28	8.96%
Other	5,712,191.60	0.61%
<b>TOTAL</b>	<b>941,160,553.25</b>	<b>100.00%</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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	42 years
Fevzi Bozer	Vice Chairman of the Board of Directors		27.12.2010	Graduate	34 years
İsmet Kaya Erdem	Member of the Board of Directors		11.02.2013	Undergraduate	66 years
Mehmet Güleşci	Member of the Board of Directors		27.12.2010	Graduate	33 years
Mevlüt Hamdi Aydın	Member of the Board of Directors		24.01.2013	Undergraduate	34 years
Memduh Aslan Akçay	Member of the Board of Directors		13.04.2016	Graduate	26 years
Selçuk Yorgancıoğlu	Member of the Board of Directors		22.09.2016	Graduate	25 years
Hülya Kefeli	Member of the Board of Directors		15.05.2017	Undergraduate	32 years
Ömer Mert	Member of the Board of Directors, General Manager		19.01.2017	Graduate	22 years
Elif Alsev Utku Özbey	Deputy General Manager	Financial Control and Reporting	07.01.2011	Graduate	23 years
Adem Aykın	Assistant General Manager	Information Technologies	01.07.2011	Undergraduate	29 years
Esra Osmanağaoğlu	Assistant General Manager	Banking Operations	29.02.2012	Undergraduate	29 years
Ahu Dolu	Assistant General Manager	Financial Institutions	01.12.2015	Undergraduate	20 years
Turgay Hasdiker	Assistant General Manager	Credits	01.12.2015	Undergraduate	26 years
Kerim Lokman Kuriş	Assistant General Manager	Corporate and Commercial Banking	01.12.2015	Undergraduate	19 years
Orhan Hatipoğlu	Assistant General Manager	ADC and Supporting Services	02.01.2017	Undergraduate	25 years
Ömer Rifat Gencal	Assistant General Manager	Treasury	02.02.2015	Undergraduate	25 years
Sezin Erken	Assistant General Manager	Consumer Banking and Funding Resource Management	10.08.2017	Graduate	16 years
Gerçek Önal	Chief Legal Counsel	Legal Affairs	01.02.2016	Graduate	17 years
Ahmet Cemil Borucu	Department Head	Board of Inspection	07.02.2011	Graduate	19 years
Ayşe Tulgar Ayça	Department Head	Risk Management	15.03.2011	Undergraduate	18 years
Serdal Yıldırım	Department Head	Legislation and Compliance	06.04.2011	Graduate	20 years
Kansu Pulular	Department Head	Internal Control & Operational Risk	02.01.2017	Graduate	13 years

**FİBABANKA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017**

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

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

<b>Unconsolidated Summary Balance Sheet</b>			
(TL Thousand)	<u><b>30/09/17</b></u>	<u><b>31/12/16</b></u>	<u><b>Increase/ Decrease %</b></u>
Cash and Balances with the Central Bank	2,300,321	1,937,934	19%
Financial Assets at Fair Value Through Profit or Loss (Net)	542,627	497,685	9%
Due from Banks	324,619	58,064	>100%
Financial Assets Available for Sale (Net)	834,726	887,226	(6%)
Loans to Customers (Net)	14,260,402	11,441,272	25%
<b>Total Assets</b>	<b>18,670,044</b>	<b>15,393,509</b>	<b>21%</b>
Deposits	11,691,249	9,621,503	22%
Derivative Financial Liabilities Held for Trading	527,968	383,459	38%
Funds Borrowed	1,791,651	1,536,663	17%
Money Market Funds	493,084	683,828	(28%)
Securities Issued (Net)	1,223,267	991,975	23%
Subordinated Debts	1,103,285	397,278	>100%
Shareholder's Equity	1,410,343	1,289,866	9%
<b>Total Liabilities</b>	<b>18,670,044</b>	<b>15,393,509</b>	<b>21%</b>

<b>Consolidated Summary Balance Sheet</b>			
(TL Thousand)	<u><b>30/09/17</b></u>	<u><b>31/12/16</b></u>	<u><b>Increase/ Decrease %</b></u>
Cash and Balances with The Central Bank	2,300,321	1,937,934	19%
Financial Assets at Fair Value Through Profit or Loss (Net)	542,627	497,685	9%
Due from Banks	324,933	58,380	>100%
Financial Assets Available for Sale (Net)	834,726	887,226	(6%)
Loans to Customers (Net)	14,260,402	11,441,272	25%
<b>Total Assets</b>	<b>18,665,429</b>	<b>15,388,872</b>	<b>21%</b>
Deposits	11,686,372	9,616,738	22%
Derivative Financial Liabilities Held for Trading	527,968	383,459	38%
Funds Borrowed	1,791,651	1,536,663	17%
Money Market Funds	493,084	683,828	(28%)
Securities Issued (Net)	1,223,267	991,975	23%
Subordinated Debts	1,103,285	397,278	>100%
Shareholder's Equity	1,410,351	1,289,761	9%
<b>Total Liabilities</b>	<b>18,665,429</b>	<b>15,388,872</b>	<b>21%</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017**

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

**3. Brief Financial Information Relating to Results of Activities During the Period (cont'd)**

**Unconsolidated Summary Income Statement**

(TL Thousand)	<u>30/09/2017</u>	<u>30/09/2016</u>	<u>Increase/ Decrease %</u>
Net Interest Income	465,883	372,145	25%
Net Fees and Commission Income	31,836	19,343	65%
Trading Income/ Loss (Net)	(4,461)	26,756	(117%)
Other Operating Revenues	32,999	38,762	(15%)
<b>Total Operating Income</b>	<b>526,257</b>	<b>457,006</b>	<b>15%</b>
Provision for Losses and Other Receivables (-)	124,702	121,914	2%
Other Operating Expenses (-)	263,751	220,262	20%
<b>Net Operating Income / Loss</b>	<b>137,804</b>	<b>114,830</b>	<b>20%</b>
<b>Profit/Loss on Continuing Operations Before Tax</b>	<b>137,804</b>	<b>114,830</b>	<b>20%</b>
Tax Provision for Continuing Operations	(27,713)	(32,539)	(15%)
<b>Net Period Profit / Loss</b>	<b>110,091</b>	<b>82,291</b>	<b>34%</b>

**Consolidated Summary Income Statement**

(TL Thousand)	<u>30/09/2017</u>	<u>30/09/2016</u>	<u>Increase/ Decrease %</u>
Net Interest Income	466,359	372,588	25%
Net Fees and Commission Income	33,052	20,219	63%
Trading Income/ Loss (Net)	(4,461)	26,771	(117%)
Other Operating Income	32,851	38,623	(15%)
<b>Total Operating Income</b>	<b>527,801</b>	<b>458,201</b>	<b>15%</b>
Provision for Losses and Other Receivables (-)	124,702	121,914	2%
Other Operating Expenses (-)	265,153	221,428	20%
<b>Net Operating Income / Loss</b>	<b>137,946</b>	<b>114,859</b>	<b>20%</b>
<b>Profit/Loss on Continuing Operations Before Tax</b>	<b>137,946</b>	<b>114,859</b>	<b>20%</b>
Tax Provision for Continuing Operations	(27,742)	(32,545)	(15%)
<b>Net Period Profit / Loss</b>	<b>110,204</b>	<b>82,314</b>	<b>34%</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017**

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

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

As of first nine-month of 2017, Fibabanka has increased its loan portfolio by 39% compared to the same period of year 2016 and the loan portfolio has increased 25% by reaching TL 14.3 billion compared to the end of 2016. Growth was achieved especially in corporate, commercial and SME loans, performing loan portfolio has reached TL 13.5 billion by an increase of 41%. In the same period, share of in corporate, commercial and SME loans in performing loan portfolio is approximately 96%.

Despite the increase in the loan portfolio, the share of non-performing loans in total loans has been realized as 2.56% well below the sector.

Our Bank, has funded its growing loan portfolio with customer deposits also in 2017. In this period, customer deposits constitutes 59% of total liabilities and with amount of TL 11.0 billion. In 2017, for the purpose of diversifying the funding resources, securities have been issued with nominal value of TL 2.3 billion during the first nine months of the year.

In addition to the issuance of domestic securities, the first bond issuance in the form of contribution capital, compliant with Basel III, was made through public offering abroad on May 2017. The issuance amounted USD 300 Million, including resale of subordinated bonds of USD 100 Million which was sold in March 2016. This issuance, which is a first for Fibabanka, was completed successfully. The demand from England and Europe, Asia, Far East, and the Gulf Countries, which is well above the issued amount, is a very important indicator of the confidence that international investors have in Fibabanka, Turkish Banking System and Turkey. This bond issuance will enable Fibabanka to grow and maintain its support to Turkish economy increasingly by strengthening its capital structure.

In 2017, while loan volume has been increased, loans are diversified both in terms of maturity and sectors, portfolio was targeted with higher return and increasing commission income by increasing customers. In addition, the Bank's profit has been achieved a steady growth with sustainable profit by keeping operating expenses under full control. As a result, the Bank's profit before tax increased by 20% to TL 137.8 million and net profit after tax amounting to TL 110.1 million. As of 30 September 2017, consolidated capital adequacy ratio of the Bank is 17.52%.

Our bank continues to perform its structural organizational goals within its plans as well as financial goals and as of 30 September 2017 offers services to our customers with 80 branches and 1,692 employees.

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

Best regards,

**Hüsnü Mustafa Özyeğin**  
Chairman of the Board of Directors

**Ömer Mert**  
Member of the Board of Directors and  
General Manager

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2017**

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

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**5. Evaluations Relating to the Bank's Financial Situation**

As of 30 September 2017, the Bank serves with 80 domestic branches and 1,692 employees.

As of third quarter of 2017, total assets of Fibabanka have increased by 39% when compared to the same period of year 2016 and by 21% when compared to the end of year 2016 and realised as TL 18,665,429 on consolidated basis and as TL 18,670,044 on unconsolidated basis.

According to the consolidated and unconsolidated financial statements, the loan volume, which used to be TL 11,441,272 at the end of 2016, reached to TL 14,260,402 as of third quarter of 2017. 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. For new credits opened, 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 third quarter of 2017, NPLs have been realised as TL 369,267 and provisions in the amount of TL 171,766 have been set aside relating to these loans. Non-performing loan ratio is 2.56% for the period.

According to the unconsolidated financial statements, securities portfolio held for trading is amounted to TL 63,602 and securities portfolio available for sale is amounted to TL 834,726. Ratio of securities portfolio to total assets has been realised as 5%.

As of third quarter of 2017, consolidated deposit volume has been realised as TL 11,686,372 and the unconsolidated deposit volume has been realised as TL 11,691,249.

According to the consolidated financial statements, while third quarter of 2016 closed with TL 82,314 net profit, in third quarter of 2017 net profit has been realised as TL 110,204 with an increase of 34%.

According to the consolidated financial statements, net interest income of the Bank in the first nine months of 2017 increased by 25% compared to the previous year and realised as TL 466,359. Net commission income for the third quarter of 2017 was realised as TL 33,052. Total operating income of the Bank increased by 15% compared to the previous year and realised as TL 527,801, parallel to the growth of the Bank, and other operating expenses has been realised as TL 265,153 by increasing 20%.

As of 30 September 2017, the Bank's unconsolidated and consolidated capital adequacy ratios are both 17.52%.