

**Fibabanka Anonim Őirketi and Its Subsidiary**  
**Consolidated Financial Statements**  
**As at and for the year ended**  
**31 December 2013**  
**Together with the Independent Auditor's Report**

# **Independent Auditor's Report**

To the Board of Directors of  
Fibabanka Anonim Şirketi  
İstanbul

## **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Fibabanka A.Ş. (the "Bank") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Fibabanka Anonim Şirketi and its subsidiary as at 31 December 2013, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



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

Istanbul, 30 May 2014

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**Fibabanka Anonim Şirketi**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2013**

(Currency: Amounts expressed in Thousands of Turkish Lira (TL))

	<b>Notes</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
<b>Assets</b>			
Cash and balances with the Central Bank	7	804,527	429,812
Due from banks		261,159	55,351
-Due from banks	8	214,462	25,047
-Money market placements	8	46,697	30,304
Financial assets at fair value through profit and loss		75,493	43,709
-Debt instruments	9	16,986	23,692
-Derivatives held for trading purpose	9	58,507	20,017
Financial assets available for sale	9	265,644	108,733
Loans and advances to customers	10	5,153,466	3,207,572
Property and equipment	12	33,651	16,509
Intangible assets	13	6,986	6,212
Deferred tax assets	20	14,842	6,002
Other assets	11	18,636	13,463
<b>Total assets</b>		<b>6,634,404</b>	<b>3,887,363</b>
<b>Liabilities</b>			
Derivatives held for trading purpose	9	80,718	13,696
Deposits from banks		445,802	149,818
-Deposits from banks	14	219,814	52,571
-Obligations under repurchase commitments	14	225,988	97,247
Deposits from customers	15	4,323,235	2,636,870
Securities issued	18	297,160	222,746
Subordinated loans	19	275,420	89,693
Borrowings from banks	17	559,081	308,670
Other liabilities and provisions	16	108,621	48,343
<b>Total liabilities</b>		<b>6,090,037</b>	<b>3,469,836</b>
<b>Equity</b>			
Share capital	21	552,523	446,589
Unrealized gains / (losses) on available for sale investments net of tax	23	(24,057)	324
Retained earnings / (accumulated losses) and other reserves	22	15,847	(29,386)
<b>Equity attributable to owners of the bank</b>		<b>544,313</b>	<b>417,527</b>
None-controlling interest		54	--
<b>Total shareholder's equity</b>		<b>544,367</b>	<b>417,527</b>
<b>Total liabilities and shareholder's equity</b>		<b>6,634,404</b>	<b>3,887,363</b>

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

## **Fibabanka Anonim Şirketi**

### **Consolidated Statement of Profit or Loss**

**For the year ended 31 December 2013**

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL))*

	<b>Notes</b>	<b>1 January- 31 December 2013</b>	<b>1 January- 31 December 2012</b>
Interest income	26	491,948	366,030
Interest expense	26	(272,962)	(209,831)
<b>Net interest income</b>		<b>218,986</b>	<b>156,199</b>
Fees and commission income	27	19,443	9,427
Fees and commission expenses	27	(6,117)	(2,443)
<b>Net fees and commission income</b>		<b>13,326</b>	<b>6,984</b>
Net trading income	28	8,866	9,031
Other operating income	29	9,180	3,044
		<b>18,046</b>	<b>12,075</b>
<b>Operating income</b>		<b>250,358</b>	<b>175,258</b>
Personnel expenses	30	(89,954)	(57,768)
Depreciation and amortisation	12,13	(9,676)	(6,678)
Impairment reversals /(losses) on loans and advances to customers	10	(32,879)	(10,430)
Other expenses	31	(47,600)	(28,917)
<b>Profit before income tax</b>		<b>70,249</b>	<b>71,465</b>
Income tax	20	(14,170)	(13,733)
<b>Net profit for the year</b>		<b>56,079</b>	<b>57,732</b>
<b>Attributable to:</b>			
Owners of the Bank Non-controlling interest		--	--

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

## Fibabanka Anonim Şirketi

### Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira  
(TL))

	<u>Notes</u>	<u>1 January- 31 December 2013</u>	<u>1 January- 31 December 2012</u>
<b>Profit for the year</b>		<b>56,079</b>	<b>57,732</b>
<b>Other comprehensive income / (expense)</b>			
<i>Items that maybe reclassified subsequently to profit or loss</i>			
-Unrealized gains / ( losses) on available-for-sale investments, gross		(30,476)	2,564
-Tax effect of unrealized gains / ( losses) on available-for-sale investments		6,095	(513)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
-Actuarial gain / loss		(1,683)	--
-Tax effect of actuarial gain / loss		339	--
<b>Other comprehensive income / (expense) for the year, net of tax</b>	<b>23</b>	<b>(25,725)</b>	<b>2,051</b>
<b>Total comprehensive income for the year</b>		<b>30,354</b>	<b>59,783</b>
<b>Attributable to:</b>			
Owners of the Bank Non-controlling interest		30,354	59,783
Non – controlling interest		--	--

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

## Fibabanka Anonim Şirketi

### Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

(Currency: Amounts expressed in  
Thousands of Turkish Lira (TL))

	Share Capital		Unrealized gains / (losses) on available- for-sale investments	Retained earnings / (accumulated losses) and other reserves			Total
	Share Capital	Capital Advance		Retained earnings / (accumulated losses)	Actuarial gains / (losses)	None- controlling interest	
<b>Balances at 1 January 2012</b>	<b>446,589</b>	<b>101,650</b>	<b>(1,727)</b>	<b>(87,118)</b>	--	--	<b>357,744</b>
Share capital increase	--	(101,650)	--	--	--	--	--
<b>Total comprehensive income for the year</b>	--	--	<b>2,051</b>	<b>57,732</b>	--	--	<b>59,783</b>
Additions to unrealized gains / (losses) on available-for-sale investments, net of deferred tax	--	--	2,051	--	--	--	<b>2,051</b>
Net profit for the year	--	--	--	57,732	--	--	<b>57,732</b>
<b>Balances at 31 December 2012</b>	<b>446,589</b>	--	<b>324</b>	<b>(29,386)</b>	--	--	<b>417,527</b>
Share capital increase	105,934	--	--	(9,502)	--	--	<b>96,432</b>
<b>Total comprehensive income for the year</b>	--	--	<b>(24,381)</b>	<b>56,079</b>	<b>(1,344)</b>	--	<b>30,354</b>
Additions to unrealized gains / (losses) or profit on available-for-sale investments, net of deferred tax	--	--	(24,381)	--	--	--	<b>(24,381)</b>
Actuarial losses, net of deferred tax	--	--	--	--	(1,344)	--	<b>(1,344)</b>
Net profit for the year	--	--	--	56,079	--	--	<b>56,079</b>
Share of non – controlling interest in subsidiary’s capital	--	--	--	--	--	54	<b>54</b>
<b>Balances at 31 December 2013</b>	<b>552,523</b>	--	<b>(24,057)</b>	<b>17,191</b>	<b>(1,344)</b>	<b>54</b>	<b>544,367</b>

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



**Fibabanka Anonim Şirketi**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2013**  
*(Currency: Amounts expressed in Thousands of Turkish Lira (TL))*

	Notes	1 January- 31 December 2013	1 January- 31 December 2012
<b>Net profit/(loss) for the year</b>		<b>56,079</b>	<b>57,732</b>
<i>Adjustments for:</i>			
Depreciation of property and equipment	12	5,794	3,393
Amortization of intangible assets	13	3,882	3,285
Impairment losses on loans and advances	10	32,879	10,430
Unearned revenue		3,536	3,876
Gain on sale of non-performing loans	27	--	--
Expense accruals/ (reversals) net		3,714	(1,032)
Employment termination benefits	16	2,949	597
Unused vacation pay provision		--	2,523
Other provisions (net)		2,405	(1,724)
Bonus accrual provision /(reversal)		2,500	2,500
Unrealized gains on financial assets/liabilities		(9,104)	(15,761)
Deferred tax (charge)/benefit	18	14,170	13,733
Gain on sale of assets held for sale and tangible assets (net)		-	(824)
<b>Operating profit before changes in operating assets/liabilities</b>		<b>118,804</b>	<b>78,728</b>
<i>Changes in operating assets and liabilities:</i>			
Net increase in balances with banks and central bank		(485,176)	(156,511)
Net decrease in financial assets at fair value through profit & loss		4,953	17,921
Net increase in loans		(1,963,144)	(1,119,501)
Disposal of non-current assets held for sale		--	9,422
Net decrease/(increase) in other assets		(7,099)	(4,797)
Net increase in deposits		1,976,568	637,449
Net increase in other taxes & liabilities		47,765	29,807
Employment termination benefits paid	16	(479)	(510)
Unused vacations paid		--	(145)
Taxes paid		(12,341)	--
Bonuses paid		(2,568)	(2,151)
<b>Net cash used in operating activities</b>		<b>(322,717)</b>	<b>(510,288)</b>
<i>Cash flow from investing activities:</i>			
Purchase of available-for-sale securities		(268,195)	(146,957)
Proceeds from sale of available-for-sale securities		78,995	55,721
Purchase of premises & equipment	12	(22,941)	(7,779)
Purchase of intangible assets	13	(4,656)	(3,422)
<b>Net cash used in investing activities</b>		<b>(216,797)</b>	<b>(102,437)</b>
<i>Cash flow from financing activities:</i>			
Proceeds from borrowing funding loans (net)		509,017	588,669
Proceeds from capital increase		96,432	--
Proceeds from capital payment (subsidiary)		54	--
<b>Net cash provided by financing activities</b>		<b>605,503</b>	<b>588,669</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>		<b>65,989</b>	<b>(24,056)</b>
<b>Cash &amp; cash equivalents at the beginning of the year</b>	7	<b>100,478</b>	<b>125,027</b>
Foreign exchange effect on cash and cash equivalents		29,358	(493)
<b>Cash &amp; cash equivalents at the end of the year</b>	7	<b>195,825</b>	<b>100,478</b>

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

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **1 General Information**

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 the Savings Deposit Insurance Fund (“SDIF”) and the sale transaction was approved by the decision of the Banking Regulation and Supervision Agency (“BRSA”) No: 596 on 16 January 2002.

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

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

On 10 February 2010, Banco Comercial Portugues S.A. and Credit Europe Bank N.V., which is an affiliate of Fiba Group, signed a share purchase agreement to transfer 95% of the Bank’s shares to Credit Europe Bank N.V. and the legal approval process has been completed as of 27 December 2010. Credit Europe Bank N.V. is 100% owned by Credit Europe Group N.V. which is a banking group incorporated in Netherlands and an affiliate of Fiba Holding A.Ş.

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”).

As of December 2012, Fiba Holding A.Ş. became the ultimate parent of the Bank after acquiring 97.6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2.4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012. There were sales of equity shares to the management of the Bank in 2013. Total share of the management is 1.6%.

As of 31 December 2013, the Bank’s paid in capital is TL 550,000. The Bank’s paid in capital which was TL 426,650 as of 31 March 2013 was decided to be increased to TL 550,000 on Board of Directors minutes held on 25 February 2013; increase of TL 17,416 is provided by inflation adjustment to share capital, TL 9,502 is provided by profit on disposal of immovables, and TL 96,432 is paid by Fiba Holding A.Ş. in cash; legal applications have been made for the total increase of TL 123,350 of paid in capital. As of 29 May 2013, legal procedures have been finalized and capital increase recorded in financial statements.

As of 31 December 2013, the Bank has 62 branches and 1,152 employees and its head office is located at the following address: Emirhan Cad. Barbaros Plaza İş Merkezi No: 113 Dikilitaş/Beşiktaş İstanbul.

## **Fibabanka Anonim Şirketi**

### **Notes to financial statements as at and for the year ended 31 December 2013**

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### **1. General Information (continued)**

##### **Explanations on Subsidiary**

Fiba Portföy Yönetimi A.Ş. (“Fiba Portföy”) which is a subsidiary of the Bank, established in November 2013, was consolidated by using full consolidation method in the consolidated financial statements dated 31 December 2013. Fibabanka A.Ş. and Fiba Portföy Yönetimi A.Ş. are together stated as the Group in this report.

Fiba Portföy’s application to Capital Market Board (“CMA”) about portfolio management authorization certificate was issued successfully and PYS. PY 56/1267 numbered 12 December 2013 dated authorization certificate was given to Fiba Portföy.

The aim of Fiba Portföy is to manage portfolios which consists of financial assets within the implementation of CMA’s laws and relevant legislation rules with portfolio management contract as a representative and trade in capital markets. Besides, Fiba Portföy can manage local and foreign investment funds, investment trusts, local/foreign natural and legal people, investment firms and similar enterprises within the circle of legislation conditions as portfolio management activities. Fiba Portföy can also function on investment consulting activity, market consultancy and trading on shares of investment funds at Borsa İstanbul A.Ş. Emerging Companies Market on the condition that articles of the capital market legislation is fulfilled and necessary permission and authorization certificates are taken from Capital Markets Board. The Bank owns 99% of the equity of Fiba Portföy whose headquarters is located in Istanbul.

#### **2. Application of New and Revised International Financial Reporting Standards (IFRSs)**

Financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, financial statements of the prior periods are also reclassified in order to maintain consistency with the current year’s presentation in line with the related changes.

##### **a) Amendments to IFRSs affecting amounts reported and/or disclosures in the financial statements**

##### **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income**

The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the ‘statement of comprehensive income’ is renamed the ‘statement of profit or loss and other comprehensive income’ and the ‘income statement’ is renamed the ‘statement of profit or loss’. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

## **2. Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)**

### **a) Amendments to IFRSs affecting amounts reported and/or disclosures in the financial statements (continued)**

#### **IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy required for financial instruments only under IFRS 7 Financial Instruments: Disclosures are extended by IFRS 13 to cover all assets and liabilities within its scope.

#### **Amendments to IAS 1 Presentation of Financial Statements**

**(as part of the Annual Improvements to IFRSs 2009-2011 Cycle issued in May 2012)**

The amendments to IAS 1 as part of the Annual Improvements to IFRSs 2009-2011 Cycle are effective for the annual periods beginning on or after 1 January 2013.

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

#### **IAS 19 Employee Benefits**

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to IAS 19 require retrospective application. Due to the requirement of retrospective application of amendments to IAS 19, the Group management has evaluated the effects of this accounting policy change on the financial statements and decided not to restate the prior year financial statements as the post-tax effect is deemed to be immaterial.

## **Fibabanka Anonim Şirketi**

### **Notes to financial statements as at and for the year ended 31 December 2013**

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

## **2. Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)**

### **b) New and Revised IFRSs applied with no material effect on the financial statements**

#### **Amendments to IFRS 7 Offsetting Financial Assets and Financial Liabilities and the related disclosures**

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

#### **Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012**

- Amendments to IAS 16 Property, Plant and Equipment;
- Amendments to IAS 32 Financial Instruments: Presentation; and
- Amendments to IAS 34 Interim Financial Reporting.

#### **Amendments to IAS 16**

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The amendments to IAS 16 did not have a significant effect on the Group's consolidated financial statements.

#### **Amendments to IAS 32**

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The amendments to IAS 32 did not have a significant effect on the Group's consolidated financial statements.

#### **Amendments to IAS 34**

The amendments to IAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments to IAS 34 did not have an effect on the Group's consolidated financial statements.

### **c) New and revised IFRSs in issue but not yet effective**

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9<sup>2</sup>

Amendments to IFRS 9 and IFRS 7<sup>2</sup>

Amendments to IAS 32<sup>1</sup>

Financial Instruments

Mandatory Effective Date of IFRS 9 and Transition Disclosures<sup>2</sup>

Offsetting Financial Assets and Financial Liabilities<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>2</sup> It is tentatively decided that the mandatory effective date of IFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

## **3 Significant Accounting Policies**

### **(a) Statement of Compliance**

The Bank and its subsidiary maintain their books of accounts and prepare their statutory financial statements in Turkish Lira (TL) in accordance with the Accounting Practice Regulations as promulgated by BRSA; the Turkish Commercial Code; and the Turkish Tax Legislation (collectively, Turkish GAAP).

The accompanying consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with International Financial Reporting Standards (“IFRS”). The accompanying financial statements are authorized for issue by the directors on 30 May 2014.

### **(b) Basis of Preparation**

The accompanying financial statements are presented in thousands of TL, which is the Bank’s functional currency.

The financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until 31 December 2005, except that the following assets and liabilities are stated at their fair value if reliable measures are available: derivative financial instruments, instruments at fair value through profit or loss and available-for-sale financial assets.

The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements.

### **(c) Basis of Consolidation**

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.

### **(d) Use of Estimates and Judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2012.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the effect on the amounts recognised in the financial statements are described in notes 3.f to 3.t.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(e) Reclassification of Comparative Information**

If the presentation or classification of the financial statements is changed in the current year, in order to maintain consistency, financial statements of prior years are also reclassified in line with the related changes.

##### **(f) Foreign Currency Translation**

For the purpose of the accompanying financial statements, the results and consolidated financial position of the Bank is expressed in Turkish Lira, which is the functional currency of the Group, and the presentation currency for the accompanying consolidated financial statements.

Transactions in currencies other than the Banks's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the Bank enters into forward contracts, swaps and options (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

As at 31 December 2013 and 31 December 2012 foreign currency assets and liabilities of the Group are mainly in US Dollar, Euro and CHF. Foreign currency translation rates used by the Group as of respective year-ends are as follows:

	EUR / TL	USD / TL	CHF / TL
31 December 2012	2.3517	1.7826	1.9430
31 December 2013	2.9365	2.1343	2.3899

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(g) Premises and Equipment**

Premises and equipment are stated at cost less accumulated depreciation and accumulated impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Vehicles	5 years
Furniture, fixtures and office equipment and others	4-50 years
Leasehold improvements	Lease period

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each year end.

The carrying values of premises and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets of cash generating units are written down to their recoverable amount. The recoverable amount is defined as the amount that is the higher of the asset's fair value less costs to sell and value in use. Impairment losses are recognized in the income statement. There is no impairment recorded related to premises and equipment.

An item of premises and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

##### **(h) Intangible Assets**

Intangible assets acquired are capitalized at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite lives are amortized on a straight-line basis over the best estimate of their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. There is no impairment recorded related to intangible assets. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The Group amortizes intangible assets with a finite life on a straight-line basis over the estimated useful lives of 3 to 10 years. There are no intangible assets with indefinite useful lives.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.



## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(i) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **(j) Financial Instruments**

###### **(j.1) Financial Assets**

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value. The Bank determines the classification of its financial assets at initial recognition.

The Group recognizes all regular way purchases and sales of financial assets on the settlement date i.e. the date that the asset is delivered. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets i.e. for assets carried at cost or amortized cost; change in value is not recognized.

###### ***Financial Assets at Fair Value through Profit or Loss***

Financial assets classified as held-for-trading are included in this category. Trading securities are securities, which were either acquired for generating a profit from short term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short term profit taking exist. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Gains or losses on investments held-for-trading are recognized in income.

###### ***Held-to-Maturity Investments***

Non-derivative financial assets with fixed or determinable payments and fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investments intended to be held for an undefined period are not included in this classification. The Group does not have any financial asset classified as held to maturity.

###### ***Loans and Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Except for loans and advances designated as hedged item in qualifying hedging relationships and carried at fair value, such assets are carried at amortized cost using the effective interest method less any impairment in value. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Interest earned on such loans and receivables is reported as interest income.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(j) Financial Instruments (continued)**

##### **(j.1) Financial Assets (continued)**

###### ***Available-For-Sale Financial Assets***

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses on remeasurement to fair value are recognized as a separate component of equity until the investment is derecognized, or until the investment is determined to be impaired, at the time the cumulative gain or loss previously reported in equity is included in the income statement. However, interest calculated on available-for-sale financial assets using effective interest method is reported as interest income.

For investments that are traded in an active market, fair value is determined by reference to stock exchange or current market bid prices, at the close of business on the balance sheet date. For investments where there is no market price or market price is not an indicator of the fair value of the instrument, fair value is determined by reference to the current market value of substantially the same instrument, by recent arm's length transactions, by discounted cash flow analysis or through other valuation techniques commonly used. As of 31 December 2013, total amount of financial assets available for sale is TL 265,644 (31 December 2012: TL 108,733), of which TL 241,646 comprises of private bank and corporate bonds denominated in foreign currencies with maturity more than 1 year (31 December 2012: TL 108,227).

###### **Impairment of Financial Assets**

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

###### ***Assets Carried at Amortized Cost***

In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated amounts recoverable from a portfolio of loans and individual loans. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(j) Financial Instruments (continued)**

##### **(j.1) Financial Assets (continued)**

##### **Impairment of Financial Assets (continued)**

##### ***Assets Carried at Amortized Cost (continued)***

- Significant financial difficulty of the issuer or the obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments by more than 90 days;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

All loans with principal and/or interest overdue for more than 90 days are considered as impaired and individually assessed.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured based on the difference between the asset's carrying amount and the estimated recoverable amount, determined by the net present value of the expected future cash flows discounted at the loan's original effective interest rate. The estimated recoverable amount of a collateralized financial asset is measured based on the amount that is expected to be realized from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(j) Financial Instruments (continued)**

##### **(j.1) Financial Assets (continued)**

###### **Impairment of Financial Assets (continued)**

###### ***Assets Carried at Amortized Cost (continued)***

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for Banks of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

A write off is made when all or part of a loan is deemed uncollectible or in the case of debt forgiveness. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Write offs are charged against previously established allowances and reduce the principal amount of a loan. Subsequent recoveries of amounts previously written off are included in income.

###### ***Assets Carried at Cost***

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of its recoverable amount.

###### ***Assets Carried at Fair Value***

Available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to the income statement. Impairment losses recognized in the income statement on equity instruments classified as available for sale are not reversed through income statement.

Reversals of impairment losses on debt instruments are reversed through profit or loss; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

## **3 Significant Accounting Policies (continued)**

### **(j) Financial Instruments (continued)**

#### **(j.1) Financial Assets (continued)**

##### **Derecognition of Financial Assets**

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

#### **(j.2) Financial Liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### ***Financial Liabilities at Fair Value through Profit or Loss***

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in 'other gains/losses' line in the statement of comprehensive income.

##### ***Other Financial Liabilities***

Other financial liabilities, including borrowings and deposits, are initially measured at fair value, net of transaction costs.

All deposits and borrowings are initially recognized at the fair value of consideration received less directly attributable transaction costs. After initial recognition interest-bearing deposits and borrowings are subsequently measured at amortized cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Gains or losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

##### **Derecognition of Financial Liabilities**

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(j) Financial Instruments (continued)**

##### **(j.3) Off- Balance Sheet Commitments and Contingencies**

The Bank deals with off-balance sheet risk in the normal course of business such as letters of guarantee, letters of credit, pre-financing loans, etc. The Group's exposure to credit losses arising from these instruments is represented by the contractual amount of those instruments.

##### **(j.4) Derivative Financial Instruments**

###### ***Derivatives Held for Trading***

The Group's derivative transactions mainly consist of foreign currency swaps, foreign currency options and forward foreign currency contracts. The Group does not have any embedded derivatives separated from the host contract.

In accordance with IAS 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. 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 "derivatives held for trading purpose". Gains and losses arising from a change in the fair value are recognized in the income statement.

###### ***Derivatives and Hedge Accounting***

The Bank applied fair value hedging until 30 November 2010, which principally consisted of interest rate swaps that are used to hedge changes in the fair value of fixed-rate loans and advances to customers due to changes in market interest rates.

The Bank discontinues hedge accounting when it is determined that: a derivative is not, or has ceased to be, highly effective as a hedge; when the derivative expires, or is sold, terminated, or exercised; when the hedged item matures or is sold or repaid; or when a forecast transaction is no longer deemed highly probable. The fair value differences on loans calculated till the cease date of hedging has been started to be amortized. As of 31 December 2013, the remaining fair value difference on loans related to discontinued hedge accounting is TL 4,970 (31 December 2012: TL 7,760).

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(j) Financial Instruments (continued)**

##### **(j.5) Netting of Financial Assets and Liabilities**

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

##### **(k) Fair Value Considerations**

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction. Fair value is best evidenced by a market price, being the amount obtainable from the sale or payable on the acquisition, of a financial instrument in an active market, if one exists.

Various financial instruments are accounted for at fair value. Other financial instruments are accounted at amortized cost but disclosure is required of fair value for comparison purposes, wherever practicable.

Due to economic conditions and volatility or low trading volumes in markets, the Bank may be unable, in certain cases, to find a market price in an actively traded market. In such cases, other measures of fair value are considered. These include comparisons with similar financial instruments that do have active markets. As there are wide ranges of valuation techniques, it may be inappropriate to compare the Group's fair value information to independent markets or to other financial institutions' fair value information.

For certain financial assets and liabilities carried at cost, the fair values are assumed not to differ significantly from cost, due to the short-term nature of the items involved or because interest rates applicable to such items are variable at such short notice that interest income or expense on such items would not differ significantly from market rates.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Central Bank accounts and balances with banks: The carrying amount is a reasonable estimate of fair value.

Securities investments: Fair value is estimated using quoted market prices wherever applicable.

Derivatives: Fair values are obtained from quoted market prices in active markets, including recent market transactions, to the extent publicly available, and the fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Bank uses that technique. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

In the absence of forward foreign currency market rates and reliable forward rate estimations in a volatile market, values of foreign currency swap transactions are determined by comparing forward rates with contractual forward rates discounted to the balance sheet date with the current market rates. The resulting gain or loss is reflected to the income statement. In determination of the fair values of interest rate swaps, discounted values calculated using the fixed and floating interest rates between the transaction date and repricing date are used.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(k) Fair Value Considerations (continued)**

**Loans and Receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method less any impairment in value. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Interest earned on such loans and receivables is reported as interest income.

The group management believes that the risk factors embedded in the initial interest rates and subsequent rate changes along with the related allowances for uncollectibility and assessment of risks associated with the loan book result in a fair valuation of loans.

**Deposits:** Estimated fair value of demand deposits, saving deposits and interbank deposits is the amount payable on demand at the reporting date.

**Borrowings:** Borrowings have interest rates that are fixed on an entry value basis but may be subject to fluctuation in accordance with prevailing interest rates in the market. Interest-bearing borrowings and overdrafts are recorded at the proceeds received. Interests on borrowings are accounted for on an accrual basis and are added to the carrying amount of instruments to the extent they are not settled in the period in which they arise.

##### **(l) Non-current Assets Held for Sale**

Certain non-current assets primarily related to the collateral collected on non-performing loans are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.



## **Fibabanka Anonim Şirketi**

### **Notes to financial statements as at and for the year ended 31 December 2013**

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### **3 Significant Accounting Policies (continued)**

##### **(m) Employee Benefits**

###### ***Employee Termination Benefits***

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

As a result of the retrospective implementation of changes in to IAS 19, Group management has evaluated the effects of this accounting policy on financial statements. The management concluded that the post – tax impact is not material and decided not to restate prior year financial statements. As of 31 December 2013, the Group’s severance payment provision is calculated by an actuarial firm and the actuarial loss of TL 1,344 is accounted under the “Retained earning / (Accumulated losses) and Other reserves” section in the Statement of Changes in Shareholders’ Equity.

The principal actuarial assumptions used at 31 December 2013 and 31 December 2012 are as follows;

	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b><u>%</u></b>	<b><u>%</u></b>
Discount rate	9.8	7.0
Inflation rate	6.5	5.0

Actuarial gains and losses are recognized in the statement of other comprehensive income.

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. The ceiling amount at 31 December 2013 was TL 3,254.44 (full basis) (31 December 2012: TL 3,033.98 (full basis)).

###### ***Other Contributions***

The Group pays contributions to Social Security Funds on a mandatory basis. There are no other liabilities related to employee benefits to be provisioned.

##### **(n) Provisions**

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(o) Leases**

###### ***The Bank as Lessee***

###### ***Operating Leases***

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. These include rent agreements of branch and head office premises, which are cancellable subject to a period of notice. Related payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

##### **(p) Income and Expense Recognition**

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, throughout the period to the next repricing date. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment) but does not consider future credit losses. The calculation includes all fees paid or received between parties in the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate of the loan. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts. Asset management fees and custody service fees that are continuously provided over an extended period of time are recognized ratably over the period service is provided.

Fee for bank transfers and other banking transaction services are recorded as income when collected.

Net trading income comprises gains minus losses related to financial assets and liabilities held for trading and includes all realised and unrealised fair value changes and foreign exchange differences.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **3 Significant Accounting Policies (continued)**

##### **(r) Income Tax**

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current Tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

##### ***Deferred Tax***

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that, in the management's judgment, it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

##### **(s) Subsequent Events**

Post-balance sheet events that provide additional information about the Group's position at the balance sheet dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### (t) Segment Reporting

A segment is a distinguishable component of the Bank that is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components.

#### 4 Segment Reporting

Segment information is presented in respect of the Bank's business segments. The Bank comprises the Retail, Commercial Banking and Treasury as main business segments. Fiba Portföy, the Bank's consolidated subsidiary, is operating in the area of portfolio management.

Major financial statement items according to business lines:

	<b><u>Treasury &amp; Head Office</u></b>	<b><u>Retail Banking</u></b>	<b><u>Commercial Banking</u></b>		<b><u>Total</u></b>
<b><u>31 December 2013</u></b>					
Operating income	11,983	47,908	190,467		250,358
Profit before tax	(16,725)	2,369	84,605		70,249
Tax charge					(14,170)
<b>Net profit</b>					<b><u>56,079</u></b>
Segment assets	1,509,286	404,711	4,720,407		6,634,404
Unallocated assets					--
<b>Total assets</b>					<b><u>6,634,404</u></b>
Segment liabilities	1,838,344	2,605,495	1,646,198		6,090,037
Unallocated liabilities					--
Equity					544,367
<b>Total liabilities and equity</b>					<b><u>6,634,404</u></b>
	<b><u>Treasury</u></b>	<b><u>Retail Banking</u></b>	<b><u>Commercial Banking</u></b>	<b><u>Other*</u></b>	<b><u>Total</u></b>
<b><u>31 December 2012</u></b>					
Operating income	13,629	21,464	119,332	20,833	175,258
Profit before tax	12,150	2,955	73,053	(16,693)	71,465
Tax charge					(13,733)
<b>Net profit</b>					<b><u>57,732</u></b>
Segment assets	354,065	266,393	2,925,537	299,180	3,845,175
Unallocated assets					42,188
<b>Total assets</b>					<b><u>3,887,363</u></b>
Segment liabilities	549,628	1,571,841	1,029,404	270,625	3,421,498
Unallocated liabilities					48,338
Equity					417,527
<b>Total liabilities and equity</b>					<b><u>3,887,363</u></b>

\* Starting from March 2012, the Bank reports the operations of Retail and Commercial Banking segments separately. The information prior to that date is included in "Other" segment and not presented separately due to unavailability.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

## **5 Financial Risk Management**

### **(a) Introduction and Overview**

The Group has exposure to the following risks from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risks
- Operational Risks

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### ***Risk Management Framework***

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. Risk Committee of the Bank is responsible for developing and monitoring the Group's risk management policies in their specified areas. All board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its directives, procedures and regular trainings aims to develop a disciplined and constructive control environment, in which all employees understand their roles and responsibilities.

The Bank Audit Committee is responsible to monitor the efficiency and adequacy of the Group's Internal Control Systems framework on behalf of the Board of Directors. The Bank Audit Committee is assisted in these functions by Risk Management, Internal Control, Legislation & Compliance and Internal Audit departments.

### **(b) Credit Risk**

Credit risk is the risk of financial loss of the Group if a customer or counterparty fails to meet its contractual obligations to a financial instrument, among the Bank's corporate, retail or bank loan portfolio. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure such as individual risk, counterparty risk, group risk as well as country & sector risks.

The Group's counterparty credit exposure at the balance sheet date from financial instruments held or issued for trading purposes is represented by the fair value of instruments with a positive fair value at that date, as recorded on the balance sheet.

The risk that counterparties to trading instruments might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Group only deals with counterparties which have good credit worthiness. .

The Group has defined rating models, and validation standards in order to estimate, identify measure, monitor, dispose, reduce and manage the credit risk. These standards have been developed to determine the quality of credit customers in line with the Group's credit policy. Credit risk reports and concentration & risk limits concerning the Bank's loan portfolio are reviewed periodically by the Risk Management Department.

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 5 Financial Risk Management (continued)

##### (b) Credit Risk (continued)

###### Collateral policy

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

The breakdown of cash loans and advances to customers by type of collateral is as follows:

Cash Loans	31 December 2013		
	Performing	Non-Performing (*)	Total
Secured loans:	5,076,815	16,376	5,093,190
Secured by cash collateral	11,576	--	11,576
Secured by mortgages	1,731,507	15,322	1,746,829
Other collateral (pledge on assets, vehicle, corporate and personal guarantees, promissory notes)	3,333,731	1,054	3,334,785
Unsecured loans	63,683	44,039	107,722
<b>Total Cash Loans</b>	<b>5,140,498</b>	<b>60,415</b>	<b>5,200,913</b>

(\*) The loan balance excludes allowance for loan losses.

Cash Loans	31 December 2012		
	Performing	Non-Performing (*)	Total
Secured loans:	3,176,865	9,538	3,186,403
Secured by cash collateral	91,736	--	91,736
Secured by mortgages	1,116,511	6,998	1,123,509
Other collateral (pledge on assets, vehicle, corporate and personal guarantees, promissory notes)	1,968,618	2,540	1,971,158
Unsecured loans	19,474	20,010	39,484
<b>Total Cash Loans</b>	<b>3,196,339</b>	<b>29,548</b>	<b>3,225,887</b>

The breakdown of non-cash loans by type of collateral is as follows:

Non-Cash Loans	31 December 2013	31 December 2012
Secured loans:	713,919	293,058
Secured by cash collateral	7,791	11,679
Secured by mortgages	24,909	18,966
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	681,219	262,413
Unsecured loans:	13,218	14,551
<b>Total Non-Cash Loans</b>	<b>727,137</b>	<b>307,609</b>

(\*) The loan balance excludes allowance for loan losses.

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 5 Financial Risk Management (continued)

##### (b) Credit Risk (continued)

###### Collateral policy (continued)

An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers is shown below (\*):

	31 December 2013	31 December 2012
Car	199,083	161,184
Cash and bank deposits	143,074	104,118
Mortgage	2,522,106	2,049,120
Other	1,832,962	1,341,834
<b>Total</b>	<b>4,697,225</b>	<b>3,656,256</b>

(\*) The fair value of the collateral is not capped with the respective outstanding loan balance.

###### Sectoral concentration of loans and advances to customers

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of performing loans and advances to customers is shown below:

	31 December 2013	31 December 2012
Retail	411,366	236,957
Manufacturing	1,553,769	937,477
Service	1,944,088	1,336,049
Construction	774,767	461,620
Agriculture and stockbreeding	80,057	66,473
Other	376,451	157,763
<b>Total performing loans and advances to customers</b>	<b>5,140,498</b>	<b>3,196,339</b>

###### Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the financial statements;

Gross maximum exposure	31 December 2013	31 December 2012
Balances with the Central Bank (including reserve deposits)(*)	742,631	409,357
Deposits with and loans due from banks and other financial institutions	261,159	55,351
Financial assets at fair value through profit and loss	75,493	43,709
Financial assets available for sale	265,644	108,733
Loans and receivables	5,153,466	3,207,572
<b>Total</b>	<b>6,498,393</b>	<b>3,824,722</b>
Contingent liabilities	727,137	307,609
Commitments	286,854	257,728
<b>Total</b>	<b>1,013,991</b>	<b>565,337</b>
<b>Total credit risk exposure</b>	<b>7,512,384</b>	<b>4,390,059</b>

(\*)Balances with the Central Bank (including reserve deposits) excludes cash in TL /foreign currency amount.

**Fibabanka Anonim Şirketi****Notes to financial statements as at and for the year ended 31 December 2013***(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )***5 Financial Risk Management (continued)****(b) Credit Risk (continued)**

Credit quality of loans and receivables as of 31 December 2013 and 2012 are as follows;

	Neither past due nor impaired	Past due but not impaired	Individually impaired (gross)	Total
<b>31 December 2013</b>				
Loans and receivables				
Commercial	4,688,377	46,739	53,569	4,788,685
Consumer	373,854	31,047	6,748	411,649
Credit Cards	481	--	98	579
<b>Total</b>	<b>5,062,712</b>	<b>77,786</b>	<b>60,415</b>	<b>5,200,913</b>

	Neither past due nor impaired	Past due but not impaired	Individually impaired (gross)	Total
<b>31 December 2012</b>				
Loans and receivables				
Commercial	2,936,750	25,275	27,351	2,989,376
Consumer	220,754	13,025	2,131	235,910
Credit Cards	535	--	66	601
<b>Total</b>	<b>3,158,039</b>	<b>38,300</b>	<b>29,548</b>	<b>3,225,887</b>

Carrying amount per class of loans and receivables assets whose terms have been renegotiated:

	31 December 2013	31 December 2012
Loans and receivables		
Commercial	39,651	29,484
Consumer	815	4,157
<b>Total</b>	<b>40,466</b>	<b>33,641</b>

Aging analysis of past due but not impaired loans per class of financial instruments:

	Less than 31 days	31-60 days	61-90 days	Total
<b>31 December 2013</b>				
Loans and receivables				
Commercial	26,767	5,417	14,555	46,739
Consumer	7,632	15,674	7,740	31,047
<b>Total</b>	<b>34,399</b>	<b>21,091</b>	<b>22,295</b>	<b>77,786</b>



## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 5 Financial Risk Management (continued)

##### (b) Credit Risk (continued)

31 December 2012	Less than 31 days	31-60 days	61-90 days	Total
Loans and receivables				
Commercial	10,140	4,390	10,745	25,275
Consumer	1,506	8,148	3,371	13,025
<b>Total</b>	<b>11,646</b>	<b>12,538</b>	<b>14,116</b>	<b>38,300</b>

##### (c) Liquidity Risk

Liquidity risk reflects the potential inability both to finance assets over appropriate times to maturity and at suitable rates and to liquidate portfolio positions at the proper time and at reasonable prices.

The Group maintains liquidity facilities with the Central Bank of Turkey and other banks that are available immediately when needed. The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. Liquidity risk is continuously assessed by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall strategy.

The table below shows the undiscounted cash flows on the Group's non-derivative financial liabilities on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the above table represents the contractual undiscounted cash flows relating to the principal and interest on the financial liability.

31 December 2013	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
<i>Non-derivative liabilities</i>								
Deposits from banks	445,802	445,890	62,563	377,443	5,884	--	--	--
Deposits from customers	4,323,235	4,357,420	337,213	2,495,018	1,154,141	371,037	11	--
Borrowings from banks	559,081	571,696	--	7,332	36,628	444,499	83,237	--
Securities issued	297,160	314,607	--	50,000	64,210	111,246	89,151	--
Subordinated loans	275,420	467,638	--	--	2,853	17,619	81,805	365,361
<b>Total</b>	<b>5,900,698</b>	<b>6,157,251</b>	<b>399,776</b>	<b>2,929,793</b>	<b>1,263,716</b>	<b>944,401</b>	<b>254,204</b>	<b>365,361</b>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 5 Financial Risk Management (continued)

##### (c) Liquidity Risk (continued)

31 December 2012	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
<i>Non-derivative liabilities</i>								
Deposits from banks	149,818	149,878	18,600	131,278	--	--	--	--
Deposits from customers	2,636,870	2,660,916	174,022	1,300,775	884,763	301,213	143	--
Borrowings from banks	308,670	322,413	--	3,296	60,844	161,504	96,769	--
Securities issued	222,746	242,680	--	--	2,210	131,679	108,791	--
Subordinated loans	89,693	152,387	--	--	--	6,326	25,320	120,741
<b>Total</b>	<b>3,407,797</b>	<b>3,528,274</b>	<b>192,622</b>	<b>1,435,349</b>	<b>947,817</b>	<b>600,722</b>	<b>231,023</b>	<b>120,741</b>

Maturity analysis of balance sheet items is as follows:

As at 31 December 2013	Demand	Up to 1 Month	1 to 3 Months	3 months to 1 year	Over 1 year	Unallocated	Total
<b>Assets:</b>							
Cash and balances with the Central bank	221,042	583,485	--	--	--	--	804,527
Due from banks	121,504	139,655	--	--	--	--	261,159
Financial assets at fair value through profit and loss	--	19,476	9,078	30,588	16,351	--	75,493
Financial assets available-for-sale	--	--	--	--	265,644	--	265,644
Loans and advances to customers	--	526,243	628,777	2,243,159	1,742,319	12,968	5,153,466
Other assets	--	--	--	--	--	74,115	74,115
<b>Total assets</b>	<b>342,546</b>	<b>1,268,859</b>	<b>637,855</b>	<b>2,273,747</b>	<b>2,024,314</b>	<b>87,083</b>	<b>6,634,404</b>
<b>Liabilities:</b>							
Deposits from banks	62,563	377,365	5,874	--	--	--	445,802
Deposits from customers	337,213	2,486,688	1,141,919	357,405	10	--	4,323,235
Financial liabilities at fair value through profit and loss	--	27,042	21,996	31,680	--	--	80,718
Borrowing from banks	--	7,332	35,717	436,945	79,087	--	559,081
Securities issued	--	49,803	62,357	100,000	85,000	--	297,160
Subordinated loans	--	--	2,331	929	272,160	--	275,420
Other liabilities and equity	--	39,867	21,996	31,680	--	559,445	652,988
<b>Total liabilities</b>	<b>399,776</b>	<b>2,988,097</b>	<b>1,292,190</b>	<b>958,639</b>	<b>436,257</b>	<b>559,445</b>	<b>6,634,404</b>
<b>Net liquidity gap</b>	<b>(57,230)</b>	<b>(1,719,238)</b>	<b>(654,335)</b>	<b>1,315,108</b>	<b>1,588,057</b>	<b>(472,362)</b>	<b>--</b>

##### As at 31 December 2012

Total assets	171,319	721,288	464,252	1,500,005	977,080	53,419	3,887,363
Total liabilities	192,622	1,446,702	941,438	585,167	279,315	442,119	3,887,363
<b>Net liquidity gap</b>	<b>(21,303)</b>	<b>(725,414)</b>	<b>(477,186)</b>	<b>914,838</b>	<b>697,765</b>	<b>(388,700)</b>	<b>--</b>

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **5 Financial Risk Management (continued)**

##### **(d) Market Risk**

In order to provide hedge against the market risk within the context of the risk management objectives, the Group set its activities related with market risk management in accordance with “Regulations on Banks’ Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 28337 dated 28 June 2012.

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

Market risk arising from trading transactions is limited through the risk appetite policy approved by Board of Directors as “low” and measured by taking into consideration BRSA’s standard methodology. Additionally Financial Control Department reports the market value of daily purchases and sales and realized profit. The risk management and asset liability committee continuously monitor compliance of trading transactions with the risk appetite policy. Measurements can be done with online connection of the treasury front office in real time. Market risk occurred between mismatches of asset-liability maturity is also monitored through GAP report.

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

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

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

##### **(i) Interest Rate Risk**

“Interest rate risk” is the probability of loss due to changes in interest rates depending on the Group’s position regarding the interest bearing financial instruments. Interest rate risk arises as a result of timing differences on the re-pricing of assets and liabilities, changes in correlation of interest rates between different financial instruments and unexpected changes in the shape and slope of yield curves. Exposure to interest rate movements arises when there is a mismatch between rate sensitive assets and liabilities.

Within the scope of Asset and Liability Management Policy, Group’s assets and liabilities are re-priced according to the remaining maturities and determined interest rate shocks’ effect on the net economic value is calculated.

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 5 Financial Risk Management (continued)

##### (d) Market Risk (continued)

##### (i) Interest Rate Risk

With the interest rate risk reports and stress tests on the interest rate risk of the Group, willing to relocate risk levels are tested due to the sensitivity of the risk levels in the presence of crisis scenarios and keeping them under control is provided.

##### Interest rate gap analysis

The following tables indicate the periods in which financial assets and liabilities are repriced as at 31 December 2013 and 31 December 2012;

<b>2013:</b>	<b>Less than three months</b>	<b>Between three and twelve months</b>	<b>Over one year</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Financial assets</b>					
Cash and balances with the Central Bank	--	--	--	804,527	804,527
Due from banks	139,958	--	--	121,201	261,159
Financial assets at FVTPL	41,500	30,734	3,259	--	75,493
Financial assets available for sale	--	--	265,644	--	265,644
Loans and advances to customers (*)	1,955,007	990,336	2,195,155	--	5,140,498
<b>Financial liabilities</b>					
Derivatives held for trading	49,038	31,680	--	--	80,718
Deposits from banks	383,239	--	--	62,563	445,802
Deposits from customers	3,628,607	357,405	10	337,213	4,323,235
Borrowings from banks	307,327	249,562	2,192	--	559,081
Securities issued	297,160	--	--	--	297,160
Subordinated loans	82,403	85,628	107,389	--	275,420

(\*) The loan balance excludes non-performing loans (net)

<b>2012:</b>	<b>Less than three months</b>	<b>Between three and twelve months</b>	<b>Over one year</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Financial assets</b>					
Cash and balances with the Central Bank	--	--	--	429,812	429,812
Due from banks	30,304	--	--	25,047	55,351
Financial assets at FVTPL	31,884	8,834	2,991	--	43,709
Financial assets available for sale	506	--	108,227	--	108,733
Loans and advances to customers (*)	1,491,772	537,656	1,166,911	--	3,196,339
<b>Financial liabilities</b>					
Derivatives held for trading	5,220	8,476	--	--	13,696
Deposits from banks	131,218	--	--	18,600	149,818
Deposits from customers	2,171,516	291,201	131	174,022	2,636,870
Borrowings from banks	204,442	102,902	1,326	--	308,670
Securities issued	101,345	121,401	--	--	222,746
Subordinated loans	--	--	89,693	--	89,693

(\*) The loan balance excludes non-performing loans (net)

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 5 Financial Risk Management (continued)

##### (d) Market Risk (continued)

##### (i) Interest Rate Risk

The following table indicates the interest rates by major currencies for the major balance sheet components as at 31 December 2013 and 31 December 2012:

	EUR	USD	Other	TL
	%	%	Currencies	%
<u>31 December 2013</u>				
Cash and balances with the Central Bank	--	--	--	--
Financial assets at FVTPL	4.41	4.64	--	12.88
Financial assets available for sale	--	4.17	--	5.59
Due from banks	0.40	0.43	--	7.72
Loans and advances to customers	6.77	6.12	5.90	13.46
Deposits from banks	1.05	1.12	2.00	5.16
Borrowing from banks	1.78	1.90	--	5.96
Deposits from customers	2.88	3.16	0.89	9.44
Securities issued	--	--	--	9.61
Subordinated loans	6.85	7.56	--	--
<u>31 December 2012</u>				
Cash and balances with the Central Bank	--	--	--	--
Financial assets at FVTPL	4.53	5.06	--	10.37
Financial assets available for sale	--	4.52	--	12.19
Due from banks	--	0.55	--	--
Loans and advances to customers	7.63	7.13	6.10	13.68
Deposits from banks	--	1.80	--	5.50
Borrowing from banks	3.53	4.11	--	8.23
Deposits from customers	3.11	3.54	1.21	8.82
Securities issued	--	--	--	7.88
Subordinated loans	--	7.00	--	--

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. An analysis of the Group's sensitivity to a 100 basis points (bps) increase or decrease in market interest rates shows that, when other variables kept constant, an increase in interest rates by 1% leads to decrease in net interest income ("NII") by TL 15,867 (31 December 2012: 1% increase in interest rates affects NII negatively by TL 6,918), on the other hand, a decrease in interest rates by 1% leads to increase in net interest income by TL 15,441 (31 December 2012: 1% decrease in interest rates affects NII positively by TL 6,950) When interest rates are decreased by 1%, interest rates which go below 0% are assumed as 0%.

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 5 Financial Risk Management (continued)

##### (d) Market Risk (continued)

##### (ii) Currency Risk

The Group is exposed to currency risk through transactions in foreign currencies. The main measurement currencies of its foreign exchange operations are Euro and USD. As the currency in which the Group presents its financial statements is the Turkish Lira (TL), the financial statements are affected by movements in the exchange rates between these currencies and TL. Currency risk is managed through VaR limits.

At 31 December 2013 and 31 December 2012, the Group's foreign currency assets and liabilities may be analyzed as follows (TL equivalents):

	EUR	USD	CHF	Other	Total in 2013	Total in 2012
<i>Foreign currency denominated assets:</i>						
Cash and balances with Central Bank	16,695	679,488	635	1,349	698,167	338,098
Due from banks	37,996	101,446	1,019	42,036	182,497	55,316
Financial assets at FVTPL	1,185	2,365	--	--	3,550	2,682
Financial assets available for sale	--	248,347	--	--	248,347	108,227
Loans and advances to customers	1,139,899	1,120,892	101,488	--	2,362,279	1,460,058
Other assets	734	291	10	--	1,035	490
	<b>1,196,509</b>	<b>2,152,829</b>	<b>103,152</b>	<b>43,385</b>	<b>3,495,875</b>	<b>1,964,871</b>
<i>Foreign currency denominated liabilities:</i>						
Deposits from banks	111,892	293,879	--	8,793	414,564	137,999
Borrowings from banks	324,973	382,751	--	--	707,724	301,780
Deposits from customers	267,336	1,219,017	1,594	92,019	1,579,966	1,106,087
Subordinated loans	--	275,420	--	--	275,420	89,693
Other liabilities	1,443	(164,950)	--	6	(163,501)	2,556
	<b>705,644</b>	<b>2,006,117</b>	<b>1,594</b>	<b>100,818</b>	<b>2,814,173</b>	<b>1,638,115</b>
Net on-balance sheet position	490,865	146,712	101,558	(57,433)	681,702	326,756
Net off-balance sheet position	(487,582)	(142,687)	(102,441)	57,994	(674,716)	(325,096)
Net position	<b>3,283</b>	<b>4,025</b>	<b>(883)</b>	<b>561</b>	<b>6,986</b>	<b>1,660</b>

A 10 percent strengthening of the foreign currencies against TL would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. A 10 percent weakening of the foreign currencies against TL would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

	31 December 2013		31 December 2012	
	Profit or Loss	Equity	Profit or Loss	Equity
USD	2,737	(2,334)	609	33
EUR	328	--	203	--
CHF	(88)	--	(243)	--
Other currencies	56	--	(436)	--
<b>Total, net</b>	<b>3,033</b>	<b>(2,334)</b>	<b>133</b>	<b>33</b>

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **5 Financial Risk Management (continued)**

##### **(e) Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations and are faced by all business areas.

The Group practices policies in accordance with local regulations and in the context of best international practices for operational risk identification, measurement, mitigation, reporting and control of international best practices in the context of implementing.

Under the umbrella of operational risk, business continuity policies and procedures have been created. Business impact analysis has been made to ensure process based business continuity, critical activities of the institution and necessary resources to carry out these activities have been identified. Creation of infrastructure for the implementation of the plans is in progress through business continuity plans.

##### **(f) Capital Adequacy**

The BRSA sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements the BRSA requires the banks to maintain a prescribed ratio of minimum 8% of total capital to total risk-weighted assets (12% for banks operating in offshore markets). These ratios measure capital adequacy by comparing the Group's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk. The Group's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes paid-in capital, share premium, legal reserves, retained earnings, translation reserve and minority interest after deductions for goodwill and certain cost items.
- Tier 2 capital, which includes qualifying subordinated liabilities, general impairment allowances and the element of the fair value reserve relating to unrealized gains on securities classified as available-for-sale.

Banking operations are categorized as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The Group and its individually regulated operations have complied with externally imposed capital requirements throughout the period and its capital adequacy ratio calculated in accordance with local regulations is above the minimum required ratio which is 8%.

## **Fibabanka Anonim Şirketi**

### ***Notes to financial statements as at and for the year ended 31 December 2013***

*(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )*

#### **5 Financial Risk Management (continued)**

##### **(f) Capital Adequacy (continued)**

Starting from 1 July 2012, the capital adequacy ratio is calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the “Regulation”)", “Regulation on Credit Risk Mitigation Techniques” and “Regulation on Calculation of Risk Weighted Amounts for Securitization’s” published in the Official Gazette no.28337 dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no.26333 dated 1 November 2006. In calculation of capital adequacy ratio, the data prepared from accounting records in compliance with the current legislation are used. Such accounting data is included in the calculation of credit and market risks subsequent to their designation as “trading book” and “banking book” according to the Regulation. The items classified as trading book and the items deducted from the equity are not included in the calculation of credit risk. In the calculation of risk weighted assets, the assets subject to amortization or impairment, are taken into account on a net basis after being reduced by the related amortizations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”. The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the “Regulation on Credit Risk Mitigation Techniques” and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

In the calculation of the value at credit risk for the derivative financial instruments and the credit derivatives classified in banking book, the receivables from counterparties are multiplied by the rates stated in the Appendix-2 of the Regulation, reduced as per the “Regulation on Credit Risk Mitigation Techniques” and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

As per the article 5 of the Regulation, the “counterparty credit risk” is calculated for repurchase transactions, securities and commodities borrowing agreements.



## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 6 Fair Value of Financial Instruments

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	<b>Financial instruments at fair value</b>	<b>Loans and receivables</b>	<b>Financial instruments at amortized cost</b>	<b>Total carrying amount</b>	<b>Fair value</b>
<b>31 December 2013</b>					
Cash and balances with the Central Bank	--	804,527	--	804,527	804,527
Due from banks	--	261,159	--	261,159	261,159
Financial assets at FVTPL	75,493	--	--	75,493	75,493
Financial assets available for sale	265,644	--	--	265,644	265,644
Loans and advances to customers:	--	--	--	--	--
Measured at fair value	--	--	--	--	--
Measured at amortized cost	--	5,153,466	--	5,153,466	5,204,479
	<b>341,137</b>	<b>6,219,152</b>	<b>--</b>	<b>6,560,289</b>	<b>6,611,302</b>
Derivatives held for trading	80,718	--	--	80,718	80,718
Deposits from banks	--	--	445,802	445,802	445,802
Borrowings from financial institutions	--	--	559,081	559,081	559,081
Deposits from customers	--	--	4,323,235	4,323,235	4,323,235
Securities issued	--	--	297,160	297,160	297,160
Subordinated loans	--	--	275,420	275,420	275,420
	<b>80,718</b>	<b>--</b>	<b>5,900,698</b>	<b>5,981,416</b>	<b>5,981,416</b>
<b>31 December 2012</b>					
Cash and balances with the Central Bank	--	429,812	--	429,812	429,812
Due from banks	--	55,351	--	55,351	55,351
Financial assets at FVTPL	43,709	--	--	43,709	43,709
Financial assets available for sale	108,227	--	506	108,733	108,733
Loans and advances to customers:	--	--	--	--	--
Measured at fair value	--	--	--	--	--
Measured at amortized cost	--	3,207,572	--	3,207,572	3,233,643
	<b>151,936</b>	<b>3,692,735</b>	<b>506</b>	<b>3,845,177</b>	<b>3,871,248</b>
Derivatives held for trading	13,696	--	--	13,696	13,696
Deposits from banks	--	--	149,818	149,818	149,818
Borrowings from financial institutions	--	--	308,670	308,670	308,652
Deposits from customers	--	--	2,636,870	2,636,870	2,636,870
Securities issued	--	--	222,746	222,746	222,746
Subordinated loans	--	--	89,693	89,693	89,693
	<b>13,696</b>	<b>--</b>	<b>3,407,797</b>	<b>3,421,493</b>	<b>3,421,475</b>

Fair values of the financial assets and liabilities carried at amortized cost, except for loans and advances to customers, are considered to approximate their respective carrying values due to their short-term nature.

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 6 Fair Value of Financial Instruments (continued)

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data. The fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, estimate is made based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives.

	31 December 2013			31 December 2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Financial assets at fair value through profit and loss	16,986	58,507	--	23,692	20,017	--
Financial assets available for sale	265,644	--	--	108,227	506	--
<b>Financial Liabilities</b>						
Derivatives held for trading	--	80,718	--	--	13,696	--

There is no transition between Level 1 and Level 2 in the current year.

#### 7 Cash and Balances with Central Bank

At 31 December 2013 and 31 December 2012, cash and balances with the Central Bank are as follows:

	31 December 2013	31 December 2012
Cash on hand	61,896	20,455
Reserve deposits at the Central Bank-free	159,145	125,817
Reserve deposits at the Central Bank-restricted	583,486	283,540
<b>Cash and balances with the Central Bank</b>	<b>804,527</b>	<b>429,812</b>
<b>Due from other banks</b>	<b>261,159</b>	<b>55,351</b>
Less: Reserve deposits-restricted	(583,486)	(283,540)
Less: Blocked deposits	(60,387)	(3,894)
Less: Obligations under repurchase commitments	(225,988)	(97,247)
Less: Interest income/expense accruals (net)	--	(4)
<b>Cash and cash equivalents in the statements of cash flows</b>	<b>195,825</b>	<b>100,478</b>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 7 Cash and Balances with Central Bank (continued)

Reserve deposits at the Central Bank represent the minimum cash reserve maintained with the Central Bank of Turkey (the Central Bank), as required by the Turkish Banking Law, calculated on the basis of customer deposits taken at the rates determined by the Central Bank. At 31 December 2013, reserve deposit ratios for Turkish Lira and foreign currency deposits are 5%-11.5% and 6%-13.0% (31 December 2012: 5%- 11% and 6%-11.5%). Restricted reserve deposits are not available for the daily business of the Group. As at 31 December 2013, interest rate for reserve deposits is nil (31 December 2012: 0%).

#### 8 Due from Banks

At 31 December 2013 and 31 December 2012, due from banks are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Turkish Lira	342	35
Foreign Currency	120,860	25,012
<b>Demand</b>	<b>121,202</b>	<b>25,047</b>
Turkish Lira	78,319	--
Foreign Currency	14,941	--
<b>Time</b>	<b>93,260</b>	<b>--</b>
Turkish Lira	--	--
Foreign Currency	46,697	30,304
<b>Money market placements</b>	<b>46,697</b>	<b>30,304</b>
<b>Total due from banks</b>	<b>261,159</b>	<b>55,351</b>

As at 31 December 2013, foreign currency placement has 2 days maturity and 0.42% interest rate (31 December 2012: 3 days maturity and 0.55% interest rate). As at 31 December 2013, Turkish Lira placement has 2 days maturity and 7.72% interest rate (31 December 2012: None). The Group has TL 60,387 blocked deposit accounts for the derivative contracts with the banks abroad (31 December 2012: TL 3,894).

#### 9 Financial Assets and Liabilities

##### a) Financial Assets

##### Financial Assets at FVTPL

At 31 December 2013 and 31 December 2012, financial asset at FVTPL are as follows:

	<u>31 December 2013</u>			<u>31 December 2012</u>		
	<u>Pledged</u>	<u>Non-pledged</u>	<u>Total</u>	<u>Pledged</u>	<u>Non-pledged</u>	<u>Total</u>
<b>Debt instruments</b>	<b>11,549</b>	<b>5,437</b>	<b>16,986</b>	<b>17,912</b>	<b>5,780</b>	<b>23,692</b>
Government bonds	11,549	1,889	13,438	17,912	3,098	21,010
Eurobonds	--	3,405	3,405	--	2,636	2,636
Corporate and bank bonds	--	143	143	--	46	46
<b>Derivatives held for trading purpose</b>	<b>--</b>	<b>58,507</b>	<b>58,507</b>	<b>--</b>	<b>20,017</b>	<b>20,017</b>
-Forwards	--	12,538	12,538	--	1,836	1,836
-Currency swaps	--	11,253	11,253	--	15,686	15,686
- Options	--	34,716	34,716	--	2,495	2,495
<b>Total financial assets at FVTPL</b>	<b>11,545</b>	<b>63,948</b>	<b>75,493</b>	<b>17,912</b>	<b>25,797</b>	<b>43,709</b>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 9 Financial Assets and Liabilities (continued)

##### a) Financial Assets (continued)

###### Financial Assets at FVTPL (continued)

As of 31 December 2013, government securities with carrying values of TL 5,687 (31 December 2012: TL 7,505) are pledged to the Central Bank and the Takas ve Saklama Bankası Anonim Şirketi (Clearing and Custody Incorporation) for regulatory requirements and as a guarantee for stock exchange and money market operations. TL 5,858 of the pledged trading assets presented in the table above are those financial assets that may be repledged or resold by counterparties (31 December 2012: TL 10,407).

TL 13,093 (31 December 2012: TL 14,521) of debt securities have floating interest rates, whereas the rest of the debt securities have fixed interest rates.

Average interest rates for TL, EUR and USD denominated financial assets at FVTPL are 12.88%, 4.41% and 4.64% respectively (31 December 2012: 10.37%, 4.53% and 5.06% respectively).

###### Financial Assets Available For Sale

	<b>31 December 2013</b>	<b>31 December 2012</b>
<b>Debt instruments</b>		
Corporate and bank bonds	265,644	108,733
<b>Total financial assets available for sale</b>	<b>265,644</b>	<b>108,733</b>

Available for sale debt securities have floating interest rates as of 31 December 2013 is nil whereas TL 265,644 of available debt securities have fixed interest rates. (31 December 2012: TL 506, TL 108,227)

Average interest rates for TL and USD denominated financial assets available for sale are 5.59% and 4.17% respectively (31 December 2012: 12.19% and 4.52% respectively)

##### b) Financial Liabilities at FVTPL

At 31 December 2013 and 31 December 2012, derivative liabilities held for trading are as follows:

	<b>31 December 2013</b>	<b>31 December 2012</b>
Derivatives held for trading		
- Forwards	12,622	4,128
- Foreign currency swaps	33,406	6,989
- Options	34,690	2,579
<b>Total financial liabilities at FVTPL</b>	<b>80,718</b>	<b>13,696</b>

**Fibabanka Anonim Şirketi****Notes to financial statements as at and for the year ended 31 December 2013***(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )***10 Loans and Advances to Customers**

At 31 December 2013 and 31 December 2012, loans and advances to customers are as follows:

	<b>31 December</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
<b>Consumer loans and individual credit cards</b>		
<i>Consumer loans-TL</i>		
Housing loans	38,451	14,302
Vehicle loans	7,753	1,273
General purpose loans	225,440	62,478
Others	--	--
<i>Consumer loans-FC Indexed</i>		
Housing loans	127,711	151,719
Vehicle loans	--	--
General purpose loans	5,094	5,775
<i>Individual credit cards-TL</i>		
With installment	28	--
Without installment	444	529
<i>Individual credit cards-FC</i>		
With installment	--	--
Without installment	7	5
<i>Personnel loans</i>		
General purpose loans	1,799	486
<i>Overdraft account-TL</i>	4,639	389
	<b>411,366</b>	<b>236,956</b>
<b>Commercial loans and corporate credit cards</b>		
<i>Commercial loans with installments-TL</i>		
Housing loans	2,569	2,845
Vehicle loans	24,464	3,969
General purpose loans	773,392	407,098
<i>Commercial loans with installments-FC</i>		
Housing loans	3,920	6,765
Vehicle loans	21,302	6,038
General purpose loans	166,248	114,771
<i>Corporate credit cards-TL</i>		
With installment	--	--
Without installment	2	1
<i>Overdraft accounts-TL</i>	48,563	10,191
<i>Spot loans</i>	602,965	641,029
<i>Revolving loans</i>	1,038,338	771,288
<i>Investment loans</i>	88,512	32,863
<i>Export loans</i>	183,600	202,335
<i>Other loans</i>	1,791,620	770,523
	<b>4,745,495</b>	<b>2,969,716</b>
<i>Unearned commission income</i>	<b>(16,363)</b>	<b>(10,333)</b>
<i>Total performing loans</i>	<b>5,140,498</b>	<b>3,196,339</b>
<i>Overdue loans</i>	<b>60,415</b>	<b>29,548</b>
<b>Total gross loans</b>	<b>5,200,913</b>	<b>3,225,887</b>
Allowance for loan losses	(47,447)	(18,315)
<b>Loans and advances to customers</b>	<b>5,153,466</b>	<b>3,207,572</b>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 10 Loans and Advances to Customers (continued)

Movement in the allowance for specific and collective loan losses for the years 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Balance at 1 January	18,315	8,110
Write-off	(3,747)	(225)
Charge for the year	32,879	10,430
Balance at 31 December	<u><b>47,447</b></u>	<u><b>18,315</b></u>

The sources of the allowance for the year on loans and advances to customers are as follows:

	<u>1 January- 31 December 2013</u>	<u>1 January- 31 December 2012</u>
Specific allowance/(reversal)	25,459	8,061
Collective allowance/(reversal)	7,420	2,369
Total	<u><b>32,879</b></u>	<u><b>10,430</b></u>

#### 11 Other Assets

At 31 December 2013 and 31 December 2012, other assets comprised the following items:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Prepaid commission	4,723	3,198
Non-current assets held for sale (*)	4,548	6,393
Prepaid expense	3,332	--
Prepaid rent	1,419	1,218
Cash guarantees given	482	349
Advances given	292	240
Cheque books	42	105
Other	3,798	1,960
	<u><b>18,636</b></u>	<u><b>13,463</b></u>

(\*) Certain non-current assets primarily related to the collaterals collected on non-performing loans are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Movement of non-current assets held for sale is as follows:

	<u>2013</u>	<u>2012</u>
Opening balance, 1 January	<b>6,393</b>	<b>6,871</b>
Additions	1,505	8,120
Disposal	(3,350)	(8,598)
Balance at 31 December	<u><b>4,548</b></u>	<u><b>6,393</b></u>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 12 Property and Equipment

Movement in property and equipment during the year ended 31 December 2013 is as follows:

	<b>Furniture, fixture and equipment</b>
Balance at 1 January 2013:	
Cost	35,907
Accumulated depreciation	(19,398)
<b>Opening net book amount</b>	<b>16,509</b>
Additions	22,941
Disposals (net)	(5)
Depreciation charge	(5,794)
<b>Balance at 31 December 2013:</b>	<b>33,651</b>

Movement in property and equipment during the year ended 31 December 2012 is as follows:

	<b>Furniture, fixture and equipment</b>
Balance at 1 January 2012:	
Cost	28,452
Accumulated depreciation	(16,329)
<b>Opening net book amount</b>	<b>12,123</b>
Additions	7,779
Disposals (net)	--
Depreciation charge	(3,393)
<b>Balance at 31 December 2012:</b>	<b>16,509</b>

#### 13 Intangible Assets

Movement in intangible assets during the year ended 31 December 2013 is as follows:

	<b>Software</b>	<b>Other</b>	<b>Carrying Value</b>
Balance at 1 January 2013:			
Cost	31,564	5,953	37,517
Accumulated amortization	(25,520)	(5,785)	(31,305)
<b>Opening net book amount</b>	<b>6,044</b>	<b>168</b>	<b>6,212</b>
Additions	4,656	--	4,656
Disposals	--	--	--
Amortization charge	(3,831)	(51)	(3,882)
<b>Balance at 31 December 2013:</b>	<b>6,869</b>	<b>117</b>	<b>6,986</b>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 13 Intangible Assets (continued)

Movement in intangible assets during the year ended 31 December 2012 is as follows:

	<u>Software</u>	<u>Other</u>	<u>Carrying Value</u>
Balance at 1 January 2012:			
Cost	28,146	5,949	34,095
Accumulated amortization	(22,293)	(5,727)	(28,020)
<b>Opening net book amount</b>	<b>5,853</b>	<b>222</b>	<b>6,075</b>
Additions	3,418	4	3,422
Disposals	--	--	--
Amortization charge	(3,227)	(58)	(3,285)
<b>Balance at 31 December 2012:</b>	<b><u>6,044</u></b>	<b><u>168</u></b>	<b><u>6,212</u></b>

#### 14 Deposits from Banks

At 31 December 2013 and 31 December 2012, deposits from banks comprised the following items:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Time deposits in FC	151,250	33,971
Time deposits in TL	6,001	--
Obligations under repurchase commitments from banks in FC	207,411	86,806
Obligations under repurchase commitments from banks in TL	18,577	10,441
Demand deposits in TL	6,664	17,222
Demand deposits in FC	55,899	1,378
	<b><u>445,802</u></b>	<b><u>149,818</u></b>

At 31 December 2013, foreign currency denominated term deposits mature in 9 days (31 December 2012: 20 days). Interest rates on term deposits are 0.92 % (31 December 2012: 2.25%). At 31 December 2013, Turkish Lira denominated term deposits mature in 2 days (31 December 2012: None). Interest rates on term deposits are 7.20 % (31 December 2012: None).



## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 14 Deposits from Banks (continued)

At 31 December 2013, obligations provided under repurchase agreements in FC mature in 5 days (31 December 2012: 2 days) with interest rates 1.28 % (31 December 2012: 1.63 %). At 31 December 2013, obligations provided under repurchase agreements in TL mature in 3 days (31 December 2012: 1 days) with interest rates 4.50 % (31 December 2012: 5.50 %).

#### 15 Deposits from Customers

At 31 December 2013 and 31 December 2012, deposits from customers comprised the following items:

	31 December 2013			31 December 2012		
	Demand	Time	Total	Demand	Time	Total
<b>Saving deposits</b>	<b>201,702</b>	<b>3,119,895</b>	<b>3,321,597</b>	<b>92,013</b>	<b>1,937,900</b>	<b>2,029,913</b>
FC Deposits	182,740	1,394,669	1,577,409	84,570	1,020,509	1,105,079
TL Deposits	18,962	1,725,226	1,744,188	7,443	917,391	924,834
<b>Commercial deposits</b>	<b>132,365</b>	<b>690,404</b>	<b>822,769</b>	<b>80,920</b>	<b>468,758</b>	<b>549,678</b>
<b>Non-commercial institutions' deposit</b>	<b>586</b>	<b>175,723</b>	<b>176,309</b>	<b>81</b>	<b>56,190</b>	<b>56,271</b>
<b>Precious metals</b>	<b>2,560</b>	<b>--</b>	<b>2,560</b>	<b>1,008</b>	<b>--</b>	<b>1,008</b>
<b>Total deposits from customers</b>	<b>337,213</b>	<b>3,986,022</b>	<b>4,323,235</b>	<b>174,022</b>	<b>2,462,848</b>	<b>2,636,870</b>

At 31 December 2013, interest rates on term deposits in TL range between 1.6% and 10.4% (31 December 2012: 2.00% and 12.50%), interest rates on term deposits in EUR range between 0.1% and 5.25% (31 December 2012: between 0.25% and 7.0%), interest rates on term deposits in USD range between 0.1% and 4.25% (31 December 2012: between 0.25% and 4.75%), interest rates on term deposits in CHF range between 0.1% and 2.00% (31 December 2012: between 0.50% and 2.50%) and interest rates on term deposits in GBP range between 0.25% and 3.4% (31 December 2012: between 0.75% and 4%).

#### 16 Other Liabilities and Provisions

At 31 December 2013 and 31 December 2012, other liabilities comprised of the following items:

	31 December	31 December
	2013	2012
Blocked accounts	46,111	4,564
Check clearance account	25,429	22,844
Taxes and duties withheld	12,825	10,052
Promissory notes	6,498	434
Unused vacation pay liability and personnel bonus accrual	5,068	4,123
Blocked cheques	744	1,950
Payables to consultants and suppliers	605	521
Other	3,306	2,508
<b>Other liabilities</b>	<b>100,586</b>	<b>46,996</b>
Provision for taxes	4,237	--
Employee termination benefits	2,880	410
Provision for lawsuits	918	937
<b>Provisions</b>	<b>8,035</b>	<b>1,347</b>
<b>Total</b>	<b>108,621</b>	<b>48,343</b>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 16 Other liabilities and provisions (continued)

##### Employee Termination Benefits

In accordance with existing social legislation, the Bank is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay (limited to a maximum of TL 3,438.22 (full TL) and TL 3,129.26 (full TL) at 31 December 2013 and 2012, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination.

The principal actuarial assumptions used in the calculation of the total liability at the balance sheet dates are as follows:

Movements in the present value of the employee termination benefits in the current year were as follows:

	<u>2013</u>	<u>2012</u>
Opening, 1 January	410	323
Current service cost	2,928	581
Interest cost	21	16
Benefits paid	(479)	(510)
<b>Closing, 31 December</b>	<b><u>2,880</u></b>	<b><u>410</u></b>

#### 17 Borrowings from Banks

Borrowings from banks as of 31 December 2013 and 2012 comprised the following items:

	<u>31 December 2013</u>	<u>31 December 2012</u>
<b>Borrowing from Banks</b>		
Turkish Lira	19,389	6,890
Foreign Currency	539,692	301,780
	<b><u>559,081</u></b>	<b><u>308,670</u></b>

Syndicated loan of U.S. \$ 80 million which was due in December 2013 was renewed as U.S. \$ 125 million in the same month.

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 18 Securities Issued

TL	31 December 2013	
	Short Term	Medium and Long Term
Nominal	110,000	185,000
Cost	105,253	185,000
Carrying Amount	108,725	188,435

  

TL	31 December 2012	
	Short Term	Medium and Long Term
Nominal	125,000	100,000
Cost	120,782	100,000
Carrying Amount	121,401	101,345

In March 2013, the Bank has issued bonds with a nominal value of TL 85,000 with 2 years to maturity, and in July bills with a nominal value of TL 50,000 6 months to maturity, in September bills with a nominal value of TL 60,000 6 months to maturity. The Bank also has bills with a nominal value of TL TL 100,000 with 720 days to maturity.

#### 19 Subordinated Loans

	31 December 2013	
	TL	FC
Domestic Other Institutions	107,389	89,693
Foreign Banks	82,403	--
Foreign Other Institutions	85,628	--
<b>Total</b>	<b>275,420</b>	<b>89,693</b>

  

	31 December 2012	
	TL	FC
Domestic Other Institutions	--	89,693
Foreign Banks	--	--
Foreign Other Institutions	--	--
<b>Total</b>	<b>--</b>	<b>89,693</b>

The Bank acquired subordinated loan from its parent group, Fiba Holding A.Ş., amounting to USD 50 million with 10 years maturity. The Bank also acquired loans from international financial institutions and banks amounting U.S \$ 50 million and € 20 million with 10 years maturity.

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 20 Taxation

The Bank and its subsidiary is subject to taxation in accordance with the tax procedures and the legislation effective in Turkey. Corporation tax is computed on the statutory income tax base determined in accordance with Tax Procedural Law. Corporate tax rate is 20%.

In Turkey, tax legislation does not permit a parent group and its subsidiaries to file a consolidated tax return. Therefore, the taxation charge as reflected in the accompanying consolidated financial statements, represents the total amount of taxation charge of the Bank and its subsidiary.

Turkish tax legislation provides for a temporary tax to be calculated and paid based on earnings generated for each quarter. The temporary tax rate used in determining the temporary tax is 20%. The temporary taxes paid quarterly are offset against the final tax liability for the year. The final corporation tax, after deducting the quarterly payments, becomes due and is paid in one installment by 30 April.

In Turkey, the Tax Procedural Law does not provide a procedure for final agreement of tax assessments. Tax returns are required to be filed within the fourth month following the balance sheet date. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred.

For the years ended 31 December 2013 and 2012, taxation comprised the following:

	<u>2013</u>	<u>2012</u>
Current tax charge	(16,578)	--
Deferred tax benefit / (charge)	2,408	(13,733)
<b>Total</b>	<b><u>(14,170)</u></b>	<b><u>(13,733)</u></b>

As of 31 December 2013, the Group has no carry forward tax losses.

The total provision for taxes on income is different than the amount computed by applying the statutory tax rate to loss from operations before provision for taxes on income as shown in the following reconciliation:

	<u>2013</u>	<u>2012</u>
<b>Profit before income tax</b>	<b>70,249</b>	<b>71,465</b>
At statutory income tax rate	(14,050)	(14,293)
Nondeductible expenses	(261)	(139)
Other tax exempt income	96	162
Other temporary differences	45	537
<b>Taxation</b>	<b><u>(14,170)</u></b>	<b><u>(13,733)</u></b>

**Fibabanka Anonim Şirketi****Notes to financial statements as at and for the year ended 31 December 2013**

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

**20 Taxation (continued)*****Deferred tax assets and liabilities***

Deferred tax assets and deferred tax liabilities at 31 December 2013 and 31 December 2012 are attributable to the items detailed in the table below:

	<b>31 December 2013</b>	<b>31 December 2012</b>
<b><i>Deferred tax assets</i></b>		
Tax losses carried forward	--	6,034
Loan commissions	3,815	2,360
Allowance for loan losses	1,942	735
Provision for vacation pay	514	325
Reserve for employee termination benefits	158	82
Valuation of financial assets	6,014	--
Others	5,393	825
<i>Total deferred tax assets</i>	<u>17,836</u>	<u>10,361</u>
<b><i>Deferred tax liabilities</i></b>		
Fair value of loans and advances to customers	190	403
Derivatives held for trading purposes	--	2,816
Others	2,804	1,140
<i>Total deferred tax liabilities</i>	<u>2,994</u>	<u>4,359</u>
<b>Net deferred tax assets</b>	<u><b>14,842</b></u>	<u><b>6,002</b></u>

The movement of deferred tax asset is as follows:

	<b>2013</b>	<b>2012</b>
<b>Balance at the beginning of the period</b>	<u><b>6,002</b></u>	<u><b>20,248</b></u>
Deferred tax recognised in income statement	2,408	(13,733)
Deferred tax recognised under equity	6,432	(513)
<b>Balance at the end of the period</b>	<u><b>14,842</b></u>	<u><b>6,002</b></u>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 21 Share Capital and Capital Advance

The Bank's paid in capital which was TL 426,650 was decided to be increased to TL 550,000 on Board of Directors minutes held on 25 February 2013; increase of TL 17,416 is to be provided by inflation adjustment to share capital, TL 9,502 is to be provided by profit on disposal of immovable, and TL 96,432 is to be paid by Fiba Holding A.Ş. in cash; legal applications have been made for the total increase of TL 123,350 of paid in capital. As of 29 May 2013, legal procedures have been finalized and capital increase recorded in financial statements.

#### 22 Retained Earnings / (Accumulated Losses) and Other Reserves

At 31 December 2013 retained earnings are TL 15,847 (31 December 2012: TL 29,386 accumulated losses).

#### 23 Unrealized Losses on Available-For-Sale Investments, Net of Tax

At 31 December 2013, unrealized gain on available-for-sale investments is TL (30,071) (31 December 2012: TL 406). The tax effect of unrealized gain on available-for-sale investments is TL (6,014) (31 December 2012: TL 82), and the net unrealized loss amount is TL 24,057 (31 December 2012: 324).

#### 24 Commitments and Contingent Liabilities

##### 24.1 Letters of guarantee and credit

As at 31 December 2013, the Bank is contingently liable for letters of guarantee and credit given amounting to TL 727,137 (31 December 2012: TL 307,609).

##### 24.2 Other commitments

	<b>31 December 2013</b>	<b>31 December 2012</b>
Tax and Fund liabilities from export commitments	2,484	1,640
Commitments for credit card expenditure limits	9,180	3,664
Commitments for credit card and retail banking promotions	--	74
Payment commitments for cheques	86,442	37,693
Irrevocable credit facilities	187,392	214,154
Other irrevocable commitments	1,356	503
<b>Total</b>	<b>286,854</b>	<b>257,728</b>

**Fibabanka Anonim Şirketi****Notes to financial statements as at and for the year ended 31 December 2013***(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )***24 Commitments and Contingent Liabilities (continued)***24.3 Derivative contracts*

Commitments for purchase of foreign currencies under option, forward and swap contracts at 31 December 2013 and 31 December 2012 are as follows:

	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>Purchase</b>	<b>Purchase</b>
Spot buy-sell commitments	289,263	82,560
Swap agreements for trading purposes	1,481,666	1,046,717
Forward agreements for trading purposes	681,906	349,303
Options	1,587,769	605,849
	<b><u>4,040,604</u></b>	<b><u>2,084,429</u></b>

Maturity analysis of derivative instruments is as follows:

<b><u>31 December 2013</u></b>	<b><u>Up to 1 month</u></b>	<b><u>1 to 3 months</u></b>	<b><u>3 to 6 months</u></b>	<b><u>6 to 12 months</u></b>	<b><u>Over 1 year</u></b>	<b><u>Total</u></b>
Forward and swap exchange contracts	1,580,644	679,697	151,915	40,579	--	2,452,835
Options	241,282	235,190	272,375	838,922	--	1,587,769
<b>Total</b>	<b><u>1,821,926</u></b>	<b><u>914,887</u></b>	<b><u>424,290</u></b>	<b><u>879,501</u></b>	<b><u>--</u></b>	<b><u>4,040,604</u></b>

  

<b><u>31 December 2012</u></b>	<b><u>Up to 1 month</u></b>	<b><u>1 to 3 months</u></b>	<b><u>3 to 6 months</u></b>	<b><u>6 to 12 months</u></b>	<b><u>Over 1 year</u></b>	<b><u>Total</u></b>
Forward and swap exchange contracts	1,003,849	218,384	162,507	93,840	--	1,478,580
Options	402,737	106,604	60,048	36,460	--	605,849
<b>Total</b>	<b><u>1,406,586</u></b>	<b><u>324,988</u></b>	<b><u>222,555</u></b>	<b><u>130,300</u></b>	<b><u>--</u></b>	<b><u>2,084,429</u></b>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 25 Related Parties

For the purpose of this report, the Bank's ultimate parent group, Fiba Holding A.Ş. and all its subsidiaries, and the ultimate owners, directors and executive officers of Fibabanka A.Ş. are referred to as related parties. During the course of the business, the Group has made placements with and also received deposits from them at various terms.

##### (a) Transactions with direct related parties

	<u>2013</u>	<u>2012</u>
Interest income	5	--
Interest expense	9,724	2,396
Non - cash loan commission income	--	1

##### (b) Balances with direct related parties

	<u>31 December 2013</u>	<u>31 December 2012</u>
Non cash loans to related parties	87	--
Deposits from related parties	16,769	2,644
Subordinated loans	107,389	89,693

##### (c) Transactions with other related parties

	<u>2012</u>	<u>2012</u>
Interest income	4,522	28,454
Interest expense	5,941	3,416
Net trading income	(356)	1,513
Non - cash loan commission income	53	34

##### (d) Balances with other related parties

	<u>31 December 2013</u>	<u>31 December 2012</u>
Cash loans to related parties	2,475	31,845
Non - cash loans to related parties	18,736	4,959
Deposits from related parties	79,203	119,992
Fund borrowings from related parties	101,655	59,197

##### (e) Derivative transactions with direct related parties

	<u>31 December 2013</u>	<u>31 December 2012</u>
	<u>Purchase(*)</u>	<u>Purchase(*)</u>
Forward agreements for trading purposes	--	535
<b>Total</b>	<b>--</b>	<b>535</b>

(\*) Stated in notional amounts



**Fibabanka Anonim Şirketi****Notes to financial statements as at and for the year ended 31 December 2013**

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

**25 Related Parties (continued)**

(f) Derivative transactions with other related parties

	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>Purchase(*)</b>	<b>Purchase(*)</b>
Swap agreements for trading purposes	34,393	84,050
Forward agreements for trading purposes	17,263	828
<b>Total</b>	<b>51,656</b>	<b>84,878</b>

(\*) Stated in notional amounts

(g) Remuneration and benefits of key management

The key management and the members of the Board of Directors received remuneration and fees totaling TL 5,084 for the year ended 31 December 2013 (31 December 2012: TL 3,528).

**26 Net Interest Income**

	<b>2013</b>	<b>2012</b>
<b>Interest income</b>		
Loans and advances to customers	441,046	330,701
Due from banks	8,089	865
Derivative assets	31,882	30,505
Debt instruments	10,903	3,868
Others	28	91
	<b>491,948</b>	<b>366,030</b>
<b>Interest expense</b>		
Deposits from banks and customers	219,776	182,158
Saving deposits insurance	3,288	1,461
Fund borrowed	22,569	12,550
Derivative liabilities	77	3,929
Obligations under repurchase agreements	3,067	775
Securities issued	21,371	8,948
Other	2,814	10
	<b>272,962</b>	<b>209,831</b>
<b>Net interest income</b>	<b>218,986</b>	<b>156,199</b>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 27 Fees and Commission Income and Expenses

Fees and commission income for the year ended 31 December 2013 and 31 December 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Transfer commissions	1,233	1,019
Insurance commissions	2,852	858
Account maintenance fees	1,714	837
Asset management fees (*)	1,533	807
Project commissions (**)	722	722
Commissions from non-cash loans	6,386	3,040
Appraisal fees	3,819	1,204
Others	1,184	940
<b>Fees and commission income</b>	<b><u>19,443</u></b>	<b><u>9,427</u></b>

(\*) Asset management fees relate to fees earned by the Bank on investment funds.

(\*\*) Project commission fees relate to fees earned by the Bank through loan intermediary services between the customers and credit institutions.

Fees and commission expenses for the year ended 31 December 2013 and 31 December 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Payment and transaction fees	697	406
Credit card fees	308	287
Commissions for borrowings	3,136	329
Commissions for debt issued	672	400
Commissions to correspondent banks	541	549
Other	763	472
<b>Fees and commission expense</b>	<b><u>6,117</u></b>	<b><u>2,443</u></b>

#### 28 Net Trading Income

	<u>2013</u>	<u>2012</u>
Gains on derivative transactions	6,851	6,957
Foreign exchange gains /(losses)	2,502	(4,082)
Gains / (losses) on debt instruments, net	(487)	6,156
	<b><u>8,866</u></b>	<b><u>9,031</u></b>

#### 29 Other Operating Income

	<u>2013</u>	<u>2012</u>
Reversal of litigation provision	10	263
Gain on sale of non-current assets held for sale and tangible assets	354	824
Gain on sale of non-performing loans	51	--
Communication income	246	538
Promissory notes fee	450	343
Incentive refunds from social security institution	3,531	--
Others	4,538	1,076
	<b><u>9,180</u></b>	<b><u>3,044</u></b>

## Fibabanka Anonim Şirketi

### Notes to financial statements as at and for the year ended 31 December 2013

(Currency: Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated )

#### 30 Personnel Expenses

	<u>2013</u>	<u>2012</u>
Wages and salaries	65,832	42,470
Social security premiums	8,559	6,123
Employee health insurance expenses	1,990	1,353
Termination and vacation pay expenses	390	790
Bonus provision	2,500	2,500
Others	10,683	4,532
	<u><b>89,954</b></u>	<u><b>57,768</b></u>

#### 31 Other Expenses

	<u>2013</u>	<u>2012</u>
Rent expenses	17,476	10,646
Information technology expenses	2,134	2,208
Telecommunication expenses	4,102	2,332
Taxes other than on income	8,115	4,033
Consultancy expenses	2,817	1,742
Transportation expenses	2,334	1,541
Electricity expenses	1,246	842
Cleaning expenses	1,741	981
Office supplies	1,159	525
Maintenance expenses	640	332
Advertisement expenses	514	258
Others	5,321	3,477
	<u><b>47,600</b></u>	<u><b>28,917</b></u>

#### 32 Subsequent Events

There is no subsequent event after reporting date.