

Message from the Chairman of the Board of Directors

In 2019, Fibabanka continued its support for the real sector, while focusing on asset quality, sustainable profitability and efficiency. With this approach, we concluded the year successfully in accordance with our projections and targets.

Esteemed Stakeholders,

2019 was a year when the expectations for the economic outlook changed constantly and market volatility was high. The trade negotiations between the USA and China and the rising tide of protectionism in other countries' foreign trade policies, made it difficult for both central banks and investors to make decisions. Therefore, global capital flows fluctuated until the last months of the year.

Financial markets started the year with the expectation that the Fed, the USA's central bank, will continue to raise interest rates. However, in the first half of 2019, the markets revised that expectation when, the Fed signaled that they would be patient in its monetary policy stance. Due to modest growth, a low inflation environment in the US and global uncertainty, the Fed effected three interest rate cuts of 25 basis points each in the second half of the year while decreasing its policy interest rate to 1,75%. A similar change occurred at the European Central Bank (ECB). Deposit interest rates were reduced to -0,50% by further expanding its expansionary monetary policy; besides, bond purchases and longer-term refinancing operations commenced once again.

On the other hand, after the country's economic contraction in 2018, it was a rebalancing year for the Turkish economy in 2019 thanks to timely measures taken by the Banking Supervision and Regulation Agency (BRSA) and the Central Bank of the Republic of Turkey (CBRT) as well as the supportive global environment. As the less volatile Turkish lira was supported with lower imports, pricing behavior became increasingly stable and the inflation outlook also improved. After registering at 20,30% in 2018, inflation declined to 11,84% in 2019 with an improved economic environment. Another positive development was the performance of the current account balance.

Recording a current account deficit of USD 27,2 billion as of year-end 2018, the Turkish economy posted a current account surplus of USD 1,7 billion as of year-end 2019. During this rebound, CBRT acted in parallel with central banks in other countries and decreased its policy interest rate by 1.200 basis points with rate cuts throughout the year. We saw the positive impact of all these developments especially starting with the third quarter and the Turkish economy posted a positive growth of 0,5% for 2019.

The improvements in macroeconomic indicators in 2019 had a positive impact on the banking industry. Both loan and deposit interest rates decreased swiftly. Total assets of the Turkish banking sector grew by 16% to TL 4,5 trillion as of year-end 2019. Total loan growth was limited to 11%, while the non-performing loan ratio was 5,4%. In 2019, the total net profit of the banking industry was TL 49,2 billion, down by 9% when compared with the previous year. The capital adequacy ratio for the sector was 18,4% as of year's end. In 2020, loan growth is expected to accelerate in the banking industry with continued support toward the real sector.

In 2019, Fibabanka continued its support for the real sector, while focusing on asset quality, sustainable profitability and efficiency. With this approach, we concluded the year successfully in accordance with our projections and targets. We reached total assets of TL 21,9 billion and recorded a net profit of TL 212,0 million, up 8% over the previous year. Meanwhile, our return on equity was 14% and our capital adequacy ratio was 19,6%. Fibabanka remains committed to delivering innovative services to its customers and

Net Profit TL 212,0 million

Fibabanka closed 2019 with TL 212,0 million net profit, up 8% year-on-year.

continuously enhancing the quality of those services. To this end, we ramped up operational processes by investing in financial technologies and forming project and product-driven agile teams. With these efforts, we are taking pioneering steps in the digital transformation journey of our Bank. Fibabanka's primary objective for 2020 is maintaining its agility and efficiency-focused operational and technological development at full speed while pursuing prudent growth and taking asset quality into account.

Taking this opportunity, we would like to thank our valued employees who worked devotedly to achieve our success in 2019, our shareholders, and our distinguished customers and stakeholders, who continue to strengthen our Bank with their unwavering support.

Kind regards,



Hüsnü M. Özyeğin

Chairman of the Board of Directors



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