

FİBA FAKTORİNG A.Ş.

2015

ANNUAL REPORT



Company's annual reports are prepared in Turkish in line with *Regulation on Determination of the Minimum Content of the Annual Activity Report of the Companies” of the Ministry of Customs and Trade published on the Official Gazette dated August 28, 2012, numbered 28395.*

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ON THE
MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the Board of Directors of Fiba Faktoring A.Ş.

Report on the Audit of Management's Annual Report in accordance with Independent Auditing Standards

We have audited the annual report of Fiba Faktoring A.Ş. ("the Company") for the period ended 31 December 2015.

Management's Responsibility for the Annual Report

The Company's Management is responsible for the preparation and fair presentation of the annual report which is consistent with the financial statements prepared in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the communique on "The Application of Uniform Chart of Accounts and its Guide Book for Financial Leasing, Factoring and Financing Companies" and the regulation on "The Accounting Practices of Financial Leasing, Factoring and Financing Companies and their Financial Statements" published in the Official Gazette No. 28861 dated 24 December 2013, and circulars and pronouncements published by the BRSA and Turkish Accounting Standards for the matters not legislated by the aforementioned regulations ("the financial statements") in accordance with the Article 514 of the Turkish Commercial Code No. 6102 ("TCC"), and for such internal control as management determines relevant to the preparation and fair presentation of such annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's annual report based on our audit conducted in accordance with the provisions of the Article 397 of the TCC. Our audit involves whether the financial information provided in the annual report are fairly presented and consistent with the financial statements, based on our audit report dated 29 February 2016.

We conducted our audit in accordance with Independent Auditing Standards, which is a part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information provided in the annual report are fairly presented and consistent with the financial statements and are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgment.

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

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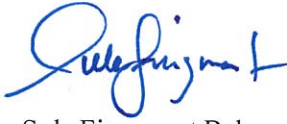
Opinion

In our opinion, the financial information provided in the Management's annual report, in all material respects, are fairly presented and consistent with the audited financial statements.

Other Legal and Regulatory Requirements

In accordance with paragraph three of the Article 402 of the TCC, nothing significant has come to our attention that may cause us to believe that the Company may not continue its activities for the foreseeable future in accordance with Independent Auditing Standard 570 "Going Concern".

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



Şule Firuzment Bekçe
Partner

İstanbul, 29 February 2016

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I. CORPORATE PROFILE

Fiba Factoring, a member of the Fiba Group, a strong and respected player in the financial services industry, was founded in 1992. Formulating its strategies in line with its mission of being a pioneering company in the factoring sector, Fiba Factoring has maintained an exemplary corporate identity since the day it was founded with a strong financial structure, a balanced client portfolio, and a brand image synonymous with trustworthiness. Company activities are regulated according to “Financial Leasing ,Factoring and Financing Companies Law” published on the Official Gazette No. 28496, dated 12/13/2012 and the "Regulation of Establishment and Operation Principles of Financial Leasing, Factoring and Finance Companies" of the Banking Regulation and Supervision Agency ("BRSA").

High credibility in financial markets gives Fiba Factoring access to extensive sources of funding while the company's membership in Factors Chain International (FCI) and strong international relations further reinforce its market position.

The number of employees of the Company as at 31 December 2015 is 125.

The address of the registered office of Fiba Faktoring is as follows:

1. Levent Plaza A Blok Kat: 2, Büyükdere Caddesi No: 173 1. Levent 34330 İstanbul-Turkey.

The Company's principal activity is to provide factoring services substantially in one geographical segment (Turkey).

Trade Name	: FİBA FAKTORİNG A.Ş
Trade Register Number	: 292152
Annual Report Period	: year of 2015
Head Office Adress	: Büyükdere Cad. 1.Levent Plaza, No:173/A Kat:2 34330 1.Levent - İstanbul
Phone Number	: 0212 385 14 00
Fax Number	: 0212 385 14 60
Website	: www.fibafactoring.com.tr
Electronic mail	: info@fibafactoring.com.tr

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As of 31.12.2015 Branches

Head Office / Branch	Adress	Phone	Fax
Head Office	Büyükdere Cad. 1. Levent Plaza, No:173/A Kat:2 34330 Levent - İSTANBUL	(212) 385 1400	(212) 385 1460
SME Branch	Merkez Mah. Cendere Cad. No:22/3 Ofishane Plaza Kat:2 Kağıthane - İSTANBUL	(212) 347 2928	(212) 347 4610
Güneşli Branch	Evren Mah. Koçman Cad. Ziyal Plaza İş Merkezi B Blok No:54 Kat: 6 Güneşli – İSTANBUL	(212) 630 1255	(212) 630 1201
Kozyatağı Branch	Sahrayıcedit Mah. Güzide Sk. Şişikler Plaza D Blok No:14 Kat:3 D:7 Kadıköy - İSTANBUL	(216) 411 0044	(216) 411 0700
Konya Branch	Fevzi Çakmak Mahallesi, Kosgeb Cad. No:3-A Karatay - KONYA	(332) 345 0927	(332) 345 0988
Ankara Branch	Turan Güneş Bulvarı Hollanda Caddesi No: 3/2 Çankaya – ANKARA	(312) 439 6444	(312) 439 6443
Bursa Branch	Fevzi Çakmak Cad. Doğanbey Mah. Doğanbey Sk. No:1 Berk2 Plaza Kat:5 Osmangazi – BURSA	(224) 222 4101	(224) 224 4140

Capital Structure

At 31 December 2015, paid-in capital of the Company TL 81,110 ths. The nominal paid-in capital of the Company comprises 81,109,700 unprivileged shares of TL 1 each.

	2015	
	Number of shares	Share (%)
Fiba Holding A.Ş.	46,197,480	56.96
Fina Holding A.Ş.	34,912,025	43.04
Others	195	0.00
	81,109,700	100.00

Company has no privileged shares. In relation to the voting rights of shareholders of our Company, there are no different regulations other than the ones regulated in the relevant provisions of Turkish Commercial Code. Therefore, each one the shares has one voting right.

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Vision

To be the factoring company that first come to mind as a pioneering institution in the factoring sector.

Mission

To be a leading member of the factoring sector that contributes to its growth and development and to achieve the highest possible level of satisfaction for our employees, our customers, and our investors.

Our strategies

Produce products and services at world standards of quality and deliver these to clients exactly, quickly, and effectively.

Play a leading role in the sector with employing dynamic and expert personnel to develop new products and meet clients' changing needs.

Offer products that have been structured in line with the clients' requirements.

Secure competitive advantages in the sector with innovative and speedy solutions that make us the factoring company clients prefer to work with.

Serve as a consultant for clients on financial issue, with the synergy of Fiba Group.

Familiarize companies everywhere in Turkey with how factoring services can enhance business volumes in both domestic and international trade so as to raise the overall business volume of factoring in Turkey.

Increase its market share in the factoring sector.

Be a creative and leading factoring company that adapts with easy to changing economic conditions and makes effective, productive, and rational use of its resources.

Service Approach

Proficient Staff

The experienced and competent staff of Fiba Factoring brings a new understanding to the business of factoring through their abilities to perceive, analyze, and assess customers' needs.

Challenging Ideas

In line with their goals of providing service based on customer satisfaction and playing a key role in their sector, Fiba Factoring deliver structured products that meet customers' changing needs while also developing new products that have been shaped by challenging ideas.

Effective Consultancy

Fiba Factoring's approach to customer relations focuses on building long term business relationships and on providing not just financing but also financial advice to support customers' sustainable growth and development.

Dynamic Processes

Fiba Factoring develops rapid and effective business processes to meet customers' needs correctly and in a timely manner by employing a team of specialists, their knowledge and experience, and insightful analysis.

Untapped Fields

Adhering to the approach of having a presence in any business line in which commercial receivables may exist and paralleling other examples around the world, it is a fundamental element of Fiba Factoring's strategy to develop and diversify products so as to enter and do business in new sectors.

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Board of Directors

Name-Surname	Position	Date of Appointment	Educational Background	Professional Experience
Mehmet Güleşçi	Chairman of Board of Directors	2012	Master's Degree	32 years
Murat Özyeğin	Vice-Chairman of Board of Directors	2012	Master's Degree	18 years
F. Özge Yılmaz	Member of Board of Directors (General Manager)	2014	Bachelor Degree	21 years

Mehmet GÜLEŞÇİ - Vice Chairman

Born in 1962, Mehmet Güleşçi is a graduate of Boğaziçi University, Department of Business Administration, at which he also later earned a Master's Degree. Over the years 1984-1996, Güleşçi worked in the Istanbul and Boston offices of the Ernst & Young Company, receiving CPA certification in Turkey and in the state of Massachusetts. Working first as a responsible partner, at the beginning of 1997, Güleşçi became Vice-President at Finansbank, where he served as Executive Director until the end of 2009. He is currently CFO at the Fiba Group and serves on the Boards of the Group's financial and non-financial investments abroad. He is a Member of the Board at Fibabanka A.Ş. and Chairman of Board of Directors of Fiba Portföy Yönetimi A.Ş.

Murat ÖZYEĞİN- Board Member

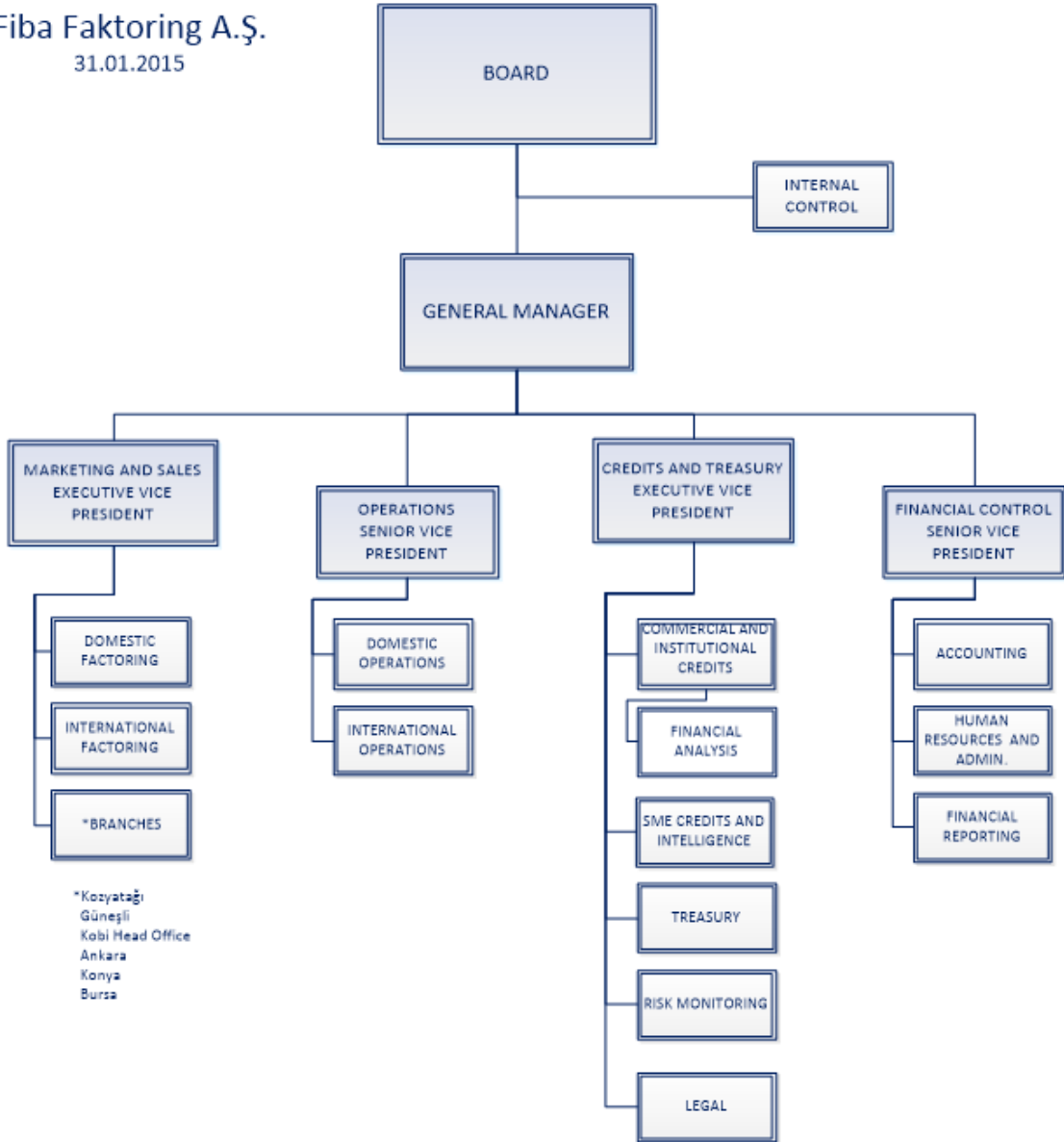
Born in 1976 Mr. Özyeğin holds a BS degree in Industrial Management and Economics Faculties of Carnegie Mellon University and an MBA degree from Harvard University. After working as an advisor for various projects in emerging markets and mergers&acquisitions departments of Bear Stearns between the years 1997-2001, he joined Fiba Group in 2003. He established the Departments of Strategic Planning & Business Development of the Fiba Holding and Fibabank. Since 2006, he has been serving as the Head of Strategic Planning & Business Development of the entire group except banking sector and as an Executive Board Member of both Fina and Fiba Holding; also as the Chairman of Endeavor Turkey, an Executive Board Member of WWF Turkey and Hüsnü M. Özyeğin Foundation, while being a member of the Turkish Industry & Business Association (TUSİAD).

F. Özge Yılmaz - Member of Board of Directors & General Manager

Özge Yılmaz was graduated from Economics Department of Middle East Technical University and in 1995 she commenced her professional business life in Deloitte. During years 1996-2000 she worked in Finansbank, and during years 2000-2001 she worked in Osmanlı Bankası and during years 2002-2004 she worked as Corporate Banking Manager in Akbank. She worked as Assistant General Manager responsible from Sales & Marketing during years 2004-2013 in Fiba Faktoring A.Ş. During years 2013-2014 she worked as a General Manager and Member of Board of Directors in ING Faktoring A.Ş. and ING Finansal Kiralama A.Ş. She has been working as the General Manager and Member of Board of Directors in Fiba Faktoring A.Ş. since 2014.

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Fiba Faktoring A.Ş.
31.01.2015



II. REAL AND CASH ALLOWANCES GRANTED TO SENIOR MANAGERS AND REPRESENTATION EXPENSES

The amount of financial benefits like salary, bonus, dividend is TL 3,054 thousand and benefits like food and transportation allowances, life and health insurance provided to the key management by the Company for the period ended as of 31 December 2015 is TL 397 thousand.

III. RESEARCH & DEVELOPMENT STUDIES of our COMPANY

Since the date we commenced our activities, we have adopted providing the high quality service understanding and our main target was always to meet the requirements of our customers at maximum levels. For this purpose, we have been continuing our various development and research studies in relation to develop innovative products and services concerning to meet financing requirements, collection and recording of receivable accounts and factoring guarantee services. In line with these objectives, necessary actions are being taken within shortest periods, by following-up the expectations of our customers at maximum levels.

IV. ACTIVITIES AND SIGNIFICANT PROGRESS IN THE ACTIVITIES

a) In the 2015 accounting period, there are no significant company investments.

b) Opinions of Management Organ of our Company in relation to the internal control system and internal audit activities within our Company are as follows;

Internal Control Department of our Company has been conducting its control and audit studies on a regular basis and by working independently as affiliated to the Board of Directors in order to control the compliance of company activities to the applicable legislations and to the internal procedures and policies of our Company as well as to enable efficient and productive control activities and to enable the reports to be issued reliable and complete and to preserve the assets of our company.

c) Fiba Faktoring A.Ş. has no direct or indirect subsidiaries nor any respective share ratios as of December 31, 2015.

d) Fiba Faktoring A.Ş. has no own shares it acquired as of December 31, 2015.

e) Our Company was audited during year 2015 activity period by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. trade named independent audit company. Within the scope of “Year 2015 Corporate Tax Return Attestation” the relevant audits are being conducted by Güreli Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş. trade named independent audit company. Furthermore, our Company is subject to regular and permanent supervision and audits of the Banking Regulation and Supervision Agency within the scope of “Regulation concerning the Rules of Establishment and Activities of Financial Leasing, Factoring and Finance Companies”.

f) In the 2015 operational period, no lawsuit was filed against Fiba Faktoring A.Ş. which might have an impact on the financial status and activities of Fiba Faktoring.

g) No administrative or civil sanction was imposed on the Company and the Members of its Management Body in the operational period of 2015.

h) Our Company has accomplished its objectives during year 2015 and it has fulfilled the decisions of its General Assembly.

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i) During the Activity Period of year 2015; there were Ordinary General Assembly meeting held for year 2014 and three other Extraordinary General Assembly meetings were held as well.

***2014 Ordinary General Assembly Meeting Agenda of
Fiba Faktoring A.Ş. held on 27 March 2015***

1. Introduction and forming the presidency of the meeting.
2. Reading and discussion of the 2014 Activity Report prepared by the board of directors.
3. Reading and discussion of the audit reports.
4. Reading, discussion and approval of the balance sheet, Profit-Loss (financial) statements.
5. Release of the board of director's members and the auditors.
6. Deliberation on the utilization of the Profit as per the 2014 balance sheet and the profit distribution ratios.
7. Determination of the number of board of director's members, their appointment and fees.
8. Appointment of an auditor.
9. Reading and discussion of the 2014 Affiliate Report.
10. Granting the board of directors' members the entitlements provided in articles 395 and 396 of the Turkish Commercial Code.
11. Wishes and closing.

***Extraordinary General Assembly Meeting Agenda of
Fiba Faktoring A.Ş. held on 5 March 2015***

1. Forming the presidency of the meeting,
2. Authorizing the Presidency Council for the signing of the General Assembly Meeting Minutes,
3. Pursuant to Article 505 of the TCC; it has been unanimously decided for the calling of the General Assembly to an extraordinary meeting to discuss the authorization of the Board of Directors for a period of fifteen (15) months as of the General Assembly date for the issuance of debt instruments by way of a sell to qualified foreign investors not exceeding TL 250,000,000, for various due dates, in Turkish Liras, without offering to the public once or more than once.

***Extraordinary General Assembly Meeting Agenda of
Fiba Faktoring A.Ş. held on 31 July 2015***

1. Forming the presidency of the meeting,
2. Authorizing the Presidency Council for the signing of the General Assembly Meeting Minutes,
3. Approval of the payments made to Mr. Erhan Polat, Chairman of the Board of Directors as of 01/01/2015 due to his duties and administrative responsibilities, determination of the terms and conditions of payments to be made in the future,
4. Pursuant to Article 13/2 of the Law numbered 6361 in the absence of the General Manager, Deputy General Manager Mehmet Seis be appointed as the proxy of the General Manager to represent the General Manager before the Board of Directors,
5. Among TL 40,160,020 part of TL 66,560,020 sale profit of Finansbank A.Ş. subsidiary recorded in the profit reserves fund account of our Company for the year 2008, setting off TL 5,460,909 remaining from the set off of past year profits of TL 17,198,000 from the TL 22,658,909 past losses and distributing the remaining TL 34,699,111, reserving TL 4,625,823 as legal reserves, the remaining amount TL 30,073,288 distributed to the shareholders, by distributing TL 4,055,485 as 1.st Dividend and TL 26,017,803 2. Dividend.

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6. Having a Ministry Representative present in the Extraordinary General Assembly meeting to represent the Ministry of Customs and Trade in the meeting,
7. Wishes and closing.

***Extraordinary General Assembly Meeting Agenda of
Fiba Faktoring A.Ş. held on 15 September 2015***

1. Forming the presidency of the meeting,
2. Discussion and resolving on the amendment of article 12 titled “Management and Representation of the Company” of the articles of association of the company.
3. Wishes and closing.

***Extraordinary General Assembly Meeting Agenda of
Fiba Faktoring A.Ş. held on 18 September 2015***

1. Forming the presidency of the meeting,
2. Pursuant to Article 505 of the TCC; authorization of the Board of Directors for a period of fifteen (15) months as of the General Assembly date for the issuance of debt instruments by way of a sell to qualified foreign investors not exceeding TL 500,000,000, for various due dates, in Turkish Liras, without offering to the public once or more than once.
3. Having a Ministry Representative present in the Extraordinary General Assembly meeting to represent the Ministry of Customs and Trade in the meeting,

j) Total amount of the expenditures made for the donations and aids made by the Company within the framework of social responsibility projects is TL thousand 645.

k) With regard to the transactions realized with direct parent company of our Company, which is Fiba Holding A.Ş. and its other subsidiary companies; there are no precautions required to be taken or required to be avoided in favor of the company. In all of such legal transactions performed, the relevant agreements were made as if they are made with other persons outside of the group companies in accordance with the same kind of procedures, rules and principles thereon. There were no actions taken against the benefit of our company pursuant to any initiatives or interests of the parent company or its subsidiary companies.

l) According to the circumstances and conditions within our knowledge with regard to the legal transactions realized with the parent company and subsidiary companies of the parent company as specified in detail in the said Affiliation Report, a proper and convenient counter performance was gained by our company in each and all of such transactions. Within this framework, there are no precautions required to be taken or required to be avoided and there are no losses or damages for our company thereof. As a result of examinations and audits conducted for the financial transactions realized by our company together with its parent company and subsidiary companies of the parent company pursuant to Article 199 of Turkish Commercial Code, it was understood and seen that overall transactions performed by our company are compliant with the then date market conditions, precedents and market prices valid during such transaction dates and they were made as if they were executed with third parties.

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V. FINANCIAL STATUS

Assessments of the Board of Directors on the Financial Year and Their Future Expectations

The focus point of all economies in the year 2015 was the growth obstacles in parallel to low commodity prices and deflation pressure. Most active player in the global market among developed country central banks who have adopted expansionary money policies against deflation risks is the American Central Bank.

We observed that this year the American economy continued to recover. USA ended the year 2014 with 2.4% growth and maintained similar levels in the year 2015. American Central Bank FED increased the interests by 0.25 points during the last few months of 2015 after approximately nine years. As for Europe which started to adopt expansionary money policies development was relatively lower. Growth expectation of the regional economy with a 0.9 growth in the year 2014 has been determined at 1.5 for the year 2015 by IMF.

Regardless of the uneasy conditions all over the world and geopolitical risk perceptions, Turkish economy exceeded market expectations by growing 4% on an annual basis in the third quarter of the year. With the third quarter growth announced by the Statistics Board of Turkey (TUIK) 9 month growth rate for the year 2015 also reached 3.4%.

As for Fiba Faktoring, as of the end of the year 2014 our group company Girişim Company merged thereby allowing an important acceleration with respect to both investment size and customer number. During this process we increased our operational activity and efficiency. Merging of the management skills and experience of the two companies in different areas in a single organizational structure caused high focus and fast growth opportunities, increased our market share and penetration.

At the end of 2015 we reached 1,500 active clients and TL 3 billion transaction volume. 90% of our turnover came from local and 10% from international factoring transactions. Our investment size was realized at TL 940 million and before tax net income at TL 13.5 million.

SME segment formed approximately 30% of end of year investment and 80 of active clients. In parallel to our inclusive financing policy, we aim growth in 2016 with a healthy structure and especially to extend to SME segment. As for international trade we aim to increase our contribution to the export volume of our country and support to different sized export companies.

As Fiba Faktoring A.Ş. we continue to provide perfect fit solutions to client needs with our service quality and client oriented work principles. In the year 2016 we believe that we will reach our goals due to our experienced and highly skilled employees, trusting and ever supportive shareholders and our dear customers.

Mehmet Güleşçi
Chairman

F. Özge YILMAZ
Board of Directors Member/ General Manager

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Sectoral Developments

Our Company had accounted and recognized its activities in accordance with the Turkish Accounting Standards within the scope of “Communiqué on Uniform Accounting Plan and Prospectus to be applied by the Financial Leasing, Factoring and Financing Companies” of which was entered into force by its promulgation on December 24th, 2013 dated and 28861 numbered Trade Official Gazette.

During the accounting and recognition of the activities, the relevant provisions of “Regulation on Accounting Implementations and Financial Statements of Financial Leasing, Factoring and Financing Companies” was applied of which was promulgated on December 24th, 2013 dated and 28861 numbered Official Gazette and which was issued by basing on “Law on Financial Leasing, Factoring and Financing Companies” of which was promulgated on December 13th, 2012 dated and 28496 numbered Trade Official Gazette.

Company activities are regulated according to the Capital Markets Law, "the Code of Leasing, Factoring and Finance Companies" published on the Trade Official Gazette No. 28496, dated 13 December 2012.

Related BRSA regulation is accesible in the link below:

http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/FinansalK_Faktoring_Finansman_Kanunu/12671finkir_fakt_fin_muhasebe_uygulama_yonetmelik_24_12_2013.pdf

According to the provisional article 3 of 6361 numbered Law on Financial Leasing, Factoring and Financing Companies,

The "Regulation of Establishment and Operation Principles of Financial Leasing, Factoring and Finance Companies" of the Banking Regulation and Supervision Agency ("BRSA") and published in the Official Gazette No. 28627, dated 24 April 2013.

Entering into force of “Association Status of Financial Leasing, Factoring and Financing Companies” was realized upon May 9th, 2013 dated and 1641 numbered letter of Prime Ministry Deputy Office and according to the provisional article 3 of 6361 numbered Law on Financial Leasing, Factoring and Financing Companies and by the decision of Council of Ministers given on May 27th, 2013 and it was promulgated on July 25th, 2013 dated and 28718 numbered Official Gazette and finally the “Association of Financial Leasing, Factoring and Financing Companies” was established.

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Sectoral Developments (continued)

At the end of year 2015 there were 66 factoring companies of which had obtained operating licenses from the BRSA in Turkey. At the end of year 2015 , branch number was 379 and personnel number was realized as 4,804 persons in the sector.

When we look at the balance sheet sizes of our Company on sectoral basis; our total assets had increased by 1% at the year end of 2014 when compared with the previous year. The factoring receivables constitute the most important balance sheet item in the assets section. At the end of year 2015, the factoring receivables became 94% of the total assets. The receivables item had increased by 1% when compared with the same period of previous year.

Factoring Sector Selected Balance Sheet Items

	2015	2015	2014
	* (%)	(mio TL)	(mio TL)
Factoring Receivables	1%	24,995	24,712
Non-Performing Receivables	31%	1,457	1,108
Specific Provisions (-)	30%	1,172	900
Banks	(24)%	325	425
Total Assets	1%	26,716	26,410
Funds Borrowed	-2%	18,004	18,422
Marketable Securities Issued (Net)	13%	3,274	2,893
Shareholders' Equity	5%	4,626	4,422
Off-Balance Sheet Items	236%	421,767	125,487

* 2015's % change is calculated with previous year's amounts.

Source: BRSA monthly bulletin informations

When we evaluate the Total Assets of the 4th quarter of year 2015 as declared by the Union of Financial Institutions; Fiba Faktoring A.Ş. ranks as 6th company within this sector. Our factoring receivables as of the date of December 31st, 2015 was realized as TL 939 millions.

In year 2015, sector net profit for the period was decreased by 39% and occurred approximately TL 395 millions.

Factoring income as being the most weighted item among the income items was grown by 14%. Factoring interest expenses were increased by 23% and 38% decrease was observed on the operational expenses and net operating income after provisions, the reason for that decline was 65% increase on non performing loan expenses. The most significant share on the non-factoring incomes was composed of foreign exchange profits, derivative transaction profits and affiliate sales profits.

Factoring Sector Selected Income Statement Items

	2015	2015	2014
	* (%)	(mio TL)	(mio TL)
Factoring Income	14%	3,669	3,228
Non-Factoring Income	76%	3,702	2,108
Interest Income from Deposits	(20)%	15	19
Factoring Expenses	23%	2,061	1,676
Non-Factoring Expense	96%	3,474	1,769
Operational Expenses	3%	799	778
Specific Provision for Non-Performing Receivables	65%	522	316
Tax Provision	(10)%	148	165
Net Period Profit/Loss	(39)%	395	645

* % changes for year 2015 have been calculated via comparing to prior year amounts.

Source: BRSA statistics

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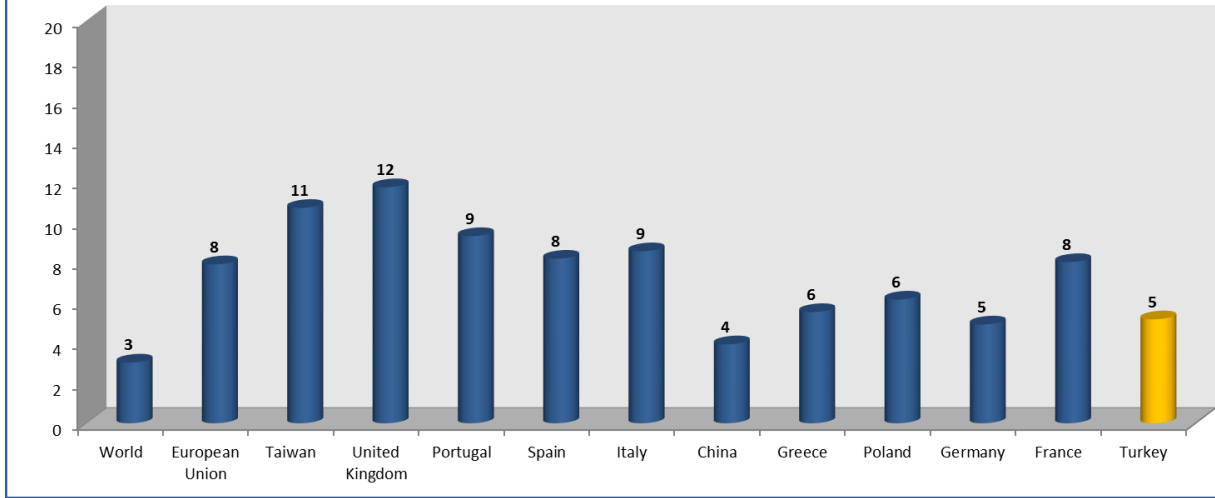
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Factoring Volume Progress in World and Turkey (Million \$)

	WORLD			TURKEY		
	Domestic	Internatiol	Total	Domestic	Internatiol	Total
2010	1,863,278	326,724	2,190,002	46,919	4,675	51,594
2011	2,268,640	342,204	2,610,844	36,350	7,348	43,698
2012	2,346,646	464,700	2,811,346	36,330	7,957	44,287
2013	2,522,564	555,941	3,078,505	39,796	8,451	48,247
2014	2,229,078	588,185	2,817,263	40,912	9,240	50,152

Based on FCI and BRSA statistics.

2014 Penetration Rates Selected Countries



2014 Turkey's factoring sector turnover was USD 47,261 million, and penetrated 5% of GDP, besides in 2015 the factoring turnover realized as USD 40,891 million. Fiba Faktoring A.Ş. had realized USD 1,024 million worth of turnover during year 2015. As of the 4th quarter of year 2015 our market share was realized by %2.5 and we ranked as 7th company in the sector.

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Key indicators of Fiba Faktoring A.Ş. as of the year ends were given in the below table.

Fiba Faktoring A.Ş. ranked as the 6th company during 4th quarter of year 2015 with its total asset value in the sector. Our Factoring receivables were realized as TL 939 million as of the date of December 31st, 2015.

Fiba Faktoring's Key Indicators		
	(ths TL)	
	2015	2014
Total Assets	1,095,185	1,126,720
Factoring Receivables	939,138	887,055
Non-Performing Receivables (Net)	8,611	5,148
Funds Borrowed	694,039	840,204
Securities issued	147,724	-
Shareholders' Equity	243,547	262,968
Net Period Profit/Loss	10,382	17,198
ROA %:	0.93%	1.42%
ROE %:	4.27%	5.97%

Provision, Specific Provisions/Gross Non-Performing Receivables; NPL, Gross Non-Performing Receivables/(Gross Non-Performing Receivables + Factoring Receivables);

ROA, Period Net Profit/Avg. Assets; Avg. Assets and Shareholders' Equity represents the average of the beginning and the end of the periods.

ROE, Period Net Profit/(Avg. Shareholders' Equity) - Period Net Profit)

Fiba Faktoring A.Ş.'s income statement's selected items are summarized as follows;

Fiba Faktoring Selected Income Statement Items		
	(ths TL)	
	2015	2014
Factoring Income	129,905	141,126
Factoring Interest Income	124,436	136,087
Factoring Commission Income	5,469	5,039
Financial Expenses (-)	(72,282)	(85,616)
Operating Expenses (-)	(24,905)	(35,811)
Other Operational Income/Expense (Net)	(10,478)	22,970
Specific Provision for Non-Performing Receivables (-)	(8,759)	(20,051)
Tax Provision (±)	(3,099)	(5,420)
Net Period Profit/Loss	10,382	17,198

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Summary Financial Information for the Period Continuing Operations

Balance Sheet Summary

<i>Assets</i>	2015	2014	(%)
Financial Assets at Fair Value Through Profit and Loss (Net)	22	3,597	(99)
Balances with the Banks	9,246	95,770	(90)
Financial Assets Available for Sale (Net)	102,918	94,960	8
Factoring Receivables	939,138	887,055	6
Non-Performing Receivables	8,611	5,148	67
Tangible Assets (Net)	4,122	3,995	3
Intangible Assets (Net)	370	270	37
Prepaid Expenses	614	312	97
Deferred Tax Assets	11,432	14,531	(21)
Other Assets	18,712	21,082	(11)
Total Assets	1,095,185	1,126,720	(3)
<i>Liabilities</i>	2015	2014	(%)
Derivative Financial Liabilities Held for Trading	2,460	18,386	(87)
Funds Borrowed	694,039	840,204	(17)
Factoring Payables	3,695	1,445	156
Securities issued	147,724	-	100
Other Liabilities	331	389	(15)
Other Foreign Liabilities	339	78	335
Taxes Payable	1,527	1,251	22
Provisions	1,523	1,999	(24)
Shareholders' Equity	243,547	262,968	(7)
Total Liabilities and Equity	1,095,185	1,126,720	(3)

Income Statement Summary

	2015	2014	(%)
Operating Income	129,905	141,126	(8)
Financial Expenses (-)	(72,282)	(85,616)	(16)
Operating Expenses (-)	(24,905)	(35,811)	(30)
Other Operational Income	69,532	133,895	(48)
Specific Provision for Non-Performing Receivables (-)	(8,759)	(20,051)	(56)
Other Operational Expenses (-)	(80,010)	(110,925)	(28)
Tax Provision for Continuing Operations (±)	(3,099)	(5,420)	(43)
Net Period Profit Loss for Continuing Operations	10,382	17,198	(40)

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Capital Management

Regarding the capital management, our Company has been sustaining the continuity of its activities and on the other hand, utilized its ratio of debt to equity in the most efficient manner and targets to increase its overall profits accordingly. Capital structure of our Company composed of equity capital items which are namely as follows: liabilities, cash and cash equivalents and issued capital, capital reserves and profit reserves.

Capital costs of our Company along with the risks connecting with each one of the capital items are being evaluated and considered by the top management of Fiba Faktoring A.Ş. During such examinations, top management of our Company evaluates the capital costs as well as the risks attributable and connecting with each one of the capital items and submits the relevant items to the evaluation of Board of Directors which are dependent upon the decisions of Board of Directors.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to meet local regulatory requirements. As per the "Leasing, Factoring and Financial Companies Law" No. 6361, published in the Official Gazette dated 13 December 2012, minimum paid-in capital requirement of the Company is TL 20,000 mio. The Company's paid-in capital is above the minimum limits.

As at 31 December 2015 and 2014, ratio of net debt to equity is presented below:

	2015	2014
Total liabilities	851,638	863,752
Minus: Cash and cash equivalents	(9,246)	(95,770)
Net debt	842,392	767,982
Total equity	243,547	262,968
Net debt/equity ratio	3.46	2.92

a) Evaluations regarding the capital is not an uncovered capital and whether or not there is a circumstance of deep in debt status

There are no circumstances in question for our Company that its capital is an uncovered capital or is in a deep debt status as specified in Article 376 of the Turkish Commercial Code.

b) Actions taken in order to improve the financial structure of our Company

Since our Company does not have an uncovered capital or deep debt status, there is no need for taking additional actions in order to improve the financial structure of our Company.

Profit Distribution

The Company's dividend policy is defined in line with Turkish Commercial Code taking into account the Turkish economy, sector conditions and the Company strategies and financial plans. The company's profit policy aims to distribute the maximum amount of dividend. The profit distribution decision will be set in the General Assembly Meeting.

As per the Extraordinary General Assembly Meeting held on 31 July 2015, it was decided to distribute restricted funds at amounting TL 40,160. By offsetting accumulated losses with 2014 profit, the remaining amount has been distributed as dividend at amounting TL 30,073 after the required legal reserve amount has been deducted.

VI. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks during the course of its operations, credit risk, liquidity risk and market risk. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit Risk

The Company is subject to credit risk through its factoring operations. Risk Management and Analysis Department is responsible to manage the credit risk. The Company requires a certain amount of collateral in respect of its financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.

At reporting date, there were no significant concentrations of credit risk on customer basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Typically, the Company ensures that it has sufficient liquid assets to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. To manage liquidity risk arising from financial liabilities, the Company holds liquid assets mainly comprising cash and cash equivalents and investments in debt securities for which there is an active market.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

The Company is exposed to currency risk through transactions (such as factoring operations and borrowings) in foreign currencies. As the currency in which the Company presents its financial statements is TL, the financial statements are affected by movements in the exchange rates against TL.

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(ii) Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities, the Company is also exposed to basis risk which is the difference in repricing characteristics of the various floating rate indices, such as year-end libor and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

VII. OTHER ISSUES

Corporate Socail Responsibility

Fiba Faktoring creates more than an economical value with its social responsibility understanding and; taken it as a principle to support raising a young generation who will take the society a step further with their social and cultural contributions and undertaken the construction of 10 schools, 13 dormitories and 2 rehabilitation centers in various cities throughout Turkey.

Fiba Faktoring grants donations to foundations and associations supporting the education of the youth, including Hüsni M.Özyeğin Foundation and AÇEV, and regularly continues with its contributions and joint efforts for rural development projects.

Fiba Faktoring is one of the leading supporters of Özyeğin University, offering scholarships to the young people with a social responsibility understanding. Özyeğin University has produced its first graduates in the new campus established with the aim to better serve to the society as a creative, innovative and entrepreneur learning center in line with life.

<http://www.ozyegin.edu.tr>

<http://www.acev.org>



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Other Issues

There is no other particular issue in the reporting period.

Amendments of Articles of Association during the period

Amendment of the articles of association of the company held on 15 September 2015 at Extraordinary General Assembly Meeting.

Old Text	New Text
<u>Article 12- Management and Representation of the Company</u> In order for all documents and executed agreements issued by the Company to be valid they must bear at least two authorized signatories' signatures on company seal. Authorized signatories of the Company are determined by the Board of Directors.	<u>Article 12- Management and Representation of the Company</u> In order for all documents and executed binding agreements issued by the Company to be valid they must bear at least two authorized signatories' signatures on company seal. Authorized signatories of the Company are determined by the Board of Directors. Pursuant to Article 367 and other relevant articles of the Turkish Commercial Code, Board of Directors is authorized to transfer parts of or all of the management to one or more board of directors' members or third parties with an internal regulation it shall issue except for its legally un-transferrable duties and authorizations. Pursuant to Articles 370, 371 and other relevant articles of the Turkish Commercial Code, Board of Directors is authorized to transfer its representation authority to one or more managing director or manager third parties except for its legally un-transferrable duties and authorizations. At least one Board of Directors member must hold representation authority. For the application of these provisions the provisions of the Law on Financial Leasing, Factoring and Finance Companies numbered 6361 and other laws are reserved.