

**(CONVENIENCE TRANSLATION  
OF FINANCIAL  
STATEMENTS AND RELATED  
DISCLOSURES AND FOOTNOTES  
ORIGINALLY  
ISSUED IN TURKISH)**

**FİBA FAKTORİNG  
ANONİM ŞİRKETİ**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2019 AND  
INDEPENDENT AUDITOR'S REPORT**

## (CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

### INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Fiba Faktoring A.Ş.

#### A) Report on the Audit of the Financial Statements

##### 1) Opinion

We have audited the financial statements of Fiba Faktoring A.Ş. ("the Company"), which comprise the balance sheet as at 31 December 2019, and the statement of income, statement of income and expenses and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including 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 the communique on "The Application of Uniform Chart of Accounts and its Guide Book for Financial Leasing, Factoring and Financing Companies" and communiques, circulars and pronouncements published by the BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

##### 2) Basis of Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### 3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
<p><b>Determination, Classification, Measurement and Accounting of Losses Related to Factoring Receivables</b></p> <p>The factoring receivables of the Company consist of domestic and international import-export receivables. As of 31 December 2019, the Company's total factoring receivables is TL 966.430 thousand, receivables at default risk are amounted to TL 76.196 thousand and the special provision amount is TL 76.196 thousand as detailed in Note 7.1 and 7.2. The Company accounts for the recognition of non-performing receivables and provisions related to these receivables in accordance with the Communiqué on the Procedures Regarding the Provisions to Be Provided for the Loans of Leasing, Factoring and Financing Companies ("Communique"). The Company might have not been able to determine the losses accurately and perform loss accounting while complying with the related provisions regulation, or it might have been able to determine losses accurately however not comply with provision ratios stated in the regulation, it might have not measured accurately the quality of collaterals, higher than their values or different ratios from the rates specified in the regulation in the process of loss accounting.</p> <p>Results arising from the risks stated above might have a material impact on the balance sheet and the statement of profit or loss, since the Company's principle activity and the largest balance sheet item line is factoring receivables.</p>	<p>Within the scope of our audit activities, we have evaluated the design and implementation of key controls that we consider significant in terms of allocation, accounting and reclassification, derecognition of factoring receivables and determination of impairment and the accounting of the impairment calculations in accordance with the related legislation.</p> <p>Based on our audit methodology and professional experience, we have tested the factoring receivables by sampling method in order to determine whether they have an impairment loss. In addition, we have tested whether the specific provisions, which are made for assets classified as non-performing loans, are calculated on time and in accordance with the related legislation.</p>

#### 4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## 5) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code (“TCC”) No. 6102, nothing has come to our attention that may cause us to believe that the Company’s set of accounts and financial statements prepared for the period 1 January - 31 December 2019 does not comply with the TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of the TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Hasan Kılıç.

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



Hasan Kılıç, SMMM  
Partner

İstanbul, 24 February 2020

# FİBA FAKTORİNG ANONİM ŞİRKETİ

## Statement of Financial Position as of 31 December 2019

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

ASSETS	Notes	Audited 31 December 2019			Audited 31 December 2018		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND CASH EQUIVALENTS and CENTRAL BANK</b>	<b>3</b>	<b>8.315</b>	<b>11.320</b>	<b>19.635</b>	<b>30.570</b>	<b>36.647</b>	<b>67.217</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)</b>		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL ASSETS</b>	<b>4</b>	<b>5</b>	-	<b>5</b>	<b>5.301</b>	-	<b>5.301</b>
<b>IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)</b>	<b>6</b>	<b>53.835</b>	-	<b>53.835</b>	<b>53.835</b>	-	<b>53.835</b>
<b>V. FINANCIAL ASSETS AT AMORTIZED COST (Net)</b>		<b>901.803</b>	<b>64.627</b>	<b>966.430</b>	<b>867.409</b>	<b>16.492</b>	<b>883.901</b>
<b>5.1 Factoring Receivables</b>	<b>7.1</b>	<b>901.803</b>	<b>64.627</b>	<b>966.430</b>	<b>848.659</b>	<b>16.492</b>	<b>865.151</b>
5.1.1 Discounted Factoring Receivables (Net)		667.533	49.759	717.292	551.801	11.364	563.165
5.1.2 Other Factoring Receivables		234.270	14.868	249.138	296.858	5.128	301.986
<b>5.2 Financing Loans</b>		-	-	-	-	-	-
5.2.1 Consumer Loans		-	-	-	-	-	-
5.2.2 Credit Cards		-	-	-	-	-	-
5.2.3 Installment Based Commercial Loans		-	-	-	-	-	-
<b>5.3 Leasing Activities (Net)</b>		-	-	-	-	-	-
5.3.1 Financial Lease Receivables		-	-	-	-	-	-
5.3.2 Operating Lease Receivables		-	-	-	-	-	-
5.3.3 Unearned Revenue (-)		-	-	-	-	-	-
<b>5.4 Financial Assets Measured at Amortized Cost</b>		-	-	-	-	-	-
<b>5.5 Non-performing Receivables</b>	<b>7.2</b>	<b>76.196</b>	-	<b>76.196</b>	<b>79.492</b>	-	<b>79.492</b>
<b>5.6 Provision for Expected Loss/Special Provisions (-)</b>	<b>7.2</b>	<b>(76.196)</b>	-	<b>(76.196)</b>	<b>(60.742)</b>	-	<b>(60.742)</b>
<b>VI. INVESTMENTS</b>		-	-	-	-	-	-
6.1 Associates (Net)		-	-	-	-	-	-
6.2 Subsidiaries (Net)		-	-	-	-	-	-
6.3 Joint Ventures (Net)		-	-	-	-	-	-
<b>VII. PROPERTY, PLANT AND EQUIPMENT (Net)</b>	<b>8</b>	<b>6.894</b>	-	<b>6.894</b>	<b>4.307</b>	-	<b>4.307</b>
<b>VIII. INTANGIBLE ASSETS (Net)</b>	<b>9</b>	<b>282</b>	-	<b>282</b>	<b>256</b>	-	<b>256</b>
<b>IX. INVESTMENT PROPERTIES (Net)</b>	<b>10</b>	<b>16.444</b>	-	<b>16.444</b>	<b>16.444</b>	-	<b>16.444</b>
<b>X. CURRENT TAX ASSETS</b>	<b>11</b>	-	-	-	<b>7.826</b>	-	<b>7.826</b>
<b>XI. DEFERRED TAX ASSETS</b>	<b>11</b>	<b>4.736</b>	-	<b>4.736</b>	<b>6.287</b>	-	<b>6.287</b>
<b>XII. OTHER ASSETS</b>	<b>12</b>	<b>4.882</b>	<b>122</b>	<b>5.004</b>	<b>7.039</b>	<b>34</b>	<b>7.073</b>
<b>SUBTOTAL</b>		<b>997.196</b>	<b>76.069</b>	<b>1.073.265</b>	<b>999.274</b>	<b>53.173</b>	<b>1.052.447</b>
<b>XIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Assets Held For Sale		-	-	-	-	-	-
13.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>TOTAL ASSETS</b>		<b>997.196</b>	<b>76.069</b>	<b>1.073.265</b>	<b>999.274</b>	<b>53.173</b>	<b>1.052.447</b>

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

# FİBA FAKTORİNG ANONİM ŞİRKETİ

## Statement of Financial Position as of 31 December 2019

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

LIABILITIES		Audited 31 December 2019			Audited 31 December 2018		
		TL	FC	Total	TL	FC	Total
<b>I. BORROWINGS</b>	<b>13</b>	<b>840.101</b>	-	<b>840.101</b>	<b>790.300</b>	-	<b>790.300</b>
<b>II. FACTORING PAYABLES</b>	<b>7.1</b>	<b>671</b>	-	<b>671</b>	<b>1.997</b>	<b>16</b>	<b>2.013</b>
<b>III. LEASE OBLIGATIONS</b>	<b>14</b>	693	2.267	2.960	-	-	-
<b>IV. SECURITIES ISSUED (Net)</b>	<b>15</b>	-	-	-	<b>57.395</b>	-	<b>57.395</b>
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>5</b>	<b>445</b>	-	<b>445</b>	<b>9.915</b>	-	<b>9.915</b>
<b>VII. PROVISIONS</b>		<b>3.756</b>	-	<b>3.756</b>	<b>3.374</b>	-	<b>3.374</b>
7.1 Restructuring Reserves		-	-	-	-	-	-
7.2 Reserve for Employee Benefits	16	3.756	-	3.756	3.374	-	3.374
7.3 General Provisions		-	-	-	-	-	-
7.4 Other Provisions		-	-	-	-	-	-
<b>VIII. CURRENT TAX LIABILITY</b>		<b>427</b>	-	<b>427</b>	-	-	-
<b>IX. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>X. SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>XI. OTHER LIABILITIES</b>	<b>17</b>	<b>4.416</b>	<b>469</b>	<b>4.885</b>	<b>4.736</b>	<b>67</b>	<b>4.803</b>
<b>SUBTOTAL</b>		<b>850.509</b>	<b>2.736</b>	<b>853.245</b>	<b>867.717</b>	<b>83</b>	<b>867.800</b>
<b>XII. PAYABLES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
12.1 Held For Sale		-	-	-	-	-	-
12.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIII. SHAREHOLDERS' EQUITY</b>		<b>220.020</b>	-	<b>220.020</b>	<b>184.647</b>	-	<b>184.647</b>
13.1 Paid-in Capital	18.1	81.110	-	81.110	81.110	-	81.110
13.2 Capital Reserves	18.2	2.295	-	2.295	2.295	-	2.295
13.2.1 Share Premiums		-	-	-	-	-	-
13.2.2 Share Cancellation Profits		-	-	-	-	-	-
13.2.3 Other Capital Reserves		2.295	-	2.295	2.295	-	2.295
13.3 Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		129	-	129	129	-	129
13.4 Accumulated Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss		-	-	-	-	-	-
13.5 Profit Reserves		44.242	-	44.242	44.242	-	44.242
13.5.1 Legal Reserves	18.3	41.289	-	41.289	41.289	-	41.289
13.5.2 Statutory Reserves		-	-	-	-	-	-
13.5.3 Extraordinary Reserves		-	-	-	-	-	-
13.5.4 Other Profit Reserves	18.3	2.953	-	2.953	2.953	-	2.953
13.6 Profit or Loss		92.244	-	92.244	56.871	-	56.871
13.6.1 Prior Periods' Profit or Loss		56.871	-	56.871	19.436	-	19.436
13.6.2 Net Profit or Loss for the Period		35.373	-	35.373	37.435	-	37.435
		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1.070.529</b>	<b>2.736</b>	<b>1.073.265</b>	<b>1.052.364</b>	<b>83</b>	<b>1.052.447</b>

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

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**Off-Balance Sheet Items as of 31 December 2019**

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

OFF-BALANCE SHEET ITEMS	Notes	Audited 31 December 2019			Audited 31 December 2018		
		TL	FC	Total	TL	FC	Total
<b>I. RECOURSE FACTORING TRANSACTIONS</b>		<b>2.013</b>	<b>5.406</b>	<b>7.419</b>	<b>1.038</b>	<b>255</b>	<b>1.293</b>
<b>II. NON-RECOURSE FACTORING TRANSACTIONS</b>		<b>333.932</b>	<b>41.123</b>	<b>375.055</b>	<b>421.554</b>	<b>1.158</b>	<b>422.712</b>
<b>III. COLLATERALS RECEIVED</b>	<b>27.1</b>	<b>12.208.892</b>	<b>409.739</b>	<b>12.618.631</b>	<b>10.813.918</b>	<b>416.714</b>	<b>11.230.632</b>
<b>IV. COLLATERALS GIVEN</b>	<b>27.2</b>	<b>531.261</b>	<b>-</b>	<b>531.261</b>	<b>688.902</b>	<b>-</b>	<b>688.902</b>
<b>V. COMMITMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Irrevocable Commitments		-	-	-	-	-	-
5.2 Revocable Commitments		-	-	-	-	-	-
5.2.1 Lease Commitments		-	-	-	-	-	-
5.2.1.1 Financial Lease Commitments		-	-	-	-	-	-
5.2.1.2 Operating Lease Commitments		-	-	-	-	-	-
5.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>27.3</b>	<b>72.137</b>	<b>70.315</b>	<b>142.452</b>	<b>99.241</b>	<b>109.821</b>	<b>209.062</b>
6.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
6.1.1 Fair Value Hedges		-	-	-	-	-	-
6.1.2 Cash Flow Hedges		-	-	-	-	-	-
6.1.3 Net Foreign Investment Hedges		-	-	-	-	-	-
6.2 Trading Transactions		72.137	70.315	142.452	99.241	109.821	209.062
6.2.1 Forward Buy/Sell Transactions		-	-	-	27.721	34.196	61.917
6.2.2 Swap Buy/Sell Transactions		72.137	70.315	142.452	71.520	75.625	147.145
6.2.3 Options Buy/Sell Transactions		-	-	-	-	-	-
6.2.4 Futures Buy/Sell Transactions		-	-	-	-	-	-
6.2.5 Others		-	-	-	-	-	-
<b>VII. ITEMS HELD IN CUSTODY</b>	<b>27.4</b>	<b>732.125</b>	<b>104.939</b>	<b>837.064</b>	<b>656.419</b>	<b>54.519</b>	<b>710.938</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>13.880.360</b>	<b>631.522</b>	<b>14.511.882</b>	<b>12.681.072</b>	<b>582.467</b>	<b>13.263.539</b>

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



# FİBA FAKTORİNG ANONİM ŞİRKETİ

## Statement of Profit or Loss for the Period 1 January - 31 December 2019

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

INCOME AND EXPENSE ITEMS		Notes	Audited	Audited
			1 January-31 December 2019	1 January-31 December 2018
I.	OPERATING INCOME		240.119	284.494
	FACTORING INCOME	19	240.119	284.494
1.1	Interest from Factoring Receivables		227.713	271.939
1.1.1	Discounted		159.734	177.065
1.1.2	Other		67.979	94.874
1.2	Fees and Commissions from Factoring Receivables		12.406	12.555
1.2.1	Discounted		2.982	5.016
1.2.2	Other		9.424	7.539
	INCOME FROM FINANCING LOANS		-	-
1.3	Interest Received from Financing Loans		-	-
1.4	Fees and Commissions Received from Financing Loans		-	-
	LEASE INCOME		-	-
1.5	Finance Lease Income		-	-
1.6	Operating Lease Income		-	-
1.7	Fees and Commission Income on Lease Operations		-	-
II.	FINANCIAL EXPENSES (-)	20	(147.388)	(169.445)
2.1	Interest on Funds Borrowed		(139.111)	(141.210)
2.2	Interest on Factoring Payables		-	-
2.3	Financial Lease Expenses		(223)	-
2.4	Interest on Securities Issued		(2.605)	(21.881)
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions Paid		(5.449)	(6.354)
III.	GROSS PROFIT / LOSS (I+II)		92.731	115.049
IV.	OPERATING EXPENSES (-)	21	(36.979)	(28.985)
4.1	Personnel Expenses		(26.977)	(20.466)
4.2	Employee Severance Indemnity Expense		(274)	(687)
4.3	Research and Development Expenses		-	-
4.4	General Administrative Expenses		(9.728)	(7.832)
4.5	Other		-	-
V.	GROSS OPERATING PROFIT / LOSS (III+IV)		55.752	86.064
VI.	OTHER OPERATING INCOME	22	37.707	88.286
6.1	Interest on Bank Deposits		4.619	5.436
6.2	Interest on Securities Portfolio		4.046	114
6.3	Dividend Income		-	11.586
6.4	Profit from Capital Market Operations		-	-
6.5	Derivative Financial Transactions Gains		24.700	23.584
6.6	Foreign Exchange Gains		-	45.535
6.7	Other		4.342	2.031
VII.	PROVISION EXPENSES	23	(19.685)	(30.104)
7.1	Special Provisions		(19.685)	(30.104)
7.2	Expected Credit Loss Provisions		-	-
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	OTHER OPERATING EXPENSES (-)	24	(28.088)	(95.783)
8.1	Impairment Losses on Securities Portfolio		-	-
8.2	Impairment Losses on Non-Current Assets		-	-
8.3	Loss from Capital Market Operations		-	-
8.4	Losses From Derivative Financial Instruments		(10.493)	(39.560)
8.5	Foreign Exchange Losses		(10.509)	(36.318)
8.6	Other		(7.086)	(19.905)
IX.	NET OPERATING PROFIT / LOSS (V+.....+VIII)		45.686	48.463
X.	MERGER PROFIT		-	-
XI.	PROFIT/LOSS FROM ASSOCIATES RECOGNIZED USING THE EQUITY METHOD		-	-
XII.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XIII.	BEFORE TAX (IX+X+XI+XII)		45.686	48.463
XIV.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	11	(10.313)	(11.028)
14.1	Current Tax Provision		(8.762)	(12.966)
14.2	Deferred Tax Charge (+)		(1.551)	-
14.3	Deferred Tax Benefit (-)		-	1.938
XV.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)		35.373	37.435
XVI.	INCOME FROM DISCONTINUED OPERATIONS		-	-
16.1	Income from Assets Held for Sale		-	-
16.2	Gain on Sale of Associates, Subsidiaries and Joint Ventures		-	-
16.3	Other Income from Discontinued Operations		-	-
XVII.	EXPENSES FROM DISCONTINUED OPERATIONS BEFORE TAX (-)		-	-
17.1	Expense on Assets Held for Sale		-	-
17.2	Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
17.3	Other Expenses from Discontinued Operations		-	-
XVIII.	CURRENT PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVI-XVII)		-	-
XIX.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
19.1	Current Tax Provision		-	-
19.2	Deferred Tax Charge (+)		-	-
19.3	Deferred Tax Benefit (-)		-	-
XX.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)		-	-
XXI.	NET PROFIT/LOSS FOR THE PERIOD (XV+XX))		35.373	37.435
	Earnings/Loss Per Share		-	-

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

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the Period 1 January - 31 December 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Audited	
	1 January-31 December 2019	1 January-31 December 2018
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>35,373</b>	<b>37,435</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>129</b>
<b>2.1 Items that will not be Reclassified to Profit or Loss</b>	<b>-</b>	<b>129</b>
2.1.1 Tangible Assets Revaluation Increases/Decreases	-	-
2.1.2 Intangible Assets Revaluation Increases/Decreases	-	-
2.1.3 Defined Benefit Plans Remeasurement Gains / Losses	-	161
2.1.4 Other Comprehensive Income Items that will not be Reclassified to Profit or Loss	-	-
2.1.5 Taxes Related to Other Comprehensive Income that will not be Reclassified to Profit or Loss	-	(32)
<b>2.2 Items that may be Reclassified subsequently to Profit or Loss</b>	<b>-</b>	<b>-</b>
2.2.1 Foreign Exchange Differences for Foreign Currency Transactions	-	-
2.2.2 Revaluation and/or Reclassification Income/Expenses of Available-for-Sale Financial Assets	-	-
2.2.3 Cash Flow Hedge Income/Expenses	-	-
2.2.4 Investment Hedge Income/Losses Related to Foreign Entity	-	-
2.2.5 Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6 Taxes related to Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>35,373</b>	<b>37,564</b>

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

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**Statement of Changes in Equity for the Period 1 January - 31 December 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

CHANGES IN EQUITY		Accumulated Other Comprehensive Income and Expenses That will not be Subsequently Reclassified to Profit or Loss						Accumulated Other Comprehensive Income and Expenses That will be Subsequently Reclassified to Profit or Loss						Total Equity		
		Notes	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves		Prior Periods' Profit / (Loss)	Net Profit/Loss for the Period
AUDITED																
PRIOR PERIOD																
(01/01/2018-31/12/2018)																
I.	Balance at the Beginning of the Period		81.100	-	-	2.295	-	-	-	-	-	94.332	29.182	22.114	229.368	
III.	Changes in Accounting Policies according to TAS 8															
2.1	Effect of Correction of Errors															
2.2	Effect of Changes in Accounting Policies															
III.	New Balance (I-II)		81.100			2.295					335	94.332	29.182	22.114	229.368	
IV.	Total Comprehensive Income						129				(335)		37.435	37.229		
V.	Cash Capital Increase															
VI.	Capital Increase From Internal Reserves															
VII.	Capital Reserves From Inflation Adjustments															
VIII.	Bonds Convertible to Shares															
IX.	Subordinated Loans															
X.	Increases / Decreases due to Other Changes															
XI.	Profit Distribution											(50.090)	(9.746)	(22.114)	(81.950)	
11.1	Dividend Paid											(50.090)	(31.860)	-	(81.950)	
11.2	Transfer to Reserves												22.114	(22.114)		
11.3	Other															
18	Balance of the End of the Period (III-IV+.....X-XI)		81.100	-	-	2.295	-	129	-	-	-	44.242	19.436	37.435	184.647	
AUDITED																
CURRENT PERIOD																
(01/01/2019-31/12/2019)																
I.	Balance at the Beginning of the Period		81.100	-	-	2.295	-	129	-	-	-	44.242	19.436	37.435	184.647	
III.	Changes in Accounting Policies according to TAS 8															
2.1	Effect of Correction of Errors															
2.2	Effect of Changes in Accounting Policies															
III.	New Balance (I-II)		81.100			2.295		129	-	-	-	44.242	19.436	37.435	184.647	
IV.	Total Comprehensive Income													35.373	35.373	
V.	Cash Capital Increase															
VI.	Capital Increase From Internal Reserves															
VII.	Capital Reserves From Inflation Adjustments															
VIII.	Bonds Convertible to Shares															
IX.	Subordinated Loans															
X.	Increases / Decreases due to Other Changes															
XI.	Profit Distribution												37.435	(37.435)	-	
11.1	Dividend Paid															
11.2	Transfer to Reserves												37.435	(37.435)	-	
11.3	Other															
18	Balance of the End of the Period (III-IV+.....X-XI)		81.100	-	-	2.295	-	129	-	-	-	44.242	56.871	35.373	220.020	

1. Accumulated revaluation increase/decrease of non-current assets.
2. Accumulated gain/loss on measurement of defined benefit plans.
3. Other (shares that will not be reclassified to profit or loss from other comprehensive income items that will not be reclassified as other profit or loss).
4. Foreign exchange translation difference.
5. Accumulated revaluation and/or classification gains/losses of financial assets at fair value through other comprehensive income.
6. Other (Cash flow hedge gain/loss, shares that will not be reclassified to profit or loss from other comprehensive income items that will not be reclassified as other profit or loss).

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

# FİBA FAKTORİNG ANONİM ŞİRKETİ

## Statement of Cash Flows for the Period 1 January - 31 December 2019

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

	Notes	Audited 1 January - 31 December 2019	Audited 1 January - 31 December 2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1.1 Operating Profit Before Changes in Operating Assets And Liabilities		18.491	66.069
1.1.1 Interests Received/Lease Income		220.016	269.519
1.1.2 Interest Paid / Lease Expenses		(174.933)	(163.012)
1.1.3 Dividends Received		-	11.586
1.1.4 Fees and Commissions Received		12.488	13.974
1.1.5 Other Income		-	-
1.1.6 Collections from Non-Performing Receivables Recognized as Loss	7	4.231	1.384
1.1.7 Payments to Personnel and Service Suppliers		(35.105)	(27.592)
1.1.8 Taxes Paid	11	(8.335)	(24.272)
1.1.9 Other		129	(15.518)
1.2 Changes in Operating Assets and Liabilities		(11.996)	189.496
1.2.1 Net (Increase) Decrease in Factoring Receivables		(94.517)	346.140
1.2.2 Net (Increase) Decrease in Financing Loans		-	-
1.2.3 Net (Increase) Decrease in Lease Receivables		-	-
1.2.4 Net (Increase) Decrease in Other Assets		9.958	(9.655)
1.2.5 Net Increase (Decrease) in Factoring Payables		(1.342)	1.640
1.2.6 Net Increase (Decrease) in Lease Payables		-	-
1.2.7 Net Increase (Decrease) in Loans Borrowed		74.689	(157.120)
1.2.8 Net Increase (Decrease) in Matured Payables		-	-
1.2.9 Net Increase (Decrease) in Other Liabilities		(784)	8.491
I. Net Cash Flow Provided from Operating Activities		6.495	255.565
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Acquisition of Subsidiaries, Associates and Joint Ventures		-	-
2.2 Disposal of Subsidiaries, Associates and Joint-Ventures		-	-
2.3 Purchases of Property and Equipment	8	(187)	(418)
2.4 Sale of Property and Equipment		63	-
2.5 Cash Paid for Purchase of Financial Assets at FVTPL		-	-
2.6 Proceeds From Sale of Financial Assets at FVTOCI		-	30.838
2.7 Cash Paid for Purchase of Financial Assets at Amortized Cost		(67.000)	-
2.8 Cash Obtained from Sale of Financial Assets at Amortized Cost		67.000	-
2.9 Other	9	(300)	(372)
II. Net Cash Flows Provided from Investing Activities		(424)	30.048
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash Obtained From Funds Borrowed and Securities Issued		-	54.738
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(54.738)	(208.385)
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	(81.950)
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
III. Net Cash Flow Provided from Financing Activities		(54.738)	(235.597)
IV. Effect of Change in Foreign Exchange Rates on Cash and Cash Equivalents		1.098	2.793
V. Net Increase in Cash and Cash Equivalents		(47.569)	52.809
VI. Cash and Cash Equivalents at the Beginning of the Period	2.5 (o)	67.203	14.394
VII. Cash and Cash Equivalents at the End of the Period	2.5 (o)	19.634	67.203

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

# FİBA FAKTORİNG ANONİM ŞİRKETİ

## Statement of Profit Distribution for the Period 1 January - 31 December 2019

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

	Notes	Audited	Audited
		1 January-31 December 2019	1 January-31 December 2018
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT (*)</b>			
1.1 CURRENT PERIOD PROFIT		45.686	48.463
1.2 TAXES AND LEGAL DUTIES PAYABLE (-)		10.313	11.028
1.2.1 Corporate Tax (Income Tax)		8.762	12.966
1.2.2 Withholding Tax		-	-
1.2.3 Other Taxes and Duties (**)		1.551	(1.938)
<b>A. NET PROFIT FOR THE PERIOD (1.1-1.2)</b>		<b>35.373</b>	<b>37.435</b>
1.3 ACCUMULATED LOSSES (-)		-	-
1.4 FIRST LEGAL RESERVES (-)		-	-
1.5 OTHER STATUTORY RESERVES (-)		-	(1.938)
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>		<b>35.373</b>	<b>35.497</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1 To Owners of Ordinary Shares		-	-
1.6.2 To Owners of Privileged Shares		-	-
1.6.3 To Owners of Redeemed Shares		-	-
1.6.4 To Profit Sharing Bonds		-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.7 DIVIDENDS TO PERSONNEL (-)		-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.9.1 To Owners of Ordinary Shares		-	-
1.9.2 To Owners of Privileged Shares		-	-
1.9.3 To Owners of Redeemed Shares		-	-
1.9.4 To Profit Sharing Bonds		-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.10 SECOND LEGAL RESERVES (-)		-	-
1.11 STATUS RESERVES (-)		-	-
1.12 EXTRAORDINARY RESERVES		-	-
1.13 OTHER RESERVES		-	-
1.14 SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION FROM RESERVES</b>		-	-
2.1 APPROPRIATED RESERVES		-	-
2.2 SECOND LEGAL RESERVES (-)		-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1 To Owners of Ordinary Shares		-	-
2.3.2 To Owners of Privileged Shares		-	-
2.3.3 To Owners of Redeemed Shares		-	-
2.3.4 To Profit Sharing Bonds		-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates		-	-
2.4 DIVIDENDS TO PERSONNEL (-)		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. EARNINGS PER SHARE</b>		-	-
3.1 TO OWNERS OF ORDINARY SHARES		-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>		-	-
4.1 TO OWNERS OF ORDINARY SHARES		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(\*) The decision on the distribution of profit will be made at the General Assembly.

(\*) Deferred tax expense is presented under other tax and legal liabilities.

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

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**1 ORGANIZATION AND OPERATIONS OF THE COMPANY**

Fiba Faktoring A.Ş. (“the Company”) maintains its operations in accordance with “Regulation on Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies” by BRSA numbered 28627 dated 24 April 2013 and with the “Financial Leasing, Factoring and Financing Companies” Law No: 6361 published in the Official Gazette dated 13 December 2012 and numbered 28496.

The capital of Fiba Faktoring A.Ş. and the distribution of the capital to the shareholders are as follows:

	<b>31 December 2019</b>		<b>31 December 2018</b>	
(Total TL)	<b>Shareholding</b>		<b>Shareholding</b>	
	<b>Shares</b>	<b>(%)</b>	<b>Shares</b>	<b>(%)</b>
Fiba Holding A.Ş.	46.197.480	56,96	46.197.480	56,96
Fina Holding A.Ş.	34.912.025	43,04	34.912.025	43,04
Other	195	<1	195	<1
	<b>81.109.700</b>	<b>100,00</b>	<b>81.109.700</b>	<b>100,00</b>

The Company has 90 employees as of 31 December 2019 (31 December 2018: 107).

The Company is registered in Turkey and located at the address below:

Büyükdere Caddesi, 1. Levent Plaza A Blok No: 173, Kat: 2 34330 1. Levent / İstanbul. The Company continues its factoring operations predominantly in single geographical region (Turkey).

Approval of Financial Statements

Financial statements are approved at 24 February 2020 by the Company’s management. The General Assembly and/or related legal entities have the right to amend the accompanying financial statements.

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

*2.1.1 Applied Accounting Standards*

The Company prepares its financial statements in accordance with the communique on the Application of Uniform Chart of Accounts and its Guide Book for Financial Leasing, Factoring and Financing Companies dated 24 December 2013 and numbered 28861 and Regulation on Accounting Applications and Financial Statements of Financial Leasing, Factoring and Financing Companies and “BRSA Accounting and Reporting Legislation” which include (“BRSA”)’s disclosures and Turkish Accounting Standards (TAS) provisions for the matters which are not regulated by these disclosures.

The preparation of the financial statements is based on TAS and their appendixes and interpretations, which are promulgated by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

*2.1.2 Functional and Presentation Currency*

Company’s functional and presentation currency is TL.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** (*cont'd*)

**2.1 Basis of Presentation**

**2.1.3** *Restatement of Financial Statements in Hyperinflationary Periods*

The financial statements of the Company have been adjusted for the effects of inflation in accordance with ‘Financial Reporting in Hyperinflationary Economies’ (“TAS 29”) until 31 December 2004. By a Circular issued on 28 April 2005, BRSA declared that hyperinflationary period is over and inflation accounting has ceased as of 1 January 2005.

**2.1.4** *Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a basis, or realize the asset and settle the liability simultaneously.

**2.2 Changes in Accounting Policies**

Significant changes in accounting policies have been applied retrospectively and prior financial statements are restated. The Company has applied its accounting policies consistent with the previous financial year. The Company has applied its accounting policies consistent with the previous financial year, except for the “amendments that are mandatorily effective as of 2019” stated in Note 2.4.a.

**2.3 Changes in Accounting Estimates and Errors**

If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. If any significant accounting errors are found out, changes are applied retrospectively and prior year’s financial statements are restated. There has been no significant change in the accounting estimates of the Company in the current period.

The preparation of financial statements in accordance with Reporting Standards requires managements to apply the policies and make judgements, 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected from these revisions. Notes in which the estimates are used are as follows:

- Note 5 – Derivative financial assets
- Note 7 – Other financial assets at amortized cost (net)
- Note 8 – Property, plant and equipment
- Note 9 – Intangible assets
- Note 10 – Investment Properties
- Note 11 – Tax assets and liabilities
- Note 16 – Provisions

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** (*cont'd*)

**2.4 New and Revised Turkish Accounting Standards**

a) Amendments that are mandatorily effective as of 2019

TFRS 16	<i>Leases</i>
TFRS Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to TAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
Amendments to TAS 19	<i>Amendments to Employee Benefits</i>
<i>Annual Improvements to TFRS Standards 2015–2017 Cycle</i>	<i>Amendments to TFRS 3, TFRS 11, TAS 12 and TAS 23</i>

**TFRS 16 Leases**

General impact of application of TFRS 16 Leases

TFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. TFRS 16 supersedes the current lease guidance including TAS 17 Leases and the related Interpretations for accounting periods beginning on or after 1 January 2019. The date of initial application of TFRS 16 for the Company is 1 January 2019 retrospectively taking into account the cumulative effect in the financial statements.

In contrast to lessee accounting, TFRS 16 substantially carries forward the lessor accounting requirements in TAS 17.

Impact of the new definition of a lease

The Company made use of the practical expedient available on transition to TFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with TAS 17 and TFRS Interpretation 4 continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. TFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Company applied the definition of a lease and related guidance set out in TFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).



**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** *(cont’d)*

**2.4 New and Revised Turkish Accounting Standards** *(cont’d)*

a) Amendments that are mandatorily effective as of 2019 *(cont’d)*

**TFRS 16 Leases** *(cont’d)*

Impact on Lessee Accounting

*Operating leases*

TFRS 16 changes how the Company accounts for leases previously classified as operating leases under TAS 17, which were off-balance sheet.

On initial application of TFRS 16, for all leases (except as noted below), the Company has:

- a) Recognised right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognised depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
- c) Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under TAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under TFRS 16, right-of-use assets are tested for impairment in accordance with TAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company opted to recognise a lease expense on a straight-line basis as permitted by TFRS 16.

As at 1 January 2019, the impact of TFRS 16 on the financial statements of the Company is disclosed in “the Effects of Accounting Policy Amendments” note.

***Finance leases***

The main differences between TFRS 16 and TAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. TFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by TAS 17.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** (*cont’d*)

**2.4 New and Revised Turkish Accounting Standards** (*cont’d*)

a) Amendments that are mandatorily effective as of 2019 (*cont’d*)

**TFRS 16 Leases** (*cont’d*)

Impact on Lessor Accounting

Under TFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, TFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under TFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts.

**TFRS Interpretation 23 Uncertainty over Income Tax Treatments**

This Interpretation addresses the application of recognition and measurement provisions under TAS 12 when there is uncertainty over income tax treatments.

**Amendments to TAS 28 Long-term Interests in Associates and Joint Ventures**

This amendment clarifies that an entity applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

**Amendments to TAS 19 Employee Benefits**

The Amendments to TAS 19 *Employee Benefits* address the impact of the changes in defined benefit plans (one of the two benefits provided after employment relationship is ended defined benefit plans and defined contribution plans) to the recognition of the defined benefit plans, and TAS 19 has been amended.

**Annual Improvements to TFRS Standards 2015–2017 Cycle**

*Annual Improvements to TFRS Standards 2015–2017 Cycle* include amendments to TFRS 3 *Business Combinations* and TFRS 11 *Joint Arrangements* in when a party that participates in, but does not have joint control of, TAS 12 *Income Taxes*; income tax consequences of dividends in profit or loss, and TAS 23 *Borrowing Costs* in capitalized borrowing costs.

Other than TFRS 16, these standards, amendments and improvements have no impact on the financial position and performance of the Company.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** (*cont’d*)

**2.4 New and Revised Turkish Accounting Standards** (*cont’d*)

b) New and revised TFRSs in issue but not yet effective

The Company has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 3	<i>Business Combinations</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>

**TFRS 17 *Insurance Contracts***

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2021.

**Amendments to TFRS 3 *Definition of a Business***

The definition of “business” is important because the accounting for the acquisition of an activity and asset Company varies depending on whether the Company is a business or only an asset Company. The definition of “business” in TFRS 3 Business Combinations standart has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a Company of assets.

**Amendments to TAS 1 and TAS 8 *Definition of Material***

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

**Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform***

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** (*cont'd*)

**2.4 New and Revised Turkish Accounting Standards** (*cont'd*)

**Effects of Revised Accounting Policies**

In this note, the new accounting policies, which the Company has started to apply as of 1 January 2019, have been disclosed with the effect of application of TFRS 16 Leases standard on the Company's financial statements.

**a) The Effects of Accounting Policy Changes on the Company's Financial Statements**

On adoption of TFRS 16, the Company recognised right-of-use asset including properties and vehicle lease liabilities in the statement of financial position and profit or loss.

These lease liabilities were measured at the present value of the remaining lease payments, discounted using the alternative borrowing rate as of 1 January 2019. The weighted average borrowing rate applied to the lease liabilities was 24.29% for TL denominated transactions and 4% for EUR denominated transactions.

In accordance with the transitional provisions of TFRS 16, the prior year's financial statements have not been restated. As of 1 January 2019, the impacts of these changes are as follows:

<b>Right-of-use assets</b>	<b>1 January 2019</b>	<b>31 December 2019</b>
	<b>TL</b>	<b>TL</b>
Property leases	468	986
Vehicle leases	1.770	2.942
<b>Total</b>	<b>2.238</b>	<b>3.928</b>

<b>Right-of-use liabilities</b>	<b>1 January 2019</b>	<b>31 December 2019</b>
	<b>TL</b>	<b>TL</b>
Property leases	621	898
Vehicle leases	1.862	2.375
<b>Total</b>	<b>2.483</b>	<b>3.273</b>

**Current period effect**

Regarding the lease agreements within the scope of TFRS 16, the Company recognized depreciation and interest expenses instead of operating lease expenses. During the interim period ended on 31 December 2019, depreciation expense amounting to TL 1.186 and interest expense amounting to TL 223 were accounted for.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** *(cont’d)*

**2.4 New and Revised Turkish Accounting Standards** *(cont’d)*

**Effects of Revised Accounting Policies** *(cont’d)*

**a) The Effects of Accounting Policy Changes on the Company’s Financial Statements**  
*(cont’d)*

In applying TFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- not to re-evaluate the financially disadvantaged rental agreements within the scope of TAS 17 in the prior period
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying TAS 17 and TFRS Interpretation 4.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** *(cont’d)*

**2.5 Summary of Significant Accounting Policies** *(cont’d)*

**(a) Financial instruments**

**(i) Financial assets**

A financial assets is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity. Financial assets are classified in three categories; financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost.

*1) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are recognized in profit or loss.

*2) Financial assets at fair value through other comprehensive income*

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** *(cont’d)*

**2.5 Summary of Significant Accounting Policies** *(cont’d)*

**(a) Financial instruments** *(cont’d)*

**(i) Financial assets** *(cont’d)*

**2) Financial assets at fair value through other comprehensive** *(cont’d)*

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. The difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in the shareholders' equity are reflected to the income statement.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

**3) Financial assets at amortized cost**

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as financial assets at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using internal rate of return. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

**(ii) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash, bank deposits with maturiy periods of less than three-months. Cash equivalents are convertible to cash and correspond short-term highly liquid investments with maturities less than three-months and which have no risk of impairment.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** (*cont’d*)

**2.5 Summary of Significant Accounting Policies** (*cont’d*)

**(a) Financial instruments** (*cont’d*)

**(iii) Factoring receivables and impairment**

Factoring receivables and payables are recognized at fair value with their transaction costs and net amounts. Subsequent to initial recognition, the difference between the amount at the initial recognition and the present value of the reimbursement amounts is recognized in the financial statements by being amortized in profit or loss.

Factoring receivables and portions of other receivables which cannot be collected or which meet the criteria stated in “Regulation on Applications and Financial Tables of Financial Leasing, Factoring and Financing Companies” published in the Official Gazette No. 28861 dated 24 December 2013 by BRSA and regulations which brings amendments or additions to this regulation are transferred to tracking doubtful accounts and recognized in financial statements at remaining amount less provision amounts. A doubtful factoring receivable is derecognized upon completion of all relevant legal procedures and the determination of net loss.

According to the “Regulation On Amendments Related To Regulations On Establishment and Operation Principles Of Financial Leasing, Factoring and Financing Companies” that was issued on 2 May 2018 by BRSA, factoring, leasing and finance companies have not applied TFRS 9. In this context, the Company continues to apply the current legislation.

**(iv) Other assets and liabilities**

Other assets and liabilities are carried at cost value due to their short-term nature.

**(v) Loans received and securities issued**

At their initial recognition, loans received and securities issued are recognized at fair value with their transaction costs and net amounts. Subsequent to initial recognition, they are recognized at present value of reimbursement amounts which is calculated by using effective interest method and the difference between the initial amount and the present value of reimbursement amount is recognized in profit or loss during the maturity period of payables.

**(vi) Derivative financial instruments**

Exchange differences arising from fair value changes of all derivative financial instruments are recognized in the capital market transactions profit / loss accounts. Fair value is derived from quoted market prices and, where appropriate, discounted cash flow models. The fair values of off-exchange foreign currency forward contracts are determined by comparing the initial maturity rate with the calculated maturity rate of the related currency for the remaining period of the contract and by capitalizing in closing balance. All derivative financial instruments are recognized as assets at derivative financial assets if the fair value is positive and as liabilities at derivative financial liabilities if the fair value is negative.

The fair value of derivative financial instruments that are not traded in the market are estimated by taking into consideration the counterparty's reliability, Company's receivables and liabilities if the contract expires at the end of the reporting period and current market conditions.



**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** (*cont'd*)

**2.5 Summary of Significant Accounting Policies** (*cont'd*)

**(b) Property, plant and equipment and depreciation**

**(i) Property, plant and equipment**

Property, plant and equipment are recognized by deducting accumulated depreciation and permanent value loss from inflation adjusted cost value as of 31 December 2004 for items purchased before 1 January 2005, and from cost values of acquisition for items purchased after 31 December 2004. (see Note 2.5 (f))

**(ii) Subsequent costs**

The cost of replacing any part of an item of property, plant and equipment is capitalized. Subsequent costs can be capitalized if they increase the future economic benefit of the asset. All other expense items are recognized in the statement of income as incurred.

**(iii) Depreciation**

Depreciation of property, plant and equipment is recognised in the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment are as follows:

<b><u>Definition</u></b>	<b><u>Year</u></b>
Buildings	50 years
Furnitures and fixtures	5 years
Vehicles	5 years

Leasehold improvements are amortized with the shorter of the periods of the respective leases or useful lives on a straight-line depreciation basis.

Gains and losses on disposals of property, plant and equipment are included in other income and expenses from operating activities.

**(c) Intangible assets**

Intangible assets consist of computer software licenses. Computer software licenses are recognized by deducting accumulated amortisation and permanent value loss from inflation adjusted cost value as of 31 December 2004 for items purchased before 1 January 2005, and from cost values of acquisition for items purchased after 31 December 2004. Amortization for intangible assets is calculated using the straight-line method over their estimated useful lives (3 years) starting from the acquisition date.

**(d) Leasing**

Assets acquired through leases where the risks and benefits related to ownership of the leased asset are owned by the Company are classified to related asset accounts. Assets acquired under finance leases are recognized at the lower of the fair value of the asset and the present value of the minimum lease payments. After initial recognition, the asset is recognized in accordance with the accounting policies of the related asset group in which it is included.

Under TFRS 16, the Company recognized its right-of-use assets including properties and vehicle lease liabilities, in its balance sheet and expense accounts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company opted to recognise a lease expense on a straight-line basis as permitted by TFRS 16.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)**

**2.5 Summary of Significant Accounting Policies (cont’d)**

**(e) Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost less accumulated depreciation and accumulated impairment, if any.

When the use of a property changes such that it is reclassified as machinery, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain/loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. In the event that a property used by the owner becomes an investment property at fair value, the entity applies the accounting policy applied to the “Property, Plant and Equipment” until the change in use occurs.

None of the assets held within the scope of operating lease has been classified as investment property.

**(f) Impairment of non-financial assets**

The carrying amounts of the Company’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. The impairment loss recognized in the context of cash generating units is initially deducted from the carrying value of goodwill allocated to the units and then from the carrying value of other assets in the unit (unit group).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)**

**2.5 Summary of Significant Accounting Policies (cont’d)**

**(g) Capital increases**

Share capital increases from the shareholders are recognized at nominal value as approved at the annual general assembly meetings of shareholders.

**(h) Provision for retirement pay liability**

Provision for retirement pay liability is made according to the present value amount of possible liabilities from retirement of the Company’s employees and this amount is calculated under Turkish Labor Law. It is calculated on accrual basis when it is earned by the employees and recognized on financial statements. The amount of liability is calculated based on the retirement pay liability ceiling that is announced by the government.

TAS 19 “Employee Benefits” provides the calculation of the present value of the Company’s possible liabilities using actuarial valuation methods.

The Company management has evaluated the effect of actuarial gains/losses on current financial statements concerning the calculation of retirement pay liability and has recognized the after-tax amount in profit or loss as it is below the materiality level.

The principal assumption is that the maximum liability of employment termination benefits for each year of service will increase in line with inflation. As of 31 December 2019, the provision for retirement pay liability is TL 6.730,15 (full) that is effective as of 1 January 2020 since the maximum liability is revised semi-annually (31 December 2018: TL 6.017,60 (full) as of 1 January 2019).

**(i) Provisions, contingent assets and liabilities**

In accordance with TAS 37, “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recognized when the Company has a legal or constructive liability as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the liability, and a reliable estimate can be made of the amount of the liability. If the specified criteria is not met, the Company discloses the related issues in the accompanying notes. In case of a material effect of time value of money, the provision amount is determined as the present value of the cash outflows required to meet the liability. In order to determine the discount rate that is used to reduce the provision to present values, interest rate in the related markets and risk related to the liability is taken into consideration.

Contingent assets are not recognized unless they are realized, and they are only disclosed in the notes.

**(j) Income and expense recognition**

**(ii) Factoring income**

Factoring interest and commission income is recognized on accrual basis using effective interest method.

**(ii) Other operating income and expenses**

Other income and expenses are recognized on accrual basis.

**(iii) Finance income and expenses**

Finance income and expenses recognized on accrual basis using effective interest method.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** (*cont'd*)

**2.5 Summary of Significant Accounting Policies** (*cont'd*)

**(k) *Taxation on income***

Income tax includes current year tax (corporate tax) and deferred tax. Current year tax liability includes the tax liability calculated based on taxable profit for the year and by using the tax rates effective in the reporting period and adjustments related to tax liabilities in previous years.

Deferred tax is calculated by determining tax effects of temporary differences between the recognized values of assets and liabilities and the amounts of assets and liabilities used in the statutory tax assessment account. Based on the tax laws enacted at the end of the reporting period, deferred tax is calculated at the tax rates expected to be applied when temporary differences are reversed and recognized as an expense or income in profit or loss.

According to TAS 12, “Income Taxes”; deferred tax assets and liabilities are recognized in the accompanying financial statements, using the balance sheet method, on all taxable temporary differences to the extent that they are expected to increase or decrease on the income tax payable in the period when they will reverse. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

If differences from the valuation of the financial assets are recognized under the income statement, related current corporate tax or deferred tax income or expense is recognized under income statement. If differences from the valuation of the related assets are recognized in equity, related deferred tax effect is recognized under equity.

Deferred tax assets and liabilities are set off when there is a legally enforceable right to set off current tax assets against current tax liabilities and when taxes are subject to the same fiscal authority.

**(l) *Related parties***

In accordance with TAS 24, 'Related Party Disclosures' shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies or considered and referred to as related parties. Related parties also include investors and the Company management. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

For the purpose of the accompanying financial statements, shareholders of the Company, the companies controlled by/associated with them, key management and the Board members of the Company are referred to as 'related parties'.

**(m) *Earnings per share***

The balance of the earnings per share is calculated by dividing period net profit by weighted average number of the shares. Weighted average number of shares is number of ordinary shares at the beginning of the period and the number of shares issued during the period or taken back to a time-weight factor multiplied by the number of shares. The time weight factor is the ratio of the number of days where a certain number of shares issued and total number of days in the period.

In accordance with TAS 33 “Earnings per Share”, companies of which shares are not traded on the stock exchange are not obliged to disclose earnings per share. Since the Company's shares are not traded on the stock exchange, earnings per share is not calculated in the accompanying financial statements.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS** (*cont’d*)

**2.5 Summary of Significant Accounting Policies** (*cont’d*)

**(n) Events after the reporting period**

Events after the reporting date are those events occur between the balance sheet date and the date when the financial statements are authorized for issue. In accordance with TAS 10, “Events after the Balance Sheet Date”; events after the reporting date that provide additional information about the Company’s position at the balance sheet dates (adjusting events) are reflected in the financial statements. If the events do not require adjusting financial statements, the Company discloses the related matters in the notes.

**(o) Statement of cash flows**

The Company prepares cash flow statements to inform the users of the financial statements about the changes in its net assets, its financial structure and its ability to affect the amount and timing of its cash flows with respect to changing external conditions.

In the statement of cash flows, cash flows of the period are reported with a classification based on operating, investing and financing activities. Cash flows from operating activities represent cash flows from activities within the scope of the Company’s area of activity. Cash flows relating to investment activities represent cash flows used and generated from investment activities (fixed investments and financial investments). Cash flows related to financing activities represent the sources of financing the Company used and the repayments of these sources.

As of 31 December 2019 and 31 December 2018, the cash and cash equivalents in the statement of cash flows are as follows:

	31 December 2019	31 December 2018
Cash on hand / Effective	-	-
Banks ( <i>Note 3</i> )	19.635	67.217
Less:		
- Blocked deposits ( <i>Note 3</i> )	-	-
- Interest income rediscount	(1)	(14)
<b>Cash and cash equivalents in the statement of cash flow</b>	<b>19.634</b>	<b>67.203</b>

**(p) Reporting financial information according to operating segments**

Since the Company does not have separate segments of which financial performances are followed separately, no reporting has been made according to the operating segments.

**(r) The effect of changes in foreign exchange rates**

Transactions in foreign currencies have been translated into TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the reporting date. Foreign exchange differences arising from these transactions are stated in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are carried at fair value, are expressed in TL at the exchange rates ruling at the date at which their fair value are determined.

The foreign exchange rates used by the Company as of 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
USD	5,9402	5,2609
EUR	6,6506	6,0280
GBP	7,7765	6,6528

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**3 CASH, CASH EQUIVALENTS and CENTRAL BANK**

As of 31 December 2019 and 31 December 2018, the details of banks are as follows:

	<b>31 December 2019</b>		<b>31 December 2018</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
- Demand deposits	2.814	11.320	8.557	18.181
- Time deposits	5.501	-	22.013	18.466
<b>Total</b>	<b>8.315</b>	<b>11.320</b>	<b>30.570</b>	<b>36.647</b>

Time deposits consist of TL denominated bank balances with average interest rate applied to time deposits amounting to TL 5.500 Thousand is 8% (31 December 2018: The average interest rate applied to time deposits amounting to TL 22.000 Thousand is 21,50%, the interest rate applied to USD 2.490 Thousand is 3,17% and the interest rate applied to time deposits amounting to EUR 890 Thousand is 0.10%).

As of 31 December 2019, there are no blocked deposits (31 December 2018: None).

As of 31 December 2019, total amount of banks with original maturity of less than three months and which are not blocked, excluding the income accruals which form a basis for cash flow statement, is TL 19.634 Thousand (31 December 2018: TL 67.203).

Foreign currency risk and sensitivity analysis of the Company as of 31 December 2019 and 31 December 2018 have been disclosed in Note 28.

**4 DERIVATIVE FINANCIAL ASSETS**

Derivative financial instruments are carried at fair value, and positive fair values are presented in derivative financial assets, negative fair values are presented in derivative financial liabilities.

As of 31 December 2019 and 31 December 2018, the details of held-for-trading derivative financial assets consisting of currency swap and forward purchase-sale agreements are as follows:

	<b>31 December 2019</b>		<b>31 December 2018</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Derivative financial assets</b>				
Currency swaps	5	-	-	-
Currency forwards	-	-	5.301	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>5.301</b>	<b>-</b>

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**5 DERIVATIVE FINANCIAL LIABILITIES**

As of 31 December 2019 and 31 December 2018, the details of derivative financial liabilities consisting of currency swap and forward purchase-sale agreements are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
<b>Derivative financial liabilities</b>				
Currency swaps	445	-	8.638	-
Currency forwards	-	-	1.277	-
<b>Total</b>	<b>445</b>	<b>-</b>	<b>9.915</b>	<b>-</b>

**6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)**

As of 31 December 2019, the details of shares classified as financial assets at fair value through other comprehensive income are as follows:

	31 December 2019		31 December 2018	
	Amount	Share (%)	Amount	Share (%)
Credit Europe Group N.V. (“Credit Europe”)	62.283	1,29	62.283	1,29
Fiba Alışveriş Mer. Gel. İnş. ve Paz. Tic. A.Ş.	728	-	728	-
Kapital Holding A.Ş.	10	-	10	-
Other	2	-	2	-
<b>Total</b>	<b>63.023</b>		<b>63.023</b>	
Provision for impairment	(9.188)		(9.188)	
<b>Total</b>	<b>53.835</b>		<b>53.835</b>	

Investment shares amounting to TL 63.023 Thousand presented in financial assets at fair value through other comprehensive income in the financial statements are accounted for at cost value since their fair values cannot be measured reliably. As of 31 December 2019, there is an impairment provision of TL 9.188 Thousand.

As of 31 December 2019 and 31 December 2018, the details of financial assets classified as financial assets at fair value through other comprehensive income are as follows:

	31 December 2019	31 December 2018
<u>Stocks</u>		
Unlisted	63.023	63.023
Provision for impairment	(9.188)	(9.188)
	<b>53.835</b>	<b>53.835</b>

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**7 FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)**

**7.1 Factoring Receivables and Payables**

As of 31 December 2019 and 31 December 2018, the details of factoring receivables are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Discounted Factoring Receivables (Net)	667.533	49.759	551.801	11.364
Other Factoring Receivables	234.270	14.868	296.858	5.128
<b>Factoring receivables, net</b>	<b>901.803</b>	<b>64.627</b>	<b>848.659</b>	<b>16.492</b>

As of 31 December 2019, TL 37.290 Thousand of factoring receivables consists of factoring receivables with maturity more than one year (31 December 2018: TL 28.791 Thousand).

The amount of the Company’s factoring receivables past due but not impaired is TL 584 Thousand (31 December 2018: TL 2.870 Thousand) and their aging is as follows:

	31 December 2019		31 December 2018	
Past due 1 month		584		2.682
Past due 1-3 months		-		188
<b>Total</b>		<b>584</b>		<b>2.870</b>

*Factoring Payables*

As of 31 December 2019 and 31 December 2018, details of short-term factoring payables are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Factoring payables	671	-	1.997	16
<b>Total</b>	<b>671</b>	<b>-</b>	<b>1.997</b>	<b>16</b>

Factoring payables are collected for factoring customers and represent the amounts which have not been deposited in the accounts of the related factoring customers.



**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**7 FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net) (cont’d)**

**7.2 Non-Performing Factoring Receivables**

As of 31 December 2019 and 31 December 2018, details of the Company’s non-performing factoring receivables are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Non-performing factoring receivables	76.196	-	79.492	-
Special provision	(76.196)	-	(60.742)	-
<b>Non-performing loans, net</b>	<b>-</b>	<b>-</b>	<b>18.750</b>	<b>-</b>

As of 31 December 2019 and 31 December 2018, aging and special provision distribution of non-performing factoring receivables are as follows:

	31 December 2019		31 December 2018	
	Total factoring receivables under follow up	Provision	Total factoring receivables under follow up	Provision
Not overdue	20.808	20.808	26.609	21.731
1-3 months past due	1.895	1.895	246	246
3-6 months past due	7.918	7.918	15.148	3.501
6-12 months past due	3.879	3.879	3.023	1.242
Past due over a year	41.696	41.696	34.466	34.022
<b>Total</b>	<b>76.196</b>	<b>76.196</b>	<b>79.492</b>	<b>60.742</b>

Movements of special provisions during the period are as follows:

	31 December 2019	31 December 2018
<b>Balance, 1 January</b>	60.742	45.173
Transferred to asset management company (*)	-	(10.100)
Written off	-	(3.051)
Provision allocated during the period (Note 23)	19.685	30.104
Provision released during the period (Note 22)	(4.231)	(1.384)
<b>Closing balances, 31 December</b>	<b>76.196</b>	<b>60.742</b>

(\*) As of 31 December 2019, the Company has no receivable transferred to Varlık Yönetim company (31 December 2018: the Company transferred its nonperforming portfolio amounting to TL 10.100 Thousand with net carrying value of zero to Sümer Varlık Yönetim A.Ş., a related party, for TL 20 Thousand).

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**8** **PROPERTY, PLANT AND EQUIPMENT**

Movements of property, plant and equipment for the periods ended at 31 December 2019 and 31 December 2018 are as follows:

	Buildings	Furniture and fixtures	Vehicles	Leaschold improvements	Other property, plant and equipment (*)	Right-of-use buildings	Right-of-use vehicles	Total
<b>Cost</b>								
Opening balance, 1 January 2018	2.762	1.466	-	1.920	1.531	-	-	7.679
Additions	-	86	332	-	-	-	-	418
Written off	-	(48)	-	-	-	-	-	(48)
<b>Closing balances, 31 December 2018</b>	<b>2.762</b>	<b>1.504</b>	<b>332</b>	<b>1.920</b>	<b>1.531</b>	<b>-</b>	<b>-</b>	<b>8.049</b>
Opening balance, 1 January 2019	2.762	1.504	332	1.920	1.531	468	1.770	10.287
Additions	-	142	-	45	-	524	1.256	1.967
Disposals	-	(275)	-	(377)	-	(6)	(84)	(742)
<b>Closing balances, 31 December 2019</b>	<b>2.762</b>	<b>1.371</b>	<b>332</b>	<b>1.588</b>	<b>1.531</b>	<b>986</b>	<b>2.942</b>	<b>11.512</b>
<b>Accumulated depreciation</b>								
Opening balance, 1 January 2018	714	1.029	-	1.786	-	-	-	3.529
Current year depreciation expense	81	117	15	48	-	-	-	261
Written off	-	(48)	-	-	-	-	-	(48)
<b>Closing balances, 31 December 2018</b>	<b>795</b>	<b>1.098</b>	<b>15</b>	<b>1.834</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.742</b>
Opening balance, 1 January 2019	795	1.098	15	1.834	-	-	-	3.742
Current year depreciation expense	82	127	66	31	-	195	991	1.492
Disposals	-	(270)	-	(319)	-	(1)	(26)	(616)
<b>Closing balances, 31 December 2019</b>	<b>877</b>	<b>955</b>	<b>81</b>	<b>1.546</b>	<b>-</b>	<b>194</b>	<b>965</b>	<b>4.618</b>
<b>Net book value</b>								
1 January 2018	2.048	437	-	134	1.531	-	-	4.150
31 December 2018	1.967	406	317	86	1.531	-	-	4.307
1 January 2019	1.967	406	317	86	1.531	468	1.770	6.545
31 December 2019	1.885	416	251	42	1.531	792	1.977	6.894

As of 31 December 2019, insurance coverage on property, plant and equipment amounts to TL 41.972 Thousand (31 December 2018: TL 29.681 Thousand), insurance premium amounts to TL 62 Thousand (31 December 2018: TL 50 Thousand). As of 31 December 2019, buildings with net carrying value of TL 1.789 Thousand were purchased through financial leasing (31 December 2018: TL 1.840 Thousand). There is no lien on property, plant and equipment, such as pledge, mortgage, and etc.

(\*) Other property, plant and equipment consists of pictures with artistic values that are not subject to depreciation.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**9 INTANGIBLE ASSETS**

Movements of intangible assets for the periods ended 31 December 2019 and 31 December 2018 are as follows:

	<b>Computer software</b>
<b>Cost</b>	
Opening balance, 1 January 2018	635
Additions	372
<b>Closing balances, 31 December 2018</b>	<b>1.007</b>
Opening balance, 1 January 2019	1.007
Additions	300
<b>Closing balances, 31 December 2019</b>	<b>1.307</b>
<b>Accumulated amortization</b>	
Opening balance, 1 January 2018	522
Current year amortization	229
<b>Closing balances, 31 December 2018</b>	<b>751</b>
Opening balance, 1 January 2019	751
Current year amortization	274
<b>Closing balances, 31 December 2019</b>	<b>1.025</b>
<b>Net book value</b>	
1 January 2018	113
31 December 2018	256
1 January 2019	256
31 December 2019	282

The Company has no intangible asset created within the entity.

**10 INVESTMENT PROPERTY**

The Company's investment property consists of land acquired for receivables. Investment properties consist of assets acquired for receivables. As of 31 December 2019, fair value of investment properties is TL 52.900 Thousand (31 December 2018: TL 52.900 Thousand). The fair value has been determined by an independent appraisal company and the fair value hierarchy level is 3.

**Fair value measurements of investment property**

As of 31 December 2019 and 31 December 2018, the fair value of the investment property has been determined by Som Kurumsal Gayrimenkul Değerleme ve Danışmanlık Hizmetleri A.Ş., an independent appraisal company. The appraisal company is authorized by the CMB and provides real estate appraisal services in accordance with the capital market legislation and has sufficient experience and qualifications in the fair value measurement of properties in the relevant regions. The fair value of the land has been determined using a market comparative approach that reflects current transaction prices for similar properties.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**10 INVESTMENT PROPERTY** (*cont’d*)

**Fair value measurements of investment property** (*cont’d*)

	Carrying value	Fair value level as of the reporting period		
	31 December 2019	Level 1	Level 2	Level 3
Investment property	16.444	-	-	52.900

	Carrying value	Fair value level as of the reporting period		
	31 December 2018	Level 1	Level 2	Level 3
Investment property	16.444	-	-	52.900

In the current period, no different valuation method was used.

**11 TAX ASSETS AND LIABILITIES**

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company’s results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and deducting exempt income, non-taxable income and other incentives (prior years’ losses, if any, and investment incentives utilized, if preferred).

The effective tax rate in 2019 is 22% (2018: 22%). Whereas the corporate income were subject to corporate tax rate of 20%, effective as of 1 January 2006, it will be applied as 22% for the corporate income for 2018, 2019 and 2020 in accordance with provisional clause of article 10 of the Law numbered 7061 on “Amendment of Certain Taxes and Laws and Other Acts” that was published on the Official Gazette dated 5 December 2017 and numbered 30261. The Council of Ministers is authorized to reduce the rate of 22% to 20%.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**11 TAX ASSETS AND LIABILITIES** (*cont’d*)

In Turkey, advance tax returns are filed on a quarterly basis and the taxes are being accrued. Advance corporate income tax rate applied in 2018 for temporary tax periods is 22%. (2018: 22%). This rate has been determined as 22% for 2018, 2019 and 2020 with the law amendment.

Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be offsetted retrospectively against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April (between 1-25 April following the end of the period for special accounting periods) following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

*Income Withholding Tax:*

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Minister’s Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

For the periods ended 31 December 2019 and 31 December 2018, the income tax provision in the statement of profit or loss is different from the amounts calculated by applying the statutory tax rate before tax as stated below:

	31 December 2019	31 December 2018
Profit before tax reported	45.686	48.463
Tax calculated on reported profit (22%)	(10.051)	(10.662)
Non-deductible expenses (*)	(337)	(360)
Deferred tax rate differences (22% - 20%)	75	(6)
<b>Tax (charge) / benefit</b>	<b>(10.313)</b>	<b>(11.028)</b>

(\*) Includes non-deductible expenses such as donation, aid, special communication tax, and etc.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**11 TAX ASSETS AND LIABILITIES** (*cont’d*)

As of 31 December 2019 and 31 December 2018, the corporate tax payable and prepaid taxes are as follows:

	31 December 2019	31 December 2018
Provision for corporate tax	8.762	12.966
Advance taxes paid during the period	(8.335)	(20.792)
<b>Total</b>	<b>427</b>	<b>(7.826)</b>
Withholding amount paid	(660)	(410)
<b>Corporate Tax Payable</b>	<b>(233)</b>	<b>(8.236)</b>

Tax expenses in the statement of profit or loss for the periods ended 31 December are as follows:

	2019	2018
Current tax expense	(8.762)	(12.966)
Deferred tax benefit/(charge)	(1.551)	(1.938)
<b>Total</b>	<b>(10.313)</b>	<b>(11.028)</b>

The Company calculates deferred income tax assets and liabilities considering the effects of temporary differences arising from different assessments between the Reporting Standards and the Tax Procedural Code in the balance sheet items. The tax rate used in the calculation of deferred tax assets and liabilities is 22% for 2018-2020 and 20% for the subsequent taxable income (31 December 2018: 22%).

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**11 TAX ASSETS AND LIABILITIES** (*cont’d*)

As of 31 December 2019 and 31 December 2018, details of temporary differences and deferred tax assets and liabilities prepared in accordance with the applicable tax rates are as follows

	Temporary differences		Deferred tax assets/(liabilities)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Provision for factoring receivables	15.944	19.951	3.189	3.990
Derivative financial instruments	445	9.915	98	2.182
Provision for impairment of available-for-sale financial assets	2.297	2.297	459	459
Provision for severance pay	2.650	2.376	530	475
Unused vacation accruals	1.106	999	243	220
Commission discounts	1.219	2.287	268	503
TFRS 16 valuation difference	1.669	-	367	-
<b>Deferred tax assets</b>	<b>25.330</b>	<b>37.825</b>	<b>5.154</b>	<b>7.829</b>
Derivative financial instruments	5	5.301	1	1.166
Accruals on borrowings	384	1.386	84	305
Temporary differences on tangible and intangible assets	243	185	49	37
Securities	-	155	-	34
TFRS 16 lease expense	1.292	-	284	-
<b>Deferred tax liabilities</b>	<b>1.924</b>	<b>7.027</b>	<b>418</b>	<b>1.542</b>
<b>Deferred tax asset, net</b>	<b>23.406</b>	<b>30.798</b>	<b>4.736</b>	<b>6.287</b>

Movements of deferred tax asset during the period are as follows:

	2019	2018
Balance at 1 January	6.287	4.286
Recognized in profit or loss	(1.551)	1.938
Recognized under equity	-	63
<b>Closing balance 31 December</b>	<b>4.736</b>	<b>6.287</b>

As of 31 December 2019 and 31 December 2018, the Company has no deductible financial loss.

All of the changes occurred in deferred tax assets and liabilities for the accounting periods ended 31 December 2019 and 31 December 2018 have been recognized in the statement of profit or loss and there is no deferred tax asset or liability that has not been recognized as of 31 December 2019 and 31 December 2018.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**12 OTHER ASSETS**

As of 31 December 2019 and 31 December 2018, details of other assets are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Receivables from transaction tax accruals	2.824	-	4.997	-
Prepaid expenses	945	-	1.333	-
Other	683	86	429	34
Advances and guarantees given	430	36	280	-
<b>Total</b>	<b>4.882</b>	<b>122</b>	<b>7.039</b>	<b>34</b>

**13 BORROWINGS**

As of 31 December 2019 and 31 December 2018, the details of loans received are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Borrowings	840.101	-	790.300	-
<b>Total</b>	<b>840.101</b>	<b>-</b>	<b>790.300</b>	<b>-</b>

	31 December 2019				31 December 2018			
	TL equivalent				TL equivalent			
	Original Amount	Interest rate (%) (*)	Up to 1 year	More than 1 Year	Original Amount	Interest Rate (%) (*)	Up to 1 year	More than 1 Year
TL	840.101	10,82-18,38	840.101	-	790.300	16,28-36,23	790.300	-
<b>Total</b>			<b>840.101</b>	<b>-</b>			<b>790.300</b>	<b>-</b>

(\*) These rates represent the interest rate range of fixed-rate loans received available as of 31 December 2019 and 31 December 2018.

As of 31 December 2019, loans amounting to TL 343.027 Thousand has Fiba Holding A.Ş. guarantee (31 December 2018: Loans amounting to TL 225.456 has Fiba Holding A.Ş. guarantee).

**14 OBLIGATIONS UNDER FINANCIAL LEASE**

As of 31 December 2019, the details of the obligations under financial lease transactions are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Nominal	898	2.375	-	-
Cost	(205)	(108)	-	-
<b>Value</b>	<b>693</b>	<b>2.267</b>	<b>-</b>	<b>-</b>



**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**15 SECURITIES ISSUED**

As of 31 December 2019 and 31 December 2018, details of securities issued are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Financial bond issued	-	-	60.000	-
Issue differences	-	-	(2.605)	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>57.395</b>	<b>-</b>

As at 30 October 2018, the Company issued discounted finance bond with a nominal value of TL 60.000 Thousand with 121 days maturity.

31 December 2018	Currency unit	Maturity	Interest type	Interest rate (*)	Nominal amount	Carrying value
TRFFBFK51814	TL	28 February 2019	Fixed	29,00%	60.000	57.395
<b>Total</b>						<b>57.395</b>

(\*) Annual nominal interest rate.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**16 PROVISIONS**

As of 31 December 2019 and 31 December 2018, the details of provisions are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Provision for employee termination benefits	2.650	-	2.376	-
Unused vacation accruals	1.106	-	998	-
<b>Provision for employee benefits</b>	<b>3.756</b>	<b>-</b>	<b>3.374</b>	<b>-</b>

*Provision for retirement pay liability*

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women, 60 for men). After the amendment of the legislation on 23 May 2002, certain transitional provisions relating to length of service before retirement were issued. The amount payable consists of one month's salary limited to a maximum of TL 6.730,15 (full) effective from 1 January 2019 as of 31 December 2019 (31 December 2018: 6.017,60 effective from 1 January 2019). (full) TL).

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2019, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 9,50% and a discount rate of 14,00%, resulting in a real discount rate of approximately 4,11% (31 December 2018: real discount rate of 4,11%).

Movements of provision for retirement pay liability are as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Balance at 1 January	2.376	1.850
Interest cost	98	61
Service cost	947	674
Payments	(771)	(48)
Actuarial differences	-	(161)
<b>Closing balance 31 December</b>	<b>2.650</b>	<b>2.376</b>

*Unused vacation accruals*

In accordance with the existing labour law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused vacation days over the prevailing wage at the date the contract is terminated.

Movements of unused vacation accruals during the period are as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Balance at 1 January	998	830
Accrual / (reversal) during the period	108	168
<b>Closing balance 31 December</b>	<b>1.106</b>	<b>998</b>

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**17 OTHER LIABILITIES**

As of 31 December 2019 and 31 December 2018, the details of other liabilities are as follows:

	31 December 2019		31 December 2018	
	TP	YP	TP	YP
Taxes payable	2.715	-	2.719	-
Due to personnel	1.150	-	-	-
Prepaid commissions	317	345	1.865	8
Due to suppliers	191	98	117	56
Other	43	26	35	3
<b>Total</b>	<b>4.416</b>	<b>469</b>	<b>4.736</b>	<b>67</b>

**18 SHAREHOLDER'S EQUITY**

**18.1 Paid-in Capital**

As of 31 December 2019, share capital of the Company is TL 81.110 Thousand (31 December 2018: TL 81.110 Thousand) and the issued capital of the Company comprises of 81.109.700 Thousand (31 December 2018: 81.109.700) unprivileged shares with a nominal value of TL 1 (full) each (31 December 2018: TL 1 (full) each).

"Inflation adjustment to equity" for all equity items will be used only for bonus capital increase or loss offsetting, and the carrying values of extraordinary reserves will be used for bonus capital increase, cash profit distribution or loss offsetting.

**18.2 Capital Reserves**

The effect of the business combination subject to common control is recognized in capital reserves under equity. Since the capital and participation amounts are offset as a result of the combination transaction due to the mutual participation of the entities, the combination ratio is calculated by taking into consideration the equity values deducted from participation costs.

As of 31 December 2019, capital reserves amounting to TL 2.295 Thousand (31 December 2018: TL 2.295 Thousand) include inflation adjustments related to the Company's paid-in capital.

**18.3 Profit Reserves**

According to the tax legislation, 75% of the profits arising from the sale of subsidiaries are exempt from corporate tax provided that they are kept in a special fund account in liabilities for at least five full years. The exception cannot be transferred to any other account or withdrawn from the enterprise in any way other than incorporation into the capital within five years.

As of 31 December 2019, the Company's profit reserves amounting to TL 41.289 Thousand (31 December 2018: TL 41.289 Thousand) consist of first and second legal reserves and exemptions of gains on sale of equity investments amounting to TL 2.953 Thousand (31 December 2018: TL 2.953 Thousand).

**18.4 Accumulated Losses**

The Company has no accumulated losses as of 31 December 2019 (31 December 2018: None).

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**18 SHAREHOLDER’S EQUITY (*cont’d*)**

**18.5 Profit Distribution**

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement as explained below.

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company’s paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s paid-in capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted.

As a result of the Extraordinary General Assembly Meetings held on 21 February 2018, 9 August 2018 and 21 September 2018, the Company has distributed TL 50.090 Thousand other reserves and TL 31.860 Thousand retained earnings.

**19 OPERATING INCOME**

Details of operating income for the periods ended 31 December 2019 and 31 December 2018 are as follows:

	<b>2019</b>	<b>2018</b>
Interest received from factoring receivables	227.713	271.939
Fees and commissions received from factoring receivables, (net)	12.406	12.555
- <i>Commission income</i>	12.517	12.693
- <i>Commission expenses</i>	(111)	(138)
<b>Total</b>	<b>240.119</b>	<b>284.494</b>

**20 FINANCE EXPENSES**

Details of finance expenses for the periods ended 31 December 2019 and 31 December 2018 are as follows:

	<b>2019</b>	<b>2018</b>
Interest on borrowings	139.111	141.210
Interest on lease transactions	223	-
Interest on securities issued	2.605	21.881
Fees and commissions given	5.449	6.354
<b>Total</b>	<b>147.388</b>	<b>169.445</b>

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**21 OPERATING EXPENSES**

The details of personnel expenses included in operating expenses for the periods ended as of 31 December 2019 and 31 December 2018 are as follows:

	<b>2019</b>	<b>2018</b>
Personnel expenses	26.977	20.466
Office expenses	2.230	2.321
Depreciation and amortization expenses (Note 8,9)	1.766	490
Travel, vehicle rent and other transportation expenses	1.435	1.836
Litigation expenses	1.360	986
Consulting expenses	1.064	795
Communication expenses	520	469
Taxes, duties, fees and funds	479	374
Provision for employment termination benefits (Note 16)	274	687
Advertising expenses	19	65
Information technology maintenance and contract expenses	17	17
Notary expenses	10	11
Other	828	468
<b>Total</b>	<b>36.979</b>	<b>28.985</b>

The details of personnel expenses included in operating expenses for the periods ended as of 31 December 2019 and 31 December 2018 are as follows:

	<b>2019</b>	<b>2018</b>
Salary and wages	15.894	14.012
Premiums	5.829	2.518
Social security employer share	2.495	2.178
Compensation paid and other employee rights	1.040	61
Health expenses	645	614
Personnel meal subsidies	526	452
Unused vacation accruals (Note 16)	108	168
Other	440	463
<b>Total</b>	<b>26.977</b>	<b>20.466</b>

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**22 OTHER OPERATING INCOME**

The details of other operating incomes for the periods ended as of 31 December 2019 and 31 December 2018 are as follows:

	<b>2019</b>	<b>2018</b>
Foreign exchange transactions income	24.700	23.584
Interest from banks	4.619	5.436
Provision released for factoring receivables under follow-up (Note 7)	4.231	1.384
Interest received from securities	4.046	114
Foreign exchange transactions income	-	45.535
Dividend income	-	11.586
Sales profit of financial assets at fair value through other comprehensive income / Available for sale financial assets	-	451
Other	111	196
<b>Total</b>	<b>37.707</b>	<b>88.286</b>

**23 PROVISIONS**

The details of provisions for non-performing receivables for the periods ended as of 31 December 2019 and 31 December 2018 are as follows:

	<b>2019</b>	<b>2018</b>
Specific provision expenses (Note 7)	19.685	30.104
<b>Total</b>	<b>19.685</b>	<b>30.104</b>

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**24 OTHER OPERATING EXPENSES**

Details of other operating expenses for the periods ended as of 31 December 2019 and 31 December 2018 are as follows:

	2019	2018
Derivative financial transactions losses	10.493	39.560
Foreign exchange losses	10.509	36.318
Donations	6.613	18.533
Bank expenses	288	326
Other	185	1.046
<b>Total</b>	<b>28.088</b>	<b>95.783</b>

**25 EARNINGS PER SHARE**

According to TAS 33 “Turkish Accounting Standard Regarding Earnings Per Share”, companies, whose shares are not traded on stock exchange, are not required to disclose their earnings per share.

**26 RELATED PARTY DISCLOSURES**

Details of receivables from related parties and payables to related parties for the periods ended 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
<b>Banks</b>				
Fibabanka A.Ş.				
- Demand deposits	909	506	4.270	680
<b>Total</b>	<b>909</b>	<b>506</b>	<b>4.270</b>	<b>680</b>

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
<b>Financial assets at fair value through other comprehensive income</b>				
<b>-Stock</b>				
Credit Europe Group N.V.	53.095	-	53.095	-
Fiba Alışveriş Mrk. Gel. İnş. Paz.	728	-	728	-
<b>Total</b>	<b>53.823</b>	<b>-</b>	<b>53.823</b>	<b>-</b>

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**26 RELATED PARTY DISCLOSURES** *(continued)*

Details of payables to related parties as of 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
<b>Other liabilities</b>				
Fiba Holding A.Ş.	18	-	21	-
<b>Total</b>	<b>18</b>	<b>-</b>	<b>21</b>	<b>-</b>

Details of incomes and expenses arising from related party transactions for the periods ended 31 December 2019 and 31 December 2018 are as follows:

	2019	2018
<b>Interest from banks</b>		
Fibabanka - <i>Time deposit interest income</i>	310	745
Fibabanka - <i>Bond interest income</i>	4.046	-
<b>Total</b>	<b>4.356</b>	<b>745</b>
<b>Dividend income</b>		
Credit Europe Group N.V.	-	11.586
<b>Total</b>	<b>-</b>	<b>11.586</b>
<b>Other operating income</b>		
Credit Europe Bank Netherlands	-	114
- <i>Financial assets at fair value through other comprehensive income</i>		
Gelecek Varlık Yönetimi A.Ş. - <i>Other</i>	100	113
<b>Total</b>	<b>100</b>	<b>227</b>
<b>General operating expenses</b>		
Ofishane Ofis Yatırımları ve Kiralama Hizmetleri A.Ş.	239	280
Fiba Holding A.Ş.	118	102
Fibabanka A.Ş.	72	62
Fiba Ticari Gayrimenkul Yatırımları A.Ş.	9	7
Fina Holding A.Ş.	7	42
Fiba Gayrimenkul Gel. İnş. ve Yat. A.Ş.	-	7
<b>Total</b>	<b>445</b>	<b>500</b>
<b>Other operating expenses</b>		
Hüsnü Özyeğin Üniversitesi – <i>Donation</i>	3.226	15.118
Anne Çocuk Eğitim Vakfı – <i>Donation</i>	1.715	-
Hüsnü Özyeğin Vakfı – <i>Donation</i>	803	3.005
Fiba Emeklilik ve Hayat A.Ş. – <i>Other</i>	37	28
Fibabanka - <i>Other expenses</i>	35	34
Marka Mağazacılık A.Ş. – <i>Other</i>	-	6
<b>Total</b>	<b>5.816</b>	<b>18.191</b>

**Salary and other benefits provided to board members and other executives:**

The key management and the Board of Directors received remuneration and fees amounting to TL 4.685 Thousand for the period ended 31 December 2019 (31 December 2018: TL 2.377 Thousand).



**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**27 CONTINGENT ASSETS AND LIABILITIES**

**27.1 Guarantees Received**

As of 31 December 2019 and 31 December 2018, collaterals obtained for the factoring receivables of the Company are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Factoring contract guarantees	9.582.035	277.297	7.633.979	226.770
Pledged securities	1.391.433	76.901	1.828.318	58.198
Other assets	767.320	55.541	1.004.587	105.442
Suretyships	343.027	-	230.456	26.304
Mortgages	94.774	-	87.775	-
Business pledge	17.690	-	17.690	-
Securities pledge	6.000	-	11.113	-
Vehicle pledge	6.613	-	-	-
<b>Total</b>	<b>12.208.892</b>	<b>409.739</b>	<b>10.813.918</b>	<b>416.714</b>

As of 31 December 2019, the accommodation bonds amounting to TL 1.468.334 Thousand obtained by the Company from its customers as per operating activities are presented in pledged assets (31 December 2018: back bonds TL 1.886.516 Thousand).

Accommodation bonds that the Company holds to be returned to customers due to operations and that are presented in other securities as of 31 December 2019 amount to TL 822.861 Thousand (31 December 2018: accomodation bonds TL 1.068.981 Thousand, guarantee checks TL 34.232 Thousand).

**27.2 Guarentees Given**

As at 31 December 2019 and 31 December 2018, the guarantees given consist of letters of guarantees given to the following institutions:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Takasbank	524.000	-	681.000	-
Courts	7.261	-	7.902	-
<b>Total</b>	<b>531.261</b>	<b>-</b>	<b>688.902</b>	<b>-</b>

**27.3 Derivative Financial Instruments**

**Currency swap purchase-sale agreements**

The details of the currency swap purchase-sale agreements as of 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Currency swap purchase transactions	72.137	-	71.520	-
Currency swap sell transactions	-	70.315	-	75.625
<b>Total</b>	<b>72.137</b>	<b>70.315</b>	<b>71.520</b>	<b>75.625</b>

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**27 CONTINGENT ASSETS AND LIABILITIES** (*cont’d*)

**27.3 Derivative Financial Instruments** (*cont’d*)

**Forward purchase-sales agreements**

As at 31 December 2019 and 31 December 2018, the details of forward purchase and sale agreements are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Forward purchase operations	-	-	6.639	26.305
Forward sell operations	-	-	21.082	7.891
<b>Total</b>	<b>-</b>	<b>-</b>	<b>27.721</b>	<b>34.196</b>

**27.4 Items held in custody**

As of 31 December 2019 and 31 December 2018, the details of the items held in custody are as follows:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Checks obtained for collection	652.800	75.584	608.067	22.010
Trade bills collected	79.325	29.355	48.352	32.509
<b>Total</b>	<b>732.125</b>	<b>104.939</b>	<b>656.419</b>	<b>54.519</b>

**28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS**

**28.1 Financial Risk Management Objectives and Policies**

The Company is exposed to the following risks during the course of its operations:

Credit risk

Liquidity risk

Market risk

This note provides information about the Company's objectives, policies and processes in the management of such risks.

The Company's Board of Directors has the 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 analyse the risks exposed by the Company. The objective of risk management policies is to set appropriate risk limit controls, to monitor and adhere to the limits. The Company, through various training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS** (*cont'd*)

**28.1 Financial Risk Management Purposes and Policies** (*cont'd*)

*28.1.1 Credit risk*

The Company is mainly subject to credit risk through its factoring operations. The Company's Credit Monitoring and Loans departments are responsible for managing 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. The Company does not enter into loan relations with the clients who do not meet the credit policy requirements. All loan proposals evaluated in accordance with Credit Committee approval limits. Further an early warning system is developed aiming to monitor loans, on a periodical basis related work is conducted to measure the credibility of the clients. The credit committee evaluates credit valuations routinely on a weekly basis. On the other hand, the Company uses a computer program to follow the credit risk.

As of the end of the reporting date, there has been no significant concentrations of credit risk in a specific industry or region. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

*28.1.2 Liquidity risk*

Liquidity risk arises in the general funding of the Company's activities. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Company's funding is based on bank loans. To reach the goals, the Company monitors the asset structure to ensure efficient management of liquidity risk.

*28.1.3 Market risk*

All trading financial instruments are exposed to market risk. The changes in the market prices can impair the value of the financial assets which is why it is classified as risky. All trading financial instruments are recorded at fair value and the price changes in the market affect commercial income.

The Company protects itself against changing market conditions by using trading instruments. Market risk is managed by buying and selling derivative instruments and taking risk preventive positions within the limits set by the Company's top management.

*(i) Foreign currency risk*

The Company is exposed to currency risk through transactions (such as factoring activities and bank loans) in foreign currencies. As the currency in which the Company presents its financial statements is TL, the financial statements are affected by fluctuations in the exchange rates against TL. The Company undertakes derivative transactions to hedge foreign currency risk.

*(ii) Interest rate risk*

The Company's activities are exposed to the risk of interest rate fluctuations when interest bearing assets and liabilities are amortized or re-priced at different times or amounts. In addition, the Company is exposed to interest rate risk through the repricing of assets and liabilities that contain Libor rate or similar variable interest rates. Considering market interest rates consistent with the Company's core strategies, risk management activities aim to optimize net interest income.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS** (*cont'd*)

**28.2 Disclosures on Risk Management**

**28.2.1 Interest rate risk**

*Interest rate sensitivity analysis*

As of 31 December 2019 and 31 December 2018, the interest rate profile of the interest-bearing financial instruments are as follows:

	Carrying value	
	31 December 2019	31 December 2018
<b>Fixed rate</b>		
Factoring receivables	765.962	634.243
Banks - time deposits	5.501	40.479
Financial assets at amortized cost	-	-
Factoring payables	(671)	(2.013)
Borrowings	(840.101)	(790.300)
Securities issued	-	(57.395)
<b>Variable rate</b>		
Factoring receivables	200.468	230.908

The interest rate sensitivity of the statement of profit or loss is the effect of the interest rate changes given in the below ratios, and of the financial assets and liabilities with variable interest rates that are not held for trading for the periods ended 31 December 2019 and 31 December 2018 on the net interest income. During this analysis, other variables, especially exchange rates, are assumed to be constant. The effects of changes in interest rates on income statement and shareholders' equity in the ratios given below are shown without considering tax effects of related gains and losses.

	Profit or loss statement		Equity <sup>(*)</sup>	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2019</b>				
Financial instruments with variable interest	2.005	(2.005)	2.005	(2.005)
	2.005	(2.005)	2.005	(2.005)
<b>31 December 2018</b>				
Financial instruments with variable interest	2.309	(2.309)	2.309	(2.309)
	2.309	(2.309)	2.309	(2.309)

(\*) Effect of shareholders' equity includes the effect of change of interest rates within the ratios given above on the statement of profit or loss.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS** (cont'd)

**28.2 Disclosures on Risk Management** (cont'd)

**28.2.2 Credit Risk**

	Factoring receivables			Non-performing receivables			Other assets			Banks	Derivative financial assets held for trading	Financial assets at FVTOCI
	Related party	Other party		Related party	Other party		Related party	Other party (*)				
31 December 2019												
<b>Maximum exposure to credit risk at the end of the reporting date (A+B+C+D+E)</b>												
A. Net carrying value of financial assets which are neither impaired nor overdue	-	966.430	-	-	-	-	-	769	19.635	5	53.835	
B. Net carrying value of financial assets that are restructured/renegotiated, otherwise which will be regarded as overdue or impaired	-	934.725	-	-	-	-	-	769	19.635	5	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	31.121	-	-	-	-	-	-	-	-	-	-
- Net book value	-	584	-	-	-	-	-	-	-	-	-	-
- Secured portion of net carrying value (with letter of guarantee etc)	-	584	-	-	-	-	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	584	-	-	-	-	-	-	-	-	-	-
- Overdue (gross carrying value)	-	-	-	-	-	-	-	-	-	-	-	53.835
- Impairment (-)	-	-	-	-	55.388	-	-	-	-	-	-	-
-Secured portion of net carrying value (with letter of guarantee etc)	-	-	-	-	(55.388)	-	-	-	-	-	-	-
- Not due (gross carrying value)	-	-	-	-	-	-	-	-	-	-	-	53.835
- Impairment (-)	-	-	-	-	20.808	-	-	-	-	-	-	63.023
-Secured portion of net carrying value (with letter of guarantee etc)	-	-	-	-	(20.808)	-	-	-	-	-	-	(9.188)
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-	-	-	-	-

(\*) Non-financial assets such as advances given in other assets, transaction tax receivables and assets obtained against receivables are not included in this analysis.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)**

**28.2 Disclosures on Risk Management (cont'd)**

**28.2.2 Credit risk (cont'd)**

	Factoring receivables			Non-performing receivables			Other assets			Derivative financial assets held for trading	Financial assets at FVTOCI
	Related party	Other party	Related party	Other party	Related party	Other party	Related party	Other party (*)	Banks		
31 December 2018											
<b>Maximum exposure to credit risk at the end of the reporting date (A+B+C+D+E)</b>	-	865,150	-	18,750	-	463	67,217	5,301	53,835		
A. Net carrying value of financial assets which are neither impaired nor overdue	-	838,068	-	-	-	463	67,217	5,301	-		
B. Net carrying value of financial assets that are restructured/renegotiated, otherwise which will be regarded as overdue or impaired	-	24,212	-	-	-	-	-	-	-		
C. Net carrying value of financial assets which are overdue but not impaired	-	2,870	-	-	-	-	-	-	-		
- Net book value	-	2,870	-	-	-	-	-	-	-		
- Secured portion of net carrying value (with letter of guarantee etc)	-	2,870	-	-	-	-	-	-	-		
D. Net carrying value of impaired assets	-	-	-	-	-	-	-	-	-		
- Overdue (gross carrying value)	-	-	-	18,750	-	-	-	-	-		53,835
- Impairment (-)	-	-	-	52,883	-	-	-	-	-		-
- Secured portion of net carrying value (with letter of guarantee etc)	-	-	-	(39,011)	-	-	-	-	-		-
- Not due (gross carrying value)	-	-	-	13,872	-	-	-	-	-		53,835
- Impairment (-)	-	-	-	26,609	-	-	-	-	-		63,023
- Secured portion of net carrying value (with letter of guarantee etc)	-	-	-	(21,731)	-	-	-	-	-		(9,188)
- Off balance sheet items with credit risks	-	-	-	4,878	-	-	-	-	-		-

(\*) Non-financial assets such as advances given in other assets, transaction tax receivables and assets obtained against receivables are not included in this analysis.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS** (*cont'd*)

**28.2 Disclosures on Risk Management** (*cont'd*)

**28.2.3 Foreign currency risk**

Foreign currency risk is a result of changes in the value of a financial instrument based on changes in foreign currencies. The Company has a foreign currency risk due to its foreign currency denominated payables. The foreign currencies mainly creating the risk are US Dollar and Euro. The financial statements are not affected by the fluctuations of foreign currencies against TL since the Company's financial statements are prepared in TL. As of 31 December 2019 and 31 December 2018, the Company's net short position is attributable to the following assets, liabilities and derivative instruments denominated in foreign currencies:

	31 December 2019	31 December 2018
	(TL Amount)	(TL Amount)
A. Assets in foreign currency	76.069	56.794
B. Liabilities in foreign currency	(806)	(381)
C. Derivative financial instruments	(70.315)	(57.211)
<b>Net foreign currency position (A+B+C)</b>	<b>4.948</b>	<b>(798)</b>

As of 31 December 2019 and 31 December 2018, the table below summarizes the Company's foreign currency position risk in detailed. The carrying amounts of the assets and liabilities denominated in foreign currency and held by the Company are as follows according to their currency types:

31 December 2019	US Dollar	Euro	Other	Total
<b>Assets</b>				
Banks	1.872	9.447	1	11.320
Factoring receivables	26.823	37.804	-	64.627
Other assets	63	59	-	122
<b>Total assets</b>	<b>28.758</b>	<b>47.310</b>	<b>1</b>	<b>76.069</b>
<b>Liabilities</b>				
Funds borrowed	-	-	-	-
Factoring payables (*)	337	-	-	337
Other liabilities	35	434	-	469
<b>Total liabilities</b>	<b>372</b>	<b>434</b>	<b>-</b>	<b>806</b>
<b>Net foreign currency position</b>	<b>28.386</b>	<b>46.876</b>	<b>1</b>	<b>75.263</b>
Derivative financial instruments (net)	(23.761)	(46.554)	-	(70.315)
<b>Net position</b>	<b>4.625</b>	<b>322</b>	<b>1</b>	<b>4.948</b>

(\*) Foreign currency indexed factoring liabilities amounting to TL 337 Thousand are included in the balance sheet.

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS** (cont'd)

**28.2 Disclosures on Risk Management** (cont'd)

**28.2.3 Foreign currency risk** (cont'd)

<b>31 December 2018</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Banks	13.534	20.904	2.209	36.647
Factoring receivables (*)	13.874	6.239	-	20.113
Other assets	30	4	-	34
<b>Total assets</b>	<b>27.438</b>	<b>27.147</b>	<b>2.209</b>	<b>56.794</b>
<b>Liabilities</b>				
Factoring payables (*)	298	16	-	314
Other liabilities	19	48	-	67
<b>Total liabilities</b>	<b>317</b>	<b>64</b>	<b>-</b>	<b>381</b>
<b>Net foreign currency position</b>	<b>27.121</b>	<b>27.083</b>	<b>2.209</b>	<b>56.413</b>
Derivative financial instruments (net)	(21.043)	(36.168)	-	(57.211)
<b>Net position</b>	<b>6.078</b>	<b>(9.085)</b>	<b>2.209</b>	<b>(798)</b>

(\*) The amounts are stated in the TL column of the balance sheet including factoring receivables amounting to TL 3.621 Thousand and factoring liabilities amounting to TL 298 Thousand that are foreign currency indexed.

As of 31 December 2019, the depreciation of TL by 10% against the following foreign currencies will increase the pre-tax period profit by TL 495 Thousand (31 December 2018: decrease by TL 80 Thousand).

As of 31 December 2019 and 31 December 2018, this analysis is based on the assumption that all variables remain constant. If the TL gains 10% against the relevant currencies, the effect will be the same amount but in the opposite direction.

<b>31 December 2019</b>	<b>Profit/(Loss)</b>	<b>Equity (*)</b>
US Dollar	463	463
Euro	32	32
Other	-	-
<b>Total</b>	<b>495</b>	<b>495</b>
<b>31 December 2018</b>	<b>Profit/(Loss)</b>	<b>Equity (*)</b>
US Dollar	608	608
Euro	(909)	(909)
Other	221	221
<b>Total</b>	<b>(80)</b>	<b>(80)</b>

(\*) The equity effect includes the effect of income statement arising from the impairment of TL against the related foreign currency by 10%.



**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS** (*cont'd*)

**28.2 Disclosures on Risk Management** (*cont'd*)

**28.2.4 Liquidity risk**

The following table provides the analysis of the Company's financial liabilities by appropriate maturity grouping based on the remaining period of the contract until the maturity date as of the end of the reporting period. The amounts stated in the table are contractual undiscounted cash flows:

<b>31 December 2019</b>						
<b>Contractual maturities</b>	<b>Carrying amount</b>	<b>Total contractual cash outflows</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>	<b>843.732</b>	<b>864.721</b>	<b>675.279</b>	<b>187.693</b>	<b>1.750</b>	-
Funds borrowed	840.101	860.777	674.320	186.457	-	-
Factoring payables	671	671	671	-	-	-
Obligations under financial leases	2.960	3.273	288	1.236	1.750	-

<b>31 December 2018</b>						
<b>Contractual maturities</b>	<b>Carrying amount</b>	<b>Total contractual cash outflows</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>	<b>849.919</b>	<b>897.274</b>	<b>465.653</b>	<b>431.621</b>	-	-
Funds borrowed	790.300	835.050	403.429	431.621	-	-
Securities issued	57.395	60.000	60.000	-	-	-
Factoring payables	2.013	2.013	2.013	-	-	-
Other payables	211	211	211	-	-	-

<b>31 December 2019</b>					
<b>Derivative financial assets and liabilities</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Total</b>
Currency swap transactions					
Purchases	-	48.582	23.556	-	72.137
Sales	-	47.748	22.567	-	70.315
Forward currency transactions					
Purchases	-	-	-	-	-
Sales	-	-	-	-	-
Total purchases	-	48.582	23.556	-	72.137
Total sales	-	47.748	22.567	-	70.315
<b>Total</b>	<b>-</b>	<b>96.330</b>	<b>46.122</b>	<b>-</b>	<b>142.452</b>

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS** (*cont'd*)

**28.2 Disclosures on Risk Management** (*cont'd*)

**28.2.4 Liquidity risk** (*cont'd*)

	31 December 2018				
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Total
Derivative financial assets and liabilities					
Currency swap transactions					
Purchases	-	-	71.520	-	71.520
Sales	-	-	75.625	-	75.625
Forward currency transactions					
Purchases	32.944	-	-	-	32.944
Sales	28.973	-	-	-	28.973
Total purchases	32.944	-	71.520	-	104.464
Total sales	28.973	-	75.625	-	104.598
<b>Total</b>	<b>61.917</b>	<b>-</b>	<b>147.145</b>	<b>-</b>	<b>209.062</b>

*Capital Management*

The Company aims to balance the debt to equity ratio in the normal course of the business, in the most effective way and aims to increase its profitability. Company's capital structure consists of payables, cash and cash equivalents and equity items disclosed in Note 18 including issued capital, capital reserves and profit reserves.

The Company's cost of capital and the risks associated with each class of capital are evaluated by the Company's key management. During these evaluations, the key management evaluates the cost of capital and the risks associated with each class of capital, and submits those depending on the decision of the Board of Directors to the Board of Directors.

There has been no change in the overall strategy of the Company in the current period.

As per the decision of the Banking Regulation and Supervision Board dated 29 November 2018 and numbered 8122 and the second paragraph of Article 5 of the Law on Financial Leasing, Factoring and Financing Companies ("Law") numbered 6361, the share capital of the companies subject to the Law shall be increased within the scope of the increase in producer prices index and determined as TL 30.000.000 (full) and as of 29 November 2018 and the companies shall be given a one year period as of 29 November 2018 regarding the capital increase.

As of the 31 December 2019 and 31 December 2018, net debt to equity ratios are as follows:

	31 December 2019	31 December 2018
Total liabilities	853.245	867.800
Less: Cash and cash equivalents	(19.635)	(67.217)
Net debt	833.610	800.583
Total equity	220.020	184.647
Net debt / equity	3,79	4,34

**FİBA FAKTORİNG ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**29 FINANCIAL INSTRUMENTS**

*The fair value of financial instruments*

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicators of the amounts the Company could realize in a current market exchange. The carrying amounts of the bank receivables, other financial assets, short-term bank loans denominated in TL and securities issued which are carried at cost value discounted with effective interest rates are considered to be approximating their fair values by the Company management, due to their short-term nature (excluding long-term portions), considering probable losses to be immaterial.

	31 December 2019		31 December 2018	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial assets (*)</b>				
Banks	19.635	19.635	67.217	67.217
Factoring receivables	966.430	966.430	883.901	883.901
Derivative financial assets	5	5	5.301	5.301
<b>Financial liabilities</b>				
Funds received	840.101	835.683	790.300	790.006
Securities issued	-	-	57.395	57.395
Derivative financial liabilities	445	445	9.915	9.915
Factoring payables	671	671	2.013	2.013

(\*) The equity investments included in the financial assets at fair value through other comprehensive income amounting to TL 63.023 is shown at cost value since the fair value can not be measured reliably. As of 31 December 2019, provision for impairment amounting to TL 9.188 is not included in the table above (31 December 2018: TL 53.835).

*Fair value level of financial assets*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Financial assets and liabilities are valued at the stock exchange price (unadjusted) in an active market for exactly the same assets and liabilities.

Level 2: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.

Level 3: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

31 December 2019	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	5	-	5
Derivative financial liabilities	-	445	-	445

31 December 2018	Level 1	Level 2	Seviye 3	Total
Derivative financial assets	-	5,301	-	5,301
Derivative financial liabilities	-	9,915	-	9,915

**30 EVENTS AFTER THE REPORTING PERIOD**

None.