

FİBA FAKTORİNG A.Ş.

2020

ANNUAL REPORT



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



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Fiba Faktoring Anonim Şirketi

Opinion

We have audited the annual report of Fiba Faktoring Anonim Şirketi (the "Company") for the period between 1 January 2020 and 31 December 2020, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the *Auditor's Responsibilities for the Annual Report* section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The annual report of the Company for the period between 1 January 2019 and 31 December 2019 was audited by another auditor who expressed an unmodified opinion on the annual report on February 24, 2020.

Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2020 and 31 December 2020 on February 26, 2021.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC"), the Company's management is responsible for the following regarding the annual report:

a) The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.

b) The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's financial statements. The annual report shall also clearly indicate the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

c) The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,
- The Company's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion .

We conducted our audit in accordance with Standards on Auditing issued by POA. Standards on Auditing issued by POA require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Alper Güvenç, SMMM
Partner

February 26, 2021
İstanbul, Türkiye

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2020
ANNUAL REPORT

I. CORPORATE PROFILE

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

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

The number of employees of the Company as at 31 December 2020 is 87.

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

1. Levent Plaza A Blok Kat: 2, Büyükdere Caddesi No: 173 1. Levent 34330 İstanbul-Turkey. The Company's principal activity is to provide factoring services substantially in one geographical segment (Turkey).

Trade Name	: FİBA FAKTORİNG A.Ş
Trade Register Number	: 292152
Annual Report Period	: year of 2020
Head Office Address	: Büyükdere Cad. 1.Levent Plaza, No:173/A Kat:2 34330 1.Levent - İstanbul
Phone Number	: 0212 385 14 00
Fax Number	: 0212 385 14 60
Website	: www.fibafactoring.com.tr
Electronic mail	: info@fibafactoring.com.tr

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2020
ANNUAL REPORT

As of 31.12.2020 Branches

Head Office / Branch	Address	Phone	Fax
Head Office	Büyükdere Cad. 1. Levent Plaza, No:173/A Kat:2 34330 Levent - İSTANBUL	(212) 385 1400	(212) 385 1460
Güneşli Branch	Ataköy 7-8-9-10. Kısım Mahallesi, Çobançeşme E-5 Yan Yol Caddesi Selenium Retro İş Merkezi Kapı No:18 1/A Blok No:85 Bakırköy - İSTANBUL	(212) 630 1255	(212) 630 1201
Kozyatağı Branch	Sahrayıcedit Mah. Güzide Sk. Şişikler Plaza D Blok No:14 Kat:3 D:7 Kadıköy - İSTANBUL	(216) 411 0044	(216) 411 0700
Ankara Branch	Turan Güneş Bulvarı Hollanda Caddesi No: 3/2 Çankaya – ANKARA	(312) 439 6444	(312) 439 6463

Capital Structure

At 31 December 2020, paid-in capital of the Company TL 81,110 thousand. The nominal paid-in capital of the Company comprises 81,109,700 unprivileged shares of TL 1 each.

	31.12.2020	
	Number of shares	Share (%)
Fiba Holding A.Ş.	46,197,480	56.96
Fina Holding A.Ş.	34,912,025	43.04
Others	195	0.00
	81,109,700	100.00

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

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2020
ANNUAL REPORT

Vision

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

Mission

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

Our strategies

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

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

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

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

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

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

Increase its market share in the factoring sector.

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

Service Approach

Proficient Staff

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

Challenging Ideas

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

Effective Consultancy

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

Dynamic Processes

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

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2020
ANNUAL REPORT

Board of Directors

Name-Surname	Position	Date of Appointment	Educational Background	Professional Experience
Mehmet Güleşçi	Chairman of Board of Directors	2018	Master's Degree	37 years
Murat Özyeğin	Vice-Chairman of Board of Directors	2018	Master's Degree	23 years
F. Özge Yılmaz	Member of Board of Directors (General Manager)	2018	Bachelor Degree	26 years

Mehmet GÜLEŞCİ - Vice Chairman

Following his graduation from the Business Administration department of Boğaziçi University, he completed his master degree in the same department. He worked in Istanbul and Boston offices of Ernst & Young between the years of 1984 and 1996 and got CPA license from Turkey and Massachusetts, USA. While he was a partner responsible from the financial sector, he joined to Finansbank as Assistant General Manager at the beginning of 1997 and he worked as Managing Director in the Board of Directors of Finansbank until the end of year 2009. He is member of Board of Directors and Executive Committee Fiba Holding and Fina Holding, besides he is board member of group financial and non-financial investments both domestic and international.



Murat ÖZYEĞİN- Board Member

Murat Özyeğin is the Chairman of the Board and Executive Committee of Fiba and Fina Holding. He began his career in 1998 as a financial analyst in the New York office of the Merger and Acquisition Group of Bear Stearns & Co., a New York-based global investment bank and transferred to the company's London office as a Senior Analyst in 2000. He returned to Turkey in 2003 to take an active role in the management of Fiba Group, founded by his father Hüsni Özyeğin. He established the Strategic Planning and Business Development divisions at Finansbank (owned by Fiba Group until 2005) and Fiba Holding. Before assuming the role of Chairman of Fiba Holding and Fina Holding companies, Murat Özyeğin served as a member of the Board of Directors of Fiba Holding and Fina Holding during 2003-2019 and Chairman of all non-financial subsidiaries. He is also Vice Chairman of Credit Europe Bank, the group's largest subsidiary in finance. Murat Özyeğin also serves as Vice President of the Turkish Industrialists and Businessmen Association (TÜSİAD), President of DEİK/Turkey-The Netherlands Business Council, Chairman of the Advisory Board of Women on Board Association Turkey, Vice President of Energy Efficiency Association, Trustee of Özyeğin University, Trustee of Hüsni M. Özyeğin Foundation, member of Harvard University Global Advisory Board, member of Endeavor Board of Directors, Trustee of WWF Turkey and member of Global Relations Forum. He has been serving as Honorary Consul – General of the Republic of Singapore since 2016. He graduated Carnegie Mellon University with a double major in Industrial Management and Economics and holds an MBA from Harvard Business School. He is 45 years old and has three children.

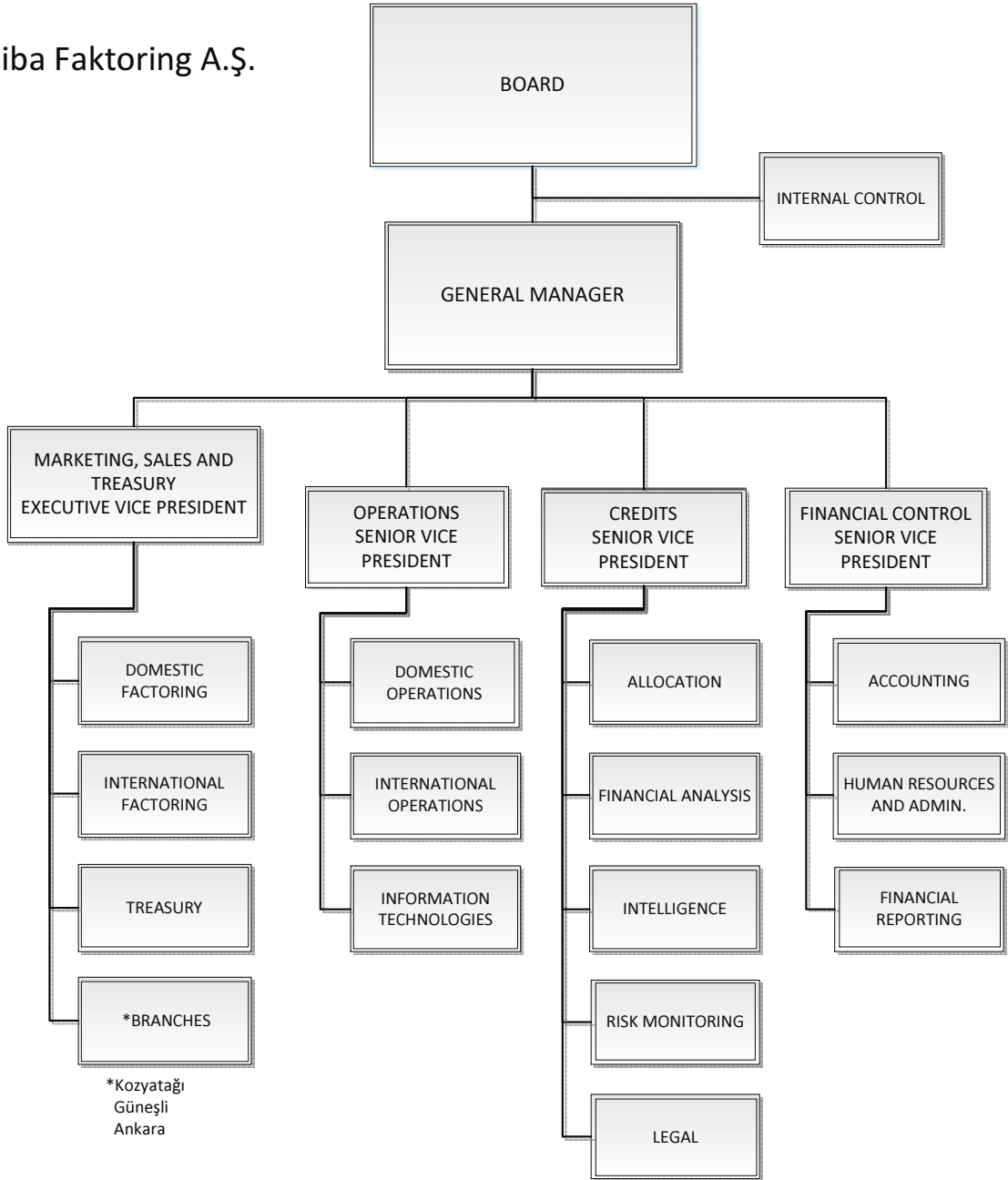


F. Özge YILMAZ - Member of Board of Directors & General Manager

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



Fiba Faktoring A.Ş.



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

The amount of financial benefits like salary, bonus, dividend is TL 1,588 thousand and benefits like food and transportation allowances, life and health insurance provided to the key management by the Company for the period ended as of 31 December 2020 is TL 204 thousand.

III. RESEARCH & DEVELOPMENT STUDIES of our COMPANY

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

IV. ACTIVITIES AND SIGNIFICANT PROGRESS IN THE ACTIVITIES

- a) In the 2020 accounting period, there are no significant company investments.
- b) Opinions of Management Organ of our Company in relation to the internal control system and internal audit activities within our Company are as follows;
Internal Control Department of our Company has been conducting its control and audit studies on a regular basis and by working independently as affiliated to the Board of Directors in order to control the compliance of company activities to the applicable legislations and to the internal procedures and policies of our Company as well as to enable efficient and productive control activities and to enable the reports to be issued reliable and complete and to preserve the assets of our company.
- c) Fiba Faktoring A.Ş. has no direct or indirect subsidiaries nor any respective share ratios.
- d) Fiba Faktoring A.Ş. has no own shares it acquired.
- e) Our Company was audited during year 2020 activity period by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. trade named independent audit company. Within the scope of “Year 2020 Corporate Tax Return Attestation” the relevant audits are being conducted by Güreli Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş. trade named independent audit company. Furthermore, our Company is subject to regular and permanent supervision and audits of the Banking Regulation and Supervision Agency within the scope of “Regulation concerning the Rules of Establishment and Activities of Financial Leasing, Factoring and Finance Companies”.
- f) In the 2020 operational period, no lawsuit was filed against Fiba Faktoring A.Ş. which might have an impact on the financial status and activities of Fiba Faktoring.
- g) No administrative or civil sanction was imposed on the Company and the Members of its Management Body in the operational period of 2020.
- h) Our Company has accomplished its objectives during year 2019 and it has fulfilled the decisions of its General Assembly.
- i) During the Activity Period of year 2020; there was Ordinary General Assembly meeting held for year 2019 and one other Extraordinary General Assembly meeting were held as well.

***2019 Ordinary General Assembly Meeting Agenda of
Fiba Faktoring A.Ş. held on 20 March 2020***

1. Opening and forming the presidency of the meeting,
2. Reading and negotiating of Activity Report prepared by the Board of Directors related with the accounts and activities of the company, belonging to year 2019,
3. Reading and negotiating of Audit Report belonging to accounting year of 2019,
4. Reading, negotiating and submitting to the approval of Balance Sheet and Profit and Loss Accounts (Financial) Statements belonging to activity year of 2019,
5. Taking decisions regarding the release of debt and acquittance of members of board of directors individually and separately for their activities performed in year 2019,
6. Determination the number of the Board of Directors members,
7. Determination wages of the Board of Directors members,
8. Determination of utilization type of the profits earned during year 2019,
9. Election of Independent Audit Company in relation to the auditing of accounts belonging to 2020 accounting year,
10. Reading and negotiating of Affiliation Report belonging to year 2019,
11. Authorization and granting of permit to the Members of Board of Directors as specified in Articles 395 and 396 of Turkish Commercial Code,
12. Wishes and closing.

***Extraordinary General Assembly Meeting Agenda of
Fiba Faktoring A.Ş. held on 25 June 2020***

1. Opening and forming the presidency of the meeting,
2. Authorization of the Board of Directors, pursuant to Article 505 of TCC for fifteen (15) months of period, following after the date of General Assembly Meeting date in order to issue borrowing instruments by way of private placement /sale to the qualified investors, with various maturity dates and not to exceed TL 500,000,000 worth of amount and denominated in Turkish Liras with one time or more than one time, without making any offerings to the public,
3. Invitation and presence of the Ministry Commissioner in order to represent the Ministry of Customs and Trade, during the Extraordinary General Assembly Meeting,
4. Wishes and closing.

j) Total amount of the expenditures made for the donations and aids made by the Company within the framework of social responsibility projects is TL 10,806 thousand.

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

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

V. FINANCIAL STATUS

Evaluations of the Board of Directors regarding the Activity Period and Expectations for the Future

The COVID-19 outbreak, which emerged in early 2020 has continued to have an impact over the global markets, during the second quarter of the year. The progress of the pandemic, vaccine supply capacities, restrictive measures taken by the countries, as well as the financial incentives were the factors that were closely monitored, in order to shape the future plans. Vaccination practices, which started in year 2021 and continued rapidly on a global scale, positively affected the expectations for the upcoming period.

Although the vaccination process and economic recovery varied from country to country, the global growth estimates have been progressed upwards. 2021 global growth forecast increased the estimations made by the International Monetary Fund (IMF) from 5.2% up to 5.5% and the IMF had revised its forecast for Turkey, which resulted with an increase from 5% to 6%.

The American Central Bank (FED), which kept the policy rate unchanged within the range of 0-0.25% as, during the first meeting of the year stated that the asset purchases will continue until the employment and inflation targets are met. Likewise, the European Central Bank (ECB) did not make any changes on the policy rate, during its meeting held in January and retained the policy rate at 0% and the deposit rate at -0.5%.

The Central Bank of the Republic of Turkey (CBRT) had increased its policy rate by 200 basis points and increased the rate up to 17 percent, in December 2020 and remained at this level, during its meeting held in month February. In the decision text of the Central Bank, it was stated that the tight monetary policy stance will be maintained resolutely, for a long time until the strong indicators are formed that point to a permanent decline in inflation and price stability. The US Dollar/ TRY exchange rate, which was around 7.40 during the previous meeting date, reached the level of 6.97 during the first transactions of the day on which the February meeting to be held. Thus, there has been a decline of over 5 percent in the US Dollar / TRY exchange rate realized, since the date of previous meeting.

The Factoring industry, the overall transaction volume of which has amounted to TRY 148 bio in 2020, has generated some TRY 979 ths net profit. On the other hand, the overall year-end factoring receivables of the factoring industry, in which some 55 companies operate, has amounted to TRY 44 bio.

We, as Fiba Faktoring have, mediated factoring transactions in the amount of TRY 2.6 bio with 1,300 active customers by the end of 2020. The size of our receivables has amounted to TRY 1.1 bio while our net profit has amounted to TRY 32 mio. The SME segment has accounted for 80% of our active customers.

In 2021, we continue supporting companies from all segments, primarily including the SMEs, through out guarantee, collection and financing services. We continue delivering effective services rapidly that fully address and meet the needs of our customers within the framework of our total quality concept. To that end, we are preparing to activate a variety of digital solutions with a view to establishing contacts with more companies.

We are confident that, in 2021, we will once again manage to accomplish our goals thanks to our highly competent, well-experienced and devoted staff, our esteemed shareholders, who grace us with their confidence and support, and our much valued customers.

Mehmet GÜLEŞCİ
Chairman

F. Özge YILMAZ
Board of Directors Member/ General Manager

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2020
ANNUAL REPORT

Sectorial Developments

At the end of year 2020 there were 55 factoring companies of which had obtained operating licenses from the BRSA in Turkey. At the end of year 2020, branch number was 343 and personnel number was realized as 4,098 persons in the sector.

When we look at the balance sheet sizes of our Company on sectorial basis; total assets had risen by 31% at the year end of 2020 when compared with the previous year. The factoring receivables constitute the most important balance sheet item in the assets section. At the end of year 2020, the factoring receivables became 93% of the total assets.

Factoring Sector Key Balance Sheet Items	<i>(million TL)</i>	
	2020	2019
Faktoring Receivables	44,565	34,026
Non-Performing Receivables (Net)	230	410
Banks	1,000	624
Total Assets	48,044	37,017
Funds Borrowed	33,786	25,590
Marketable Securities Issued (Net)	3,802	1,852
Shareholders' Equity	8,946	8,136
Off-Balance Sheet Items	774,949	651,545

Source: BRSA monthly bulletin informations

Factoring income as being the most weighted item among the income items, realized TL 5,511 million, was lessened by 37%. Factoring interest expenses were increased by 46%, and actualized TL 3,005 million. During 2020 with TL 1,286 million operating expenses, TL 672 million net non-factoring income and TL 618 million non-performing loan expenses, sector net income reached to TL 979 thousand.

2020 Turkey's factoring sector turnover was TL 148,500 million, 87% of turnover is comprised of domestic factoring. Besides in 2019 the factoring turnover realized as TL 129,154 million.

Factoring Sector Key Income Statement Items	<i>(million TL)</i>	
	2020	2019
Factoring Income	5,511	7,457
<i>Factoring Interest Income</i>	4,961	6,859
<i>Factoring Commission Income</i>	550	597
Financial Expenses (-)	(3,005)	(4,391)
Operating Expenses (-)	(1,286)	(1,126)
Other Operational Income/Expense (Net)	672	580
Provision for Non-Performing Receivables (-)	(618)	(775)
Tax Provision (±)	(295)	(371)
Net Period Profit/Loss	979	1,374

Source: BRSA monthly bulletin informations

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2020
ANNUAL REPORT

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

As of December 31st, 2020, our factoring receivables were realized as TL 974 million.

Fiba Faktoring's Key Indicators	<i>(thousand TL)</i>	
	31/12/2020	31/12/2019
Total Assets	1,113,885	1,073,265
Factoring Receivables	974,846	966,430
Non-Performing Receivables (Net)	-	-
Funds Borrowed	851,359	840,101
Shareholders' Equity	251,712	220,020
Net Period Profit/Loss	31,692	35,373

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

Fiba Faktoring Key Income Statement Items	<i>(thousand TL)</i>	
	31/12/2020	31/12/2019
Factoring Income	153,696	240,119
<i>Factoring Interest Income</i>	<i>144,254</i>	<i>227,713</i>
<i>Factoring Commission Income</i>	<i>9,442</i>	<i>12,406</i>
Financial Expenses (-)	(91,574)	(147,388)
Operating Expenses (-)	(29,985)	(36,979)
Other Operational Income/Expense (Net)	13,068	9,619
Specific Provision for Non-Performing Receivables (-)	(4,350)	(19,685)
Tax Provision (±)	(9,163)	(10,313)
Net Period Profit/Loss	31,692	35,373

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2020
ANNUAL REPORT

Summary Financial Information for the year ended 31 December 2020

Balance Sheet Summary (thousand TL)

Assets	31/12/2020	31/12/2019	(%)
Cash, Cash Equivalents	48,553	19,635	147
Derivative Financial Assets	5,183	5	103,560
Financial Assets Measured at Fair Value through Other Comprehensive Income	53,835	53,835	-
Financial Assets at Amortised Cost (Net)	974,846	966,430	1
Factoring Receivables	974,846	966,430	1
Other Financial Assets at Amortised Cost	-	-	-
Non-Performing Receivables	74,999	76,196	(2)
Allowances for Expected Credit Loss/Specific Provisions	(74,999)	(76,196)	(2)
Tangible Assets (Net)	5,559	6,894	(19)
Intangible Assets (Net)	325	282	15
Investment Property (Net)	16,444	16,444	-
Deferred Tax Assets	3,555	4,736	(25)
Other Assets	5,585	5,004	12
Total Assets	1,113,885	1,073,265	4
Liabilities	31/12/2020	31/12/2019	(%)
Funds Borrowed	851,359	840,101	1
Factoring Payables	815	671	21
Lease Obligations	2,103	2,960	(29)
Securities Issued	-	-	-
Derivative Financial Liabilities	-	445	(100)
Provisions	4,438	3,756	18
Current Tax Liabilities	832	427	95
Other Liabilities	2,626	4,885	(46)
Shareholders' Equity	251,712	220,020	14
Total Liabilities and Equity	1,113,885	1,073,265	4

Income Statement Summary (thousand TL)

Income and Expense Items	31/12/2020	31/12/2019	(%)
Operating Income	153,696	240,119	(36)
Financial Expenses (-)	(91,574)	(147,388)	(38)
Operating Expenses (-)	(29,985)	(36,979)	(19)
Other Operational Income	34,835	37,707	(8)
Provision Expenses (-)	(4,350)	(19,685)	(78)
Other Operational Expenses (-)	(21,767)	(28,088)	(23)
Tax Provision for Continuing Operations (±)	(9,163)	(10,313)	(11)
Net Period Profit Loss for Continuing Operations	31,692	35,373	(10)

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2020
ANNUAL REPORT

Capital Management

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

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

As at 31 December 2020 and 2019, ratio of net debt to equity is presented below:

<i>(thousand TL)</i>	2020	2019
Total liabilities	862,173	867,800
Cash and cash equivalents	(48,553)	(67,217)
Net debt	813,620	800,583
Total equity	251,712	184,647
Net debt/equity ratio	3.23	4.34

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

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

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

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

Profit Distribution

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

VI. FINANCIAL RISK MANAGEMENT

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit Risk

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

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

Liquidity risk

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

Market risk

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

(i) Foreign currency risk

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

(ii) Interest rate risk

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

VII. OTHER ISSUES

Other Issues

There is no other particular issue in the reporting period.

Amendments of Articles of Association during the period

None.