

Fiba Faktoring Anonim Şirketi

Financial Statements
As at 31 December 2013
With Independent Auditors' Report Thereon

Independent auditors' report

To the Board of Directors of
Fiba Faktoring Anonim Şirketi
İstanbul,

Report on the Financial Statements,

We have audited the accompanying financial statements of Fiba Faktoring Anonim Şirketi ("the Company") which comprise the statement of financial position as at 31 December 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Fiba Faktoring Anonim Şirketi as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The financial statements of the Company for the year ended 31 December 2012 were audited by another auditor. The preceding independent auditor expressed an unqualified opinion in connection with their audit report for the year ended 31 December 2012 dated 28 February 2013.

DRT Bağımsız Denetim ve SMMM A.Ş.

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

İstanbul, 28 February 2014

Fiba Faktoring Anonim Şirketi**Statement of Financial Position****As at 31 December 2013***(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)*

	<i>Notes</i>	2013	2012
Assets			
Cash and cash equivalents	10	19,655	120,680
Factoring receivables	11	676,702	726,889
Investment securities	12	614	714
Property and equipment	13	4,133	4,203
Intangible assets	14	271	278
Assets held for sale	15	-	3,065
Other assets	16	20,533	1,130
Derivative financial instruments	20	452	5,371
Deferred tax assets	8	7,781	174
Total assets		730,141	862,504
Liabilities			
Loans and borrowings	17	539,430	572,222
Securities issued	18	-	95,224
Factoring payables	11	229	331
Other liabilities	19	1,510	1,663
Derivative financial instruments	20	36,582	2,380
Taxes payable on income	8	207	1,474
Employee benefits	21	1,466	1,329
Total liabilities		579,424	674,623
Equity			
Share capital	22	48,500	48,500
Legal reserves	22	17,659	15,566
Retained earnings		84,558	123,815
Total equity		150,717	187,881
Total liabilities and equity		730,141	862,504

The notes on pages 5 to 40 are an integral part of these financial statements.

Fiba Faktoring Anonim Şirketi**Statement of Comprehensive Income****For the Year Ended 31 December 2013***(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)*

	<i>Notes</i>	2013	2012
Interest income			
Interest income on factoring receivables		74,342	104,299
Interest income on cash and cash equivalents		1,166	1,188
Total interest income		75,508	105,487
Interest expense			
Interest expense on loans and borrowings		(35,982)	(45,457)
Interest expense on securities issued		(6,206)	(1,114)
Total interest expense		(42,188)	(46,571)
Net interest income		33,320	58,916
Fee and commission income on factoring transactions		4,815	6,578
Fee and commission expense on factoring transactions		(327)	(404)
Other commission expenses, net		(395)	-
Net fee and commission income		4,093	6,174
Operating income		37,413	65,090
Net trading gain/(loss)	9	(30,628)	20,678
Foreign exchange gains/(losses), net		(1,989)	4,047
Dividend income	25	97	84
Other operating income		30	152
Other operating income/(expense)		(32,490)	24,961
Net impairment loss on financial assets	11	(4,144)	(20,208)
Personnel expenses	5	(16,468)	(15,411)
Administrative expenses	6	(5,490)	(5,794)
Depreciation and amortisation	13,14	(380)	(394)
Other expenses	7	(6,964)	(23,167)
Profit before income taxes		(28,523)	25,077
Income tax expense	8	5,352	(8,965)
Net profit for the period		(23,171)	16,112
Other comprehensive income			
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		(23,171)	16,112

The notes on pages 5 to 40 are an integral part of these financial statements.

Fiba Faktoring Anonim Şirketi

Statement of Changes in Equity

For the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	Notes	Share capital	Legal & other reserves	Retained earnings	Total Equity
Balances at 1 January 2012		44,378	10,626	161,229	216,233
Effects of reclassification	22	(1,959)	-	1,959	-
Balances at 1 January 2012	22	42,419	10,626	163,188	216,233
<i>Total comprehensive income for the period:</i>					
Profit		-	-	16,112	16,112
Transfer to legal reserves		-	4,940	(4,940)	-
Total comprehensive income for the period		-	4,940	11,172	16,112
<i>Transactions with owners, recorded directly in equity:</i>					
Dividends	22	-	-	(44,464)	(44,464)
Transfers to share capital	22	6,081	-	(6,081)	-
Total transactions with owners recorded directly in equity		6,081	-	(50,545)	(44,464)
Balances at 31 December 2012	22	48,500	15,566	123,815	187,881
Balances at 1 January 2013		48,500	15,566	123,815	187,881
<i>Total comprehensive income for the period:</i>					
Profit		-	-	(23,171)	(23,171)
Transfer to legal reserves		-	2,093	(2,093)	-
Total comprehensive income for the period		-	2,093	(25,264)	(23,171)
<i>Transactions with owners, recorded directly in equity:</i>					
Dividends	22	-	-	(14,013)	(14,013)
Other		-	-	20	20
Total transactions with owners recorded directly in equity		-	-	(13,993)	(13,993)
Balances at 31 December 2013	22	48,500	17,659	84,558	150,717

The notes on pages 5 to 40 are an integral part of these financial statements.

Fiba Faktoring Anonim Şirketi

Statement of Cash Flows

For the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	Notes	2013	2012
Cash flows from operating activities:			
Net profit / (loss) for the year		(23,171)	16,112
Adjustments for:			
Depreciation and amortisation	13,14	379	394
Provision for reserve for employee severance payments, net	21	195	367
Provision for vacation pay liability	21	72	94
Derivative financial instruments	20	39,121	(16,740)
Net interest and fee accruals		4,117	14,572
Dividend income	25	(97)	(84)
Deferred tax (credit)/expense	8	(7,604)	3,003
Current tax expense	8	2,252	2,827
Provision for doubtful receivables	11	4,379	20,975
Other		(2,823)	221
		16,820	41,741
Change in factoring receivables		30,755	(122,429)
Change in other assets		106	(378)
Change in factoring payables		(102)	126
Net change in loans and bank borrowings		(33,208)	48,481
Change in other liabilities		(153)	(2,027)
Employee severance paid	21	(130)	(100)
Taxes (paid)/received		(3,519)	(4,103)
Proceeds from recoveries of impaired factoring receivables	11	235	767
Net cash provided from/(used in) operating activities		10,804	(37,922)
Cash flows from investing activities:			
Acquisition of property and equipment		(226)	(127)
Disposal of property and equipment		5	-
Acquisition of investment securities	13	(23)	-
Disposal of investment securities		100	-
Acquisition of intangible assets	14	(44)	(99)
Dividend received		97	84
Net cash provided from/(used in) investing activities		(91)	(142)
Cash flows from financing activities:			
Cash used for repayment of securities issued		(100,000)	94,110
Dividends paid	22	(14,013)	(44,464)
Net cash provided from/(used in) financing activities		(114,013)	49,646
Effects of foreign exchange rate fluctuations on cash and cash equivalents		2,612	(1,813)
Increase/(decrease) in cash and cash equivalents		(100,688)	9,769
Cash and cash equivalents at 1 January	10	120,343	110,574
Cash and cash equivalents at 31 December	10	19,655	120,343

The notes on pages 5 to 40 are an integral part of these financial statements.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

1 Reporting entity

Fiba Faktoring Anonim Şirketi ("Fiba Faktoring" or the "Company") was established in 1992 to provide factoring services to industrial and commercial firms, and is registered in Turkey.

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 number of employees of the Company as at 31 December 2013 is 131 (31 December 2012: 133).

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

2 Basis of preparation

(a) Statement of compliance

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with the Uniform Chart of Accounts issued by Banking Regulation and Supervision Agency ("BRSA"), the Turkish Commercial Code (the "TCC"), and Tax Legislation. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial statements were approved by the Company management on 28 February 2014. The General Assembly and other regulatory bodies have the power to amend the statutory financial statements after their issue.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, as adjusted for the effects of inflation that ended at 31 December 2005 except for the derivative financial instruments and financial assets at fair value through profit or loss which are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in TL, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of the financial statements requires in conformity with IFRSs management to 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 recognised in the year in which the estimate is revised and in any future years affected.

In particular, information about significant assumptions and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- | | |
|---------------------|--|
| • Note 3(d) and (e) | Useful lives of property and equipment and intangible assets |
| • Note 4 | – Determination of fair values |
| • Note 8 | – Taxation |
| • Note 11 | – Factoring receivables – Allowance for doubtful receivables |
| • Note 20 | – Derivative financial instruments |
| • Note 21 | – Employee benefits |
| • Note 23 | – Financial risk management |
| • Note 24 | – Commitments and contingencies |

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Accounting in hyperinflationary economies

International Accounting Standard ("IAS") No. 29, which deals with the effects of inflation in the financial statements, requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of the measuring unit current at the reporting date and the corresponding figures for previous years be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three year inflation rate approaching or exceeding 100%.

The cumulative three-year inflation rate in Turkey was 35.61% as at 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by Turkish Statistical Institute. This, together with the sustained positive trend in the quantitative factors such as financial and economic stabilisation, decrease in the interest rates and the appreciation of TL against the US Dollars ("USD"), have been taken into consideration to categorise Turkey as a non-hyperinflationary economy under IAS 29 effective from 1 January 2006. Therefore, IAS 29 has not been applied to the financial statements as at and for the year ended 31 December 2013 and 2012.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to TL at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to TL at the exchange rates ruling at the reporting date announced by Central Bank of Turkey ("CBT"). Gains and losses arising from foreign currency transactions are recognised in profit or loss.

Foreign currency translation rates used by the Company as at 31 December are as follows:

	<u>2013</u>	<u>2012</u>
USD	2.1343	1.7826
Euro ("EUR")	2.9365	2.3517
GBP	3.5114	2.8708
Ruble	0.06478	0.05808
100 JPY	2.0231	2.0656

(c) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, factoring receivables, investments, other receivables, factoring payables, loans and borrowings, securities issued and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial instruments are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the instrument.

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and time deposits at banks having original maturity less than 3 months and readily to be used by the Company or not blocked for any other purpose.

Time deposits are measured at amortised cost using the effective interest method. Demand deposits are measured at cost.

Accounting for interest income and expense is discussed in note 3 (m).

Factoring receivables

Factoring receivables are measured at amortised cost less specific allowances for uncollectibility and unearned interest income. Specific allowances are made against the carrying amount of factoring receivables and that are identified as being impaired based on regular reviews of outstanding balances to reduce factoring receivables to their recoverable amounts. When a factoring receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, receivable is written off immediately.

Loans and borrowings

Loans and borrowings and securities issued are recognised initially at fair value, net of any transaction costs incurred. Subsequent to initial recognition, loans and borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings.

Investments

Investments in equity securities are classified as available-for-sale assets. Available-for-sale assets are financial assets that are not held for trading purposes, or held to maturity. Investments in equity securities, which are not quoted in an active market, are measured at cost less impairment losses, if any, as their fair values cannot be estimated reasonably.

When equity investments are disposed of, any resulting gain or loss is recognised in profit or loss as the difference between the sales price and the carrying amount of the investment.

Other

Other non-derivative financial and liabilities are measured at amortised cost.

Derivative financial instruments

The Company holds derivative financial instruments for trading purposes. The Company engages in currency swap, forward and option contracts.

Derivatives held for trading are recognised initially at fair value; attributable transaction costs are recognised in profit and loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in its fair value are recognised in profit or loss.

Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of ant tax effect.

Share capital increased pro-rata to existing shareholders is accounted for at par value as approved at the annual meeting of shareholders.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

3 Significant accounting policies (continued)

(d) Property and equipment

Recognition and measurement

Items of property and equipment acquired before 1 January 2006 are measured at cost as adjusted for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29 less accumulated depreciation and impairment losses, if any. Property and equipment acquired after 1 January 2006 are measured at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of a component of an item at property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized on a net basis within "other operating income" or "other expenses" in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

The estimated useful lives for the current and comparative years are as follows:

Buildings	50 years
Motor vehicles	5 years
Furniture and fixtures	5 years

Leasehold improvements are amortised over the shorter of the lease period and their useful lives.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) Intangible assets

Intangible assets represent computer software licenses. Intangible assets acquired before 1 January 2006 are measured at cost as adjusted for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29, less accumulated amortisation, and impairment losses, if any. Intangible assets acquired after 1 January 2006 are measured at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative years are 3 years.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

3 Significant accounting policies (continued)

(f) Leased assets

Leases where the entire risks and rewards incident to ownership of an asset are substantially transferred to the Company, are classified as tangible assets acquired by financial lease. Upon the initial recognition tangible assets acquired by financial lease are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and leased assets are not recognized on the Company's statement of financial position.

(g) Assets held for sale

Assets held for sale consist of apartments, which had been pledged against the factoring receivables from the customers, purchased by the Company when the customers are not able to repay their debts to the Company. Assets held for sale are subsequently measured at the lower of carrying value or fair value less cost to sell and depreciation of the related asset is ceased.

The carrying amounts of the Company's asset held for sale 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.

Impairment losses are recognised in profit or loss. Gains from reversal of impairment are not recognised in excess of any cumulative impairment loss.

(h) Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available-for-sale financial assets is calculated by reference to its current fair value.

Financial assets are tested for impairment on an individual basis.

Impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

3 Significant accounting policies (continued)

(h) Impairment (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax 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. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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 profit or loss.

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.

(i) Employee benefits

Reserve for employee severance payments

In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognised in the accompanying financial statements as accrued. The reserve has been calculated by estimating the present value of the future obligation of the Company that may arise from the retirement of the employees.

The actuarial gains and losses are recognized in other comprehensive income. However, the company management evaluated the impact of actuarial gain/loss on the current year financial statements and accounted all actuarial gain/losses in the income statement due to the fact that post tax impact is not material.

As at 31 December, the assumptions used in the calculation are as follows:

	2013	2012
Net discount rate	3.17%	1.64%
Expected salary / limit increase	5.00%	5.00%
Turnover rate to estimate the probability of retirement	95.22%	95.22%

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

3 Significant accounting policies (continued)

(j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) 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 recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(l) Related parties

For the purpose of accompanying financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and investments are considered and referred to as the related parties.

(m) Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in profit or loss include interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

(n) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income are recognised in profit or loss as the related services are provided.

Other fees and commission expense are expensed in profit or loss as the services are received.

(o) Dividends

Dividend income is recognised when the right to receive income is established.

(p) Net trading gain or loss

Net trading gain or loss comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

3 Significant accounting policies (continued)

(r) Income tax

Income tax expense comprises current tax and deferred tax. Income tax is recognised in profit and loss, except to the extent that it relates to items recognised directly in equity or, in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided in respect of temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities and assets are recognised when it is probable that the future economic benefits resulting from the reversal of taxable temporary differences will flow to or from the Company. Deferred tax assets are recognised to the extent that it is probable that future taxable profit 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. Currently enacted tax rates are used to determine deferred taxes on income.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

(s) Events after the reporting period

Events after the reporting period are events that occur between reporting date and the authorisation date for the issuance of the financial statements and may impact the Company positively or negatively. If there is evidence of such events as at reporting date or if such events occur after reporting date and if adjustments are necessary, the Company's financial statements are adjusted according to the new situation. The Company discloses the post-reporting date events that are not adjusting events but material.

(t) New and revised international financial reporting standards (IFRSs)

The following amendments to IFRSs have been applied in the current year and have affected the amounts reported in these financial statements.

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

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

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

3 Significant accounting policies (continued)

(t) New and revised international financial reporting standards (IFRSs) (continued)

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy required for financial instruments only under IFRS 7 Financial Instruments: Disclosures are extended by IFRS 13 to cover all assets and liabilities within its scope. The application of this new standard does not result in any impact on financial statements.

IAS 19 Employee Benefits

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

New and revised IFRSs applied with no material effect on the financial statements

Amendments to IAS 1 Presentation of Financial Statements

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

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

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

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

Significant accounting policies (continued)

(t) New and revised international financial reporting standards (IFRSs) (continued)

New and revised IFRSs applied with no material effect on the financial statements (continued)

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

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

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

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

Amendments to IAS 16

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

Amendments to IAS 32

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

Amendments to IAS 34

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

New and revised IFRSs in issue but not yet effective

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

IFRS 9	<i>Financial Instruments</i>
Amendments to IFRS 9 and IFRS 7	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i>
Amendments to IFRS 10, 11, IAS 27	<i>Investment Entities¹</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
Amendments to IAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
Amendments to IAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
IFRIC 21	<i>Levies¹</i>

¹ Effective for annual periods beginning on or after 1 January 2014.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

4 Determination of fair values

Accounting classification and fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Company, and where it exists, appropriate valuation methodologies. However, judgment is necessary required to interpret market data to determine the estimated fair value. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realised in the current circumstances. Management has estimated that the fair value of certain financial instruments is not materially different than their recorded values due to their short-term nature except for long term factoring receivables and loans and borrowings.

The investments that are classified as available-for-sale do not have a quoted market price in an active market and other methods of reasonably estimating their market values would be inappropriate, accordingly they are stated at cost, including the adjustments for the effects of inflation till 31 December 2005, less impairment losses, if any.

Financial assets at fair value through profit or loss are measured based on quoted market prices at the end of the reporting period.

As at 31 December, the carrying amounts and fair values of financial instruments are as follows:

	2013		2012	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<i>Financial assets</i>				
Cash and cash equivalents	19,655	19,655	120,679	120,679
Factoring receivables	676,702	676,702	726,889	726,889
Derivative financial assets	452	452	5,371	5,371
<i>Financial liabilities</i>				
Loans and borrowings	539,430	540,696	572,222	574,434
Securities issued	-	-	95,224	95,224
Factoring payables	229	229	331	331
Derivative financial liabilities	36,582	36,582	2,380	2,380

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

4 Determination of fair values (continued)

Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2013	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	452	-	452
Total financial assets	-	452	-	452
Derivative financial liabilities	-	36,582	-	36,582
Total financial liabilities	-	36,582	-	36,582

31 December 2012	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	5,371	-	5,371
Total financial assets	-	5,371	-	5,371
Derivative financial liabilities	-	2,380	-	2,380
Total financial liabilities	-	2,380	-	2,380

5 Personnel expenses

For the years ended 31 December, personnel expenses comprised the following:

	2013	2012
Salary expenses	11,868	10,869
Premiums and bonuses to employees	1,843	1,908
Compulsory social security obligations	1,404	1,228
Meal expenses	391	392
Net provision for employee severance payments (Note 21)	65	267
Health expenses	378	320
Increase in vacation pay liability (Note 21)	72	94
Others	447	333
	16,468	15,411

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

6 Administrative expenses

For the years ended 31 December, administrative expenses comprised the following:

	2013	2012
Office rent, contribution, maintenance, cleaning expenses	1,494	1,460
Traveling, operational lease and other vehicle expenses	1,376	1,277
Notary expenses	167	443
Lawsuit expenses	410	437
Consultancy expenses	576	432
Communication expenses	321	321
Taxes, duties, charges and funds	411	270
IT expenses	256	154
Advertising expenses	70	90
Other	409	910
	5,490	5,794

7 Other expenses

For the years ended 31 December, other expenses comprised the following:

	2013	2012
Donations	5,984	22,873
Bank charges	656	199
Others	324	95
	6,964	23,167

For the year ended 31 December 2013, donations include contributions made to "Hüsnü Özyeğin Foundation" amounting TL 1,451 (31 December 2012: TL 3,070), to Hüsnü Özyeğin University amounting to TL 4,500 (31 December 2012: TL 17,555 TL), to "AÇEV" amounting TL 7 (31 December 2012: TL 2,151) and to other various foundations amounting to TL 26 (31 December 2011: TL 97).

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

8 Taxation

As at 31 December 2013, corporate income tax is levied at the rate of 20% (31 December 2012: 20%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. There is also a withholding tax levied at a certain rate on the dividends paid and is accrued only at the time of such payments. Some of the deduction rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax, was redefined according to the cabinet decision numbered 2006/10731, which was announced at Trade Registry Gazette of 23 July 2006-26237. In this context, withholding tax rate on dividend payments which are made to the companies except those are settled in Turkey or generate income in Turkey via a business or a regular agent was increased to 15% from 10%.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses can not be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

75% of gains on disposal of investment in equity securities and properties which were held for at least 2 years within the assets of acquirer entity after acquisition, are exempt from taxation if such gains are added to paid-in capital or kept under equity as restricted funds for at least 5 years.

The income tax expense for the years ended 31 December comprised the following items:

	2013	2012
Current tax expense		
Current tax	(2,252)	(2,827)
Tax penalty expense ^(*)	-	(3,135)
	(2,252)	(5,962)
Deferred tax (expense)/credit		
Origination and reversal of temporary differences	7,604	(3,003)
	7,604	(3,003)
Income tax expense	5,352	(8,965)

^(*) This amount is related to the tax penalty announced in 2012 by the tax authority as a result of investigation for 2007 corporate tax. The Company started the legal procedures related to the tax penalty to claim the tax penalty paid to the tax authority in 2012.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

8 Taxation (continued)

The reported income tax for the years ended 31 December are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

	2013		2012	
	Amount	%	Amount	%
Reported profit before income tax ^(*)	(28,523)		21,944	
Income tax using the domestic corporation tax rate	5,705	(20)	(4,389)	(20)
Non-deductible expenses	(372)	1	(1,458)	(7)
Tax exempt income	19	-	17	-
Others	-	-	-	-
Income tax expense excluding tax penalty and tax amnesty	5,352	(19)	(5,830)	(27)
Tax penalty and tax amnesty expense	-		(3,135)	
Total income tax expense	5,352		(8,965)	

(*) Reported profit before amount includes tax penalty and tax amnesty expenses.

In accordance with the related regulation for prepaid taxes on income, advance payments during the year are being deducted from the final tax liability computed over current year operations. Accordingly, the income tax expense is not equal to the final tax liability appearing on the statement of financial position.

The taxes payable on income as at 31 December comprised the following:

	2013	2012
Taxes on income	2,252	2,827
Less: Taxes paid in advance	(2,045)	(1,353)
Taxes payable on income	207	1,474

At 31 December, deferred tax assets and liabilities were attributable to the items detailed in the table below:

At 31 December	2013	2012	2013	2012	2013	2012
	Assets		Liabilities		Net	
Factoring receivables	329	631	-	-	329	631
Employee benefits	294	266	-	-	294	266
Derivative financial instruments	7,226	-	-	598	7,226	(598)
Others	-	-	68	125	(68)	(125)
	7,849	897	68	723	7,781	174

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

8 Taxation (continued)

As at 31 December 2013 and 2012, there is no unrecognised deferred tax asset and liabilities.

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

The movement of deferred assets and (liabilities) for the years ended 31 December are as follows:

	2013	2012
Balance at 1 January	174	3,177
Deferred tax credit/(expense) recognised in profit or loss	7,604	(3,003)
Other	3	-
Balance at 31 December	7,781	174

9 Net trading gain / (loss)

For the years ended 31 December, net trading gain comprised the following:

	2013	2012
Net gain/(loss) from derivative financial instruments	(30,628)	20,678
	(30,628)	20,678

10 Cash and cash equivalents

As at 31 December, cash and cash equivalents comprised the following:

	2013	2012
Cash at banks		
- demand deposits	13,631	5,388
- time deposits	6,024	115,291
Cash on hand	-	1
Total cash and cash equivalents	19,655	120,680
Accrued interest on time deposits	-	(337)
Cash and cash equivalents in the statement of cash flow	19,655	120,343

As at 31 December 2013 and 2012, cash and cash equivalents include cash balances on hand, demand deposits and time deposits with original maturity periods of less than three month and over-night time deposits.

As at 31 December 2013, TL denominated time deposits amounting to TL 2,800 has an average interest rate of 6.50%, Euro denominated time deposits amounting to Euro 800 has an average interest rate of 0.20%, US Dollar denominated time deposits amounting to USD 410 has an average interest rate of 0.20% (31 December 2012: TL 54,950 -8.28%; EUR 20,787 - 4.02%; USD 5,880 – 2.74%; GBP 222 – 0.20%).

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

11 Factoring receivables and payables

As at 31 December, factoring receivables comprised the following:

	2013	2012
Domestic factoring receivables	636,600	663,285
Export factoring receivables	47,524	72,955
Impaired factoring receivables	32,038	33,155
Factoring receivables, gross	716,162	769,395
Unearned income on factoring transactions	(9,771)	(11,162)
Allowance for impaired factoring receivables	(29,689)	(31,344)
Factoring receivables, net	676,702	726,889

As at 31 December 2013, factoring receivables amounting to TL 30,763 mature above one year (31 December 2012: TL 31,794).

	2013	2012
Balance at 1 January	31,344	11,136
Provision, net of recoveries, transfer	(1,655)	20,208
Transfers (*)	(5,799)	-
Allowance for the year	4,379	20,975
Recoveries of amounts previously provided	(235)	(767)
Balance at 31 December	29,689	31,344

(*) As of 31 December 2013 the Company sold its impaired factoring receivables amounting to TL 5,799 having net book value of zero with a sale price of TL 25 to Girişim Varlık Yönetimi A.Ş.

Movements in the allowance for doubtful receivables for the years ended 31 December were as follows:

As at 31 December, the ageing analysis of the impaired factoring receivables are as follows:

	2013		2012	
	Gross Amount	Provision	Gross Amount	Provision
Undue	1,326	81	-	-
Overdue 1 to 3 months	816	250	2,430	856
Overdue 3 to 6 months	2,877	2,796	17,781	17,566
Overdue 6 to 12 months	660	535	1,174	1,152
Overdue over 1 year	26,359	26,027	11,770	11,770
Total	32,038	29,689	33,155	31,344

Details of the collaterals obtained from customers are presented in Note 24.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

11 Factoring receivables and payables (continued)

Factoring payables

As at 31 December, factoring payables are as follows:

	2013	2012
Domestic factoring payables	177	315
Export factoring payables	52	16
	229	331

Factoring payables represent the amounts collected on behalf of customers but not yet paid at the end of the reporting period.

12 Investment securities

Investments in equity securities available-for-sale

As at 31 December, the Company holds equity securities in the following companies:

	2013		2012	
	Carrying value	% of ownership	Carrying value	% of ownership
Fiba Alışveriş Mer. Gel. İnş. ve Paz. Tic. AŞ	483	0.25	504	0.25
Girişim Faktoring AŞ	126	0.50	105	0.50
Finans Yatırım Menkul Değerler AŞ	-	-	99	0.20
Others	5		6	
Total	614		714	

The Company's above non-quoted equity shares are accounted at cost since their fair values are not reliably measured.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

13 Property and equipment

Movements in property and equipment for the years ended 31 December were as follows:

	Buildings ^(**)	Furniture and fixtures	Motor vehicles	Leasehold improvements	Others ^(*)	Total
Cost						
Balance at 1 January 2012	2,595	1,746	69	2,251	1,531	8,192
Additions	-	114	-	13	-	127
Disposals	-	(6)	-	-	-	(6)
Balance at 31 December 2012	2,595	1,854	69	2,264	1,531	8,313
Balance at 1 January 2013	2,595	1,854	69	2,264	1,531	8,313
Additions	-	82	-	144	-	226
Disposals	-	(13)	-	-	-	(13)
Reclassification and adjustment effects	(50)	(30)	(3)	(34)	-	(117)
Balance at 31 December 2013	2,545	1,893	66	2,374	1,531	8,409
Accumulated depreciation						
Balance at 1 January 2012	355	1,417	69	1,979	-	3,820
Depreciation for the year	51	144	-	100	-	295
Disposals	-	(5)	-	-	-	(5)
Balance at 31 December 2012	406	1,556	69	2,079	-	4,110
Balance at 1 January 2013	406	1,556	69	2,079	-	4,110
Depreciation for the year	51	131	-	109	-	291
Disposals	-	(5)	-	-	-	(5)
Reclassification and adjustment effects	(7)	(62)	(3)	(48)	-	(120)
Balance at 31 December 2013	450	1,620	66	2,140	-	4,276
Carrying amounts						
At 1 January 2012	2,240	329	-	272	1,531	4,372
At 31 December 2012	2,189	298	-	185	1,531	4,203
At 1 January 2013	2,189	298	-	185	1,531	4,203
At 31 December 2013	2,095	273	-	234	1,531	4,133

(*) Others comprised of collection of paintings which are not amortised.

(**) As at 31 December 2013, TL 2,095 (31 December 2012: TL 2,188) of net carrying value of building was acquired through finance lease contracts.

There is no pledge or liens on property and equipment.

As at 31 December 2013, total insurance coverage on property and equipment amounted to TL 8,127 (31 December 2012: TL 5,997) and TL 33 is paid as insurance premium (31 December 2012: TL 23).

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

14 Intangible assets

Movements in intangible assets for the years ended 31 December were as follows:

	Software
Cost	
Balance at 1 January 2012	1,453
Additions	99
Balance at 31 December 2012	1,552
Balance at 1 January 2013	1,552
Additions	44
Reclassification and adjustment effects	(32)
Balance at 31 December 2013	1,564
Accumulated amortisation	
Balance at 1 January 2012	1,175
Amortisation for the year	99
Balance at 31 December 2012	1,274
Balance at 1 January 2013	1,274
Amortisation for the year	88
Reclassification and adjustment effects	(69)
Balance at 31 December 2013	1,293
Carrying amounts	
At 1 January 2012	278
At 31 December 2012	278
At 1 January 2013	278
At 31 December 2013	271

As at 31 December 2013 and 2012, there is no internally generated software.

15 Assets held for sale

For the years ended 31 December, assets held for sale are apartment flats transferred from one of the customers against the receivables under follow-up. Movements of assets held for sale for the year ended 31 December is as follows:

	2013	2012
Opening balance	3,065	768
Additions	-	2,297
Transfer (*)	(3,065)	-
	-	3,065

(*) Asset held for sale, classified to the other assets.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

16 Other assets

As at 31 December, other assets comprised the following:

	2013	2012
Advances given	148	500
Prepaid expenses	349	224
Others	527	406
Assets acquired in return of factoring receivables	19,509	-
	20,533	1,130

17 Loans and borrowings

As at 31 December, loans and borrowings comprised the following:

2013					
	Original amount	Nominal interest rate (%) ^(*)	TL amount		
			Up to 1 year	1 year and over	Total loans and borrowings
TL	408,436	8,00-12,55	356,871	51,565	408,436
USD	49,787	2,90-3,90	25,863	80,398	106,261
Ruble	381,816	11	24,733	-	24,733
TL			407,467	131,963	539,430
2012					
	Original amount	Nominal interest rate (%) ^(*)	TL amount		
			Up to 1 year	1 year and over	Total loans and borrowings
TL	341,672	5,90-12,55	308,323	33,348	341,671
USD	64,722	5,00-6,60	115,376	0	115,376
Euro	28,463	5,00-6,00	66,936	0	66,936
Ruble	539,588	10,05-10,65	11,245	20,094	31,339
JPY	818,122	3.7	16,900	0	16,900
TL			518,780	53,442	572,222

^(*) These rates represent the range of nominal interest rates of outstanding borrowings with fixed and floating rates as at 31 December 2013 and 2012.

As at 31 December 2013, loans and borrowings amounting are TL 249,507, USD 26,800 and Ruble 315,000 secured by Fiba Holding AŞ (31 December 2012: to TL 288,000, USD 35,000, Euro 27,500, Ruble 505,000 and JPY 800,000).

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

18 Securities issued

The Company issued two discounted private sector bills on 9 October 2012 and 14 December 2012, with maturity by twelve months and six months, respectively, each having 50,000,000 TL nominal.

As at 31 December 2012, securities issued comprised the following:

Code	Currency	Maturity	Interest type	Interest rate (%)	Nominal value	Carrying value
TRFFBFKE1315	TL	4 Oct 2013	Fixed	9.45	50,000	46,688
TRFFBFK61318	TL	10 June 2013	Fixed	6.89	50,000	48,536
					100,000	95,224

19 Other liabilities

As at 31 December, other liabilities comprised the following:

	2013	2012
Taxes and duties payable other than on income	1,029	997
Payables to suppliers	345	338
Others	136	328
	1,510	1,663

20 Derivative financial instruments

The Company uses the currency swap, forward and option derivative instruments. "Currency swaps" are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies. Forward contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or another financial asset. Accumulative boosted forward transaction is a type of forward contract in which the transaction occurs every work day throughout the agreed time period based on the conditions of the agreement.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Company's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in foreign exchange rates and interest rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

20 Derivative financial instruments (continued)

The fair values of derivative instruments held as at 31 December, which represent the carrying values are as follows:

	31 December 2013		31 December 2012	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Currency swaps	439	(9,840)	5,060	(2,129)
Currency forwards	13	(1,221)	286	-
Accumulative boosted forward transactions	-	(21,182)	25	-
Currency options	-	(1,217)	-	(251)
Interest rate swap	-	(3,122)	-	-
	452	(36,582)	5,371	(2,380)

21 Employee benefits

As at 31 December, employee benefits comprised the following:

	2013	2012
Reserve for employee severance payments	766	701
Vacation pay liability	700	628
	1,466	1,329

21.1 Reserve for employee severance payments

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TL 3,438.22 (whole) at 31 December 2013 (31 December 2012: TL 3,033.98 (whole)) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

As at and for the years ended 31 December, movements in the reserve for employee severance payments were as follows:

	2013	2012
Balance at 1 January	701	434
Interest cost	116	45
Service cost	16	146
Payment during the year	(130)	(99)
Actuarial difference	63	175
Balance at 31 December	766	701

Actuarial differences are recognized in profit or loss.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

21 Employee benefits (continued)

21.2 Vacation pay liability

In accordance with current labour law, the Company makes payments for unused vacations of employees. The liability is calculated by the remaining vacation days multiplied by one day's pay.

For the years ended 31 December, movements in the vacation pay liability were as follows:

	2013	2012
Balance at 1 January	628	534
Increase during the year	72	94
Balance at 31 December	700	628

22 Equity

22.1 Paid-in capital

At 31 December 2013, the nominal paid-in capital of the Company comprises 48,500,000 shares (31 December 2012: 48,500,000) of TL 1 each. There are no privileged shares of the Company.

For the years ended 31 December, the composition of the authorised and paid-in share capital was as follows:

	2013		2012	
	Number of shares	Share (%)	Number of shares	Share (%)
Fiba Holding AŞ	46,097	95	46,097	95
Fina Holding AŞ	2,401	5	2,401	5
Others	2	0	2	0
	48,500	100	48,500	100

As per the resolution of Extraordinary General Assembly Meeting of the Company on 18 July 2012, 75% of gains on disposal of investment in equity securities amounting to TL 6,081 from sale of shares in Finansbank AŞ in 2006, which was kept under equity as restricted funds, has been transferred to the paid-in capital of the Company.

During the current period, the Company management has made a classification from share capital to retained earnings amounting to TL 1,959 starting from the earliest period presented in this report in order to align paid in capital balance with the statutory records.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

22 Equity (continued)

22.2 Legal reserves

The legal reserves, which are included in retained earnings, are established by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of paid-in share capital (first legal reserve). Without limit, a further 10% of dividend distributions in excess of 5% of paid-in capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. In the accompanying financial statements, the total of the legal reserves amounted to TL 17,659 as at 31 December 2013 (31 December 2012: legal reserves TL 15,566).

22.3 Retained earnings

75% of gains on disposal of investment in equity securities and properties which were held for at least 2 years within the assets of acquirer entity after acquisition are exempt from taxation if such gains are added to paid-in capital or kept under equity as restricted funds for at least 5 years. As at 31 December 2013, retained earnings balance is comprised of such restricted funds amounting to TL 107,699 (31 December 2012: TL 107,699).

As per the General Assembly Meeting on 26 March 2013, it was decided offset accumulated losses with 2012 profit and the above mentioned restricted funds for which the time limitation has expired. The remaining amount has been decided to be distributed as dividend amounting to TL 14,013 after the required legal reserve amount has been appropriated.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

23 Financial risk management

The Company has exposure to the following risks during the course of its operations:

- Credit risk
- Liquidity risk
- Market risk

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

At 31 December, the detail of the breakdown of the net factoring receivables by industrial groups is as follows:

	2013	%	2012	%
Construction	152,108	22	188,029	26
Financial services	138,979	21	138,778	19
Textile industry	64,076	9	70,651	10
Cultural, entertainment and sportive activities	61,877	9	13,691	2
Metal and metal processing	37,004	5	34,226	5
Transportation, communication and archiving	36,969	5	27,808	4
Production	35,333	5	40,198	6
Food and beverage	31,022	5	29,073	4
Transportation vehicles industry	19,459	3	25,684	4
Chemicals	18,974	3	17,777	2
Rubber and plastic products industry	13,134	2	6,569	1
Wood products	3,816	1	32,097	4
Health and social services	3,135	0	32,416	4
Mining	1,885	0	42,760	6
Other	58,931	9	27,132	4
	676,702	100	726,889	100

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

23 Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2013	2012
Factoring receivables	11	676,702	726,889
Derivative financial instruments	20	452	5,371
Other assets (*)	16	527	406
Cash and cash equivalents	10	19,655	120,680
Total		697,336	853,346

(*) Non-financial instruments such as, prepaid expenses, assets acquired in return factoring receivables and advances given are excluded from other assets.

As at 31 December 2013, financial assets that are past due but not impaired comprised of factoring receivables amounting to TL 20,113 (31 December 2012: TL 7,816).

Transactions involving derivatives are mainly with related parties.

The Company establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of factoring receivables. This allowance includes the specific loss component that relates to individual customer exposures.

The Company has obtained the following collaterals for its factoring receivables at 31 December:

	2013	2012
Customer notes and cheques obtained as collateral	1,779,786	2,749,968
Guarantees	327,112	443,283
Mortgages	11,350	33,350
Pledges	20,400	19,790
	2,138,648	3,246,391

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity position on a periodic basis, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. 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. These assets can be readily sold to meet liquidity requirements.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***23 Financial risk management (continued)****Liquidity risk (continued)**

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements on undiscounted basis.

31 December 2013	Carrying amount	Contractual cash flows	3 months or less	3 to 12 months	1 to 5 years
Non-derivative financial liabilities					
Loans and borrowings	539,430	559,946	247,250	170,348	142,348
Factoring payables	229	229	229	-	-
Other liabilities ^(*)	362	362	362	-	-
Total	540,021	560,537	247,841	170,348	142,348

31 December 2012	Carrying amount	Contractual cash flows	3 months or less	3 to 12 months	1 to 5 years
Non-derivative financial liabilities					
Loans and borrowings	572,222	590,775	356,875	172,287	61,613
Securities issued	95,224	100,000	-	100,000	-
Factoring payables	331	331	331	-	-
Other liabilities ^(*)	351	351	351	-	-
Total	668,128	691,457	357,557	272,287	61,613

^(*) Other liabilities exclude withholding taxes and duties payable.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

23 Financial risk management (continued)

Liquidity risk (continued)

The table below shows the notional amounts of derivative instruments analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

	31 December 2013				
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Currency swaps:					
Purchases	95,220	14,514	83,697	25,985	219,416
Sales	95,634	14,683	85,685	25,883	221,885
Interest Rate Swaps					
Purchases	-	1,420	-	17,759	19,179
Sales	-	680	-	19,890	20,570
Currency options					
Purchases	-	-	20,556	-	20,556
Sales	-	-	21,140	-	21,140
Forward					
Purchases	8,322	3,247	7,729	-	19,298
Sales	8,713	3,359	8,162	-	20,234
Accumulated boosted forwards:					
Purchases	-	3,895	-	115,176	119,071
Sales	-	4,375	-	119,031	123,406
Total of purchases	103,542	23,076	111,982	158,920	397,520
Total of sales	104,347	23,097	114,987	164,804	407,235
Total of transactions	207,889	46,173	226,969	323,724	804,755

	31 December 2012				
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Currency swaps:					
Purchases	30,832	52,576	60,637	45,357	189,402
Sales	30,758	51,582	59,075	39,955	181,370
Currency options					
Purchases	-	-	12,500	-	12,500
Sales	-	-	11,759	-	11,759
Forward					
Purchases	-	-	4,105	-	4,105
Sales	-	-	3,543	-	3,543
Accumulated boosted forwards:					
Purchases	277	528	1,016	-	1,821
Sales	262	499	961	-	1,722
Total of purchases	31,109	53,104	78,258	45,357	207,828
Total of sales	31,020	52,081	75,338	39,955	198,394
Total of transactions	62,129	105,185	153,596	85,312	406,222

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

23 Financial risk management (continued)

Market risk

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

Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows of fair values of financial instruments because of a change in market interest rates. All the financial instruments have fixed interest rates except for a portion of factoring receivables and loans and borrowings which have floating interest rate.

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.

The tables below summarise average effective interest rates by major currencies for monetary financial instruments at 31 December:

	31 December 2013						31 December 2012					
	USD (%)	Euro (%)	Ruble (%)	GBP (%)	JPY (%)	TL (%)	USD (%)	Euro (%)	Ruble (%)	GBP (%)	JPY (%)	TL (%)
Assets												
Cash at banks												
- Time deposits	0.20	0.20	-	-	-	6.50	2.74	4.02	-	0.20	-	8.28
Factoring receivables	6.99	7.09	-	8.09	-	13.20	8.77	7.67	-	8.34	-	17.06
Liabilities												
Loans and borrowings	3.50	-	10.65	-	-	9.61	5.70	5.43	10.42	-	3.70	8.57
Securities issued	-	-	-	-	-	-	-	-	-	-	-	8.17

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

23 Financial risk management (continued)

Market risk (continued)

Interest rate profile

	Carrying amount	
	2013	2012
Fixed rate instruments		
Factoring receivables	403,232	450,967
Time deposits	6,024	115,291
Securities issued	-	95,224
Factoring payables	229	331
Loans and borrowings	539,430	572,222
Variable rate instruments		
Factoring receivables	273,470	275,922
Loans and borrowings	-	-

At 31 December, the interest rate profile of the interest-bearing financial instruments was:

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Additionally, the Company does not account for any fixed rate financial assets and liabilities as available-for-sale. Therefore a change in interest rates at the reporting date would not directly affect equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 31 December 2012.

	Profit or loss		Equity ^(*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2013				
Variable rate instruments	2,735	(2,735)	2,735	(2,735)
	2,735	(2,735)	2,735	(2,735)
31 December 2012				
Variable rate instruments	2,759	(2,759)	2,759	(2,759)
	2,759	(2,759)	2,759	(2,759)

^(*) Equity effect includes the profit or loss effect of the related financial instruments.

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

23 Financial risk management (continued)

Market risk (continued)

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.

At 31 December, the currency risk exposures were as follows (TL equivalents):

2013				TL
	USD	Euro	Other	Total
Foreign currency monetary assets				
Cash and cash equivalents	9,851	4,963	284	15,098
Factoring receivables	38,756	52,178	3,434	94,368
Total foreign currency monetary assets	48,607	57,141	3,718	109,466
Foreign currency monetary liabilities				
Loans and borrowings	106,261	-	24,733	130,994
Factoring payables	-	52	-	52
Other liabilities	6	56	9	71
Total foreign currency monetary liabilities	106,267	108	24,742	131,117
Gross exposure	(57,660)	57,033	(21,024)	(21,651)
Off balance sheet net notional position	(95,923)	(167,808)	-	(263,731)
Net position	(153,583)	(110,775)	(21,024)	(285,382)

2012				TL
	USD	Euro	Other	Total
Foreign currency monetary assets				
Cash and cash equivalents	12,190	49,539	671	62,400
Factoring receivables	62,184	61,587	3,027	126,798
Total foreign currency monetary assets	74,374	111,126	3,698	189,198
Foreign currency monetary liabilities				
Loans and borrowings	115,376	66,936	48,238	230,550
Factoring payables	16	-	-	16
Other liabilities	-	72	-	72
Total foreign currency monetary liabilities	115,392	67,008	48,238	230,638
Gross exposure	(41,018)	44,118	(44,540)	(41,440)
Off balance sheet net notional position	2,250	(135,990)	49,238	(84,501)
Net position	(38,768)	(91,872)	4,698	(125,941)

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

23 Financial risk management (continued)

Market risk (continued)

Foreign currency sensitivity analysis

A 10 percent weakening of TL against the foreign currencies at 31 December 2013 would have increased (decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 31 December 2012.

31 December 2013	Equity	Profit or loss
USD	(15,358)	(15,358)
Euro	(11,078)	(11,078)
Other	(2,102)	(2,102)
	(28,538)	(28,538)

31 December 2012	Equity	Profit or loss
USD	(3,877)	(3,877)
Euro	(9,187)	(9,187)
Other	470	470
	(12,594)	(12,594)

A 10 percent strengthening of the TL against the foreign currencies at 31 December 2013 and 2012 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Capital management

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

As at 31 December 2013 and 2012, ratio of net debt to equity is presented below:

	2013	2012
Total liabilities	579,424	674,623
Minus: Cash and cash equivalents	(19,655)	(120,679)
Net debt	559,769	553,944
Total equity	150,717	187,901
Net debt/equity ratio	3.71	2.95

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

24 Commitments and contingencies

Commitments and contingent liabilities arising in the ordinary course of business comprised the following items:

	2013	2012
Letter of guarantees given	5,005	4,741
	5,005	4,741

25 Related party disclosures

For the purpose of accompanying financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and investments are considered and referred to as the related parties. A number of transactions are entered into with the related parties in the normal course of business.

As at 31 December, the Company had the following balances outstanding from its related parties:

	2013	2012
Cash at banks		
Credit Europe Bank NV – time	3,223	1,544
Credit Europe Bank NV – demand	276	10
Credit Europe Bank Suisse – demand	9,888	1,648
Fibabanka AŞ – demand	140	437
Fibabanka AŞ – time	-	500
	13,527	4,139

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

25 Related party disclosures (continued)

As at 31 December 2013 and 2012, derivative transactions with related parties with the TL equivalent of the notional amounts are as follows:

Derivative financial instruments – notional amounts	2013	
	Purchase	Sale
Credit Europe Bank NV– currency swaps	83,702	85,520
Credit Europe Bank NV– interest rate swaps	19,180	20,570
Credit Europe Bank NV– currency forwards	5,156	5,516
Credit Europe Bank NV – accumulative boosted forward transactions	89,440	90,644
Credit Europe Bank Suisse – accumulative boosted forward transactions	29,631	32,762
Credit Europe Bank Suisse – currency options	20,556	21,140
	247,665	256,152

Derivative financial instruments – notional amounts	2012	
	Purchase	Sale
Credit Europe Bank NV– currency swaps	58,774	54,995
Credit Europe Bank Suisse – currency options	12,500	11,759
Credit Europe Bank NV– currency forwards	4,105	3,543
Credit Europe Bank Suisse – accumulative boosted forward transactions	1,821	1,722
	77,200	72,019

Derivative financial instruments – carrying values	2013	2012
Credit Europe Bank NV – currency swaps	(6,590)	2,086
Credit Europe Bank NV – forwards	(496)	285
Credit Europe Bank NV – interest rate swaps	(3,122)	-
Credit Europe Bank Suisse – currency options	(1,217)	(251)
Credit Europe Bank NV– accumulated boosted forward transactions	(12,696)	-
Credit Europe Bank Suisse – accumulated boosted forward transactions	(8,486)	25
	(32,607)	2,145

For the years ended 31 December, the transactions with the related parties are summarised below:

	2013	2012
Interest income on cash and cash equivalents		
Fibabanka AŞ	170	2
Credit Europe Bank NV	7	10
Credit Europe Bank Suisse	-	82
	177	94
Dividend income		
Girişim Faktoring AŞ	97	84
	97	84

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2013

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

25 Related party disclosures (continued)

	2013	2012
Interest expense on loans and borrowings		
Credit Europe Bank NV	187	3,962
Credit Europe Bank Suisse	49	117
Credit Europe Bank Dubai	-	133
	236	4,212
Net trading gain/(loss)		
Credit Europe Bank Suisse	171	5,640
Credit Europe Bank NV	299	8,819
	470	14,459
	2013	2012
Administrative expenses		
Fibabanka	73	-
Fiba Holding AŞ	20	14
Fiba Gayrimenkul Gel. İnş. ve Yat. AŞ	10	9
Fina Holding A.Ş.	1	-
	104	23
Donations (included in other expenses)		
Hüsnü Özyeğin University	4,500	17,555
Hüsnü Özyeğin Foundation	1,451	3,070
AÇEV	7	2,151
	5,958	22,776
Other expenses		
Credit Europe Bank NV	254	35
Credit Europe Bank Suisse	57	32
Girişim Alacak Yön.AŞ	42	-
Fibabanka	20	-
Marka Mağazacılık AŞ	16	20
Anadolu Japan Turizm AŞ	7	-
Girişim Varlık Yönetimi AŞ	5	-
	401	87
Other income		
Girişim Faktoring AŞ	31	7
Girişim Varlık Yönetimi AŞ	25	-
	56	7

Total benefit of key management for the year ended 31 December 2013 amounted to TL 1,496 (31 December 2012: TL 1,308).

25 Subsequent events

None.