

FİBA FAKTORİNG A.Ş.

2016

ANNUAL REPORT



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

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

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

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

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

We have audited the annual report of Fiba Faktoring A.Ş. ("the Company") for the period ended 31 December 2016.

Management's Responsibility for the Annual Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's annual report based on our audit conducted in accordance with the provisions of the Article 397 of the TCC. Our audit involves whether the financial information provided in the annual report are fairly presented and consistent with the financial statements, based on our audit report dated 28 February 2017.

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

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

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

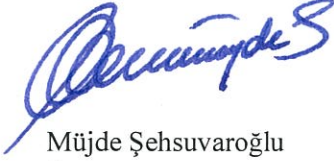
Opinion

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

Other Legal and Regulatory Requirements

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

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



Müjde Şehsuvaroğlu
Partner

Istanbul, 28 February 2017

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2016
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 2016 is 111.

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 2016
Head Office Adress	: Büyükdere Cad. 1.Levent Plaza, No:173/A Kat:2 34330 1.Levent - İstanbul
Phone Number	: 0212 385 14 00
Fax Number	: 0212 385 14 60
Website	: www.fibafactoring.com.tr
Electronic mail	: info@fibafactoring.com.tr

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2016
ANNUAL REPORT

As of 31.12.2016 Branches

Head Office / Branch	Adress	Phone	Fax
Head Office	Büyükdere Cad. 1. Levent Plaza, No:173/A Kat:2 34330 Levent - İSTANBUL	(212) 385 1400	(212) 385 1460
SME Branch	Merkez Mah. Cendere Cad. No:22/3 Ofishane Plaza Kat:2 Kağıthane - İSTANBUL	(212) 347 2928	(212) 347 4610
Güneşli Branch	Evren Mah. Koçman Cad. Ziyal Plaza İş Merkezi B Blok No:54 Kat: 6 Güneşli – İSTANBUL	(212) 630 1255	(212) 630 1201
Kozyatağı Branch	Sahrayıcedit Mah. Güzide Sk. Şişikler Plaza D Blok No:14 Kat:3 D:7 Kadıköy - İSTANBUL	(216) 411 0044	(216) 411 0700
Ankara Branch	Turan Güneş Bulvarı Hollanda Caddesi No: 3/2 Çankaya – ANKARA	(312) 439 6444	(312) 439 6463
Bursa Branch	Fevzi Çakmak Cad. Doğanbey Mah. Doğanbey Sk. No:1 Berk2 Plaza Kat:5 Osmangazi – BURSA	(224) 222 4101	(224) 224 4140

Capital Structure

At 31 December 2016, paid-in capital of the Company TL 81,110 ths. The nominal paid-in capital of the Company comprises 81,109,700 unprivileged shares of TL 1 each.

2016		
	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 2016
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.

Untapped Fields

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

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2016
ANNUAL REPORT

Board of Directors

Name-Surname	Position	Date of Appointment	Educational Background	Professional Experience
Mehmet Güleşci	Chairman of Board of Directors	2015	Master's Degree	33 years
Murat Özyeğın	Vice-Chairman of Board of Directors	2015	Master's Degree	19 years
F. Özge Yılmaz	Member of Board of Directors (General Manager)	2015	Bachelor Degree	22 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 customers, he joined to Finansbank as Assistant General Manager in year 1997 and he worked as Deputy General Manager responsible from Financial Control and Planning and Managing Director in the Board of Directors of Finansbank until the end of year 2009. He is currently Fiba Group CFO and Member of the Board of Directors of financial and non-financial investments both domestic and international.



Murat ÖZYEĞİN- Board Member

Mr. Murat Özyeğın was graduated with a major BS degree in Industrial Management and Economics Faculties of Carnegie Mellon University in year 1998. Mr. Özyeğın had started to his professional career in year 1998 by working as a Financial Analyst in New York Office of Bear Stearns & Co. Investment Bank in the Mergers and Acquisition Group of the said Bank. He then transferred to the London Office of the same Bank, within the same year as the Senior Analyst of Mergers and Acquisition Group. He completed his MBA degree in year 2003, in Harvard University and then returned back to Turkey and assumed an active role during the management of his family companies. Mr. Özyeğın had established Strategic Planning and Business Development Departments in Fiba Holding -which is the holding company of the Group Companies- and in Finansbank. He has been currently holding the positions of Member of Board of Directors in Fina and Fiba Holding companies as well as the Chairman of Strategic Planning and Business Development Department of Fiba Group and he is also continuing his position of Chairman of the Board of Directors in the non-financial companies of the said Group. He is the Member of Board of Trustees of Hüsnu M. Özyeğın Foundation, Global Relations Forum, Özyeğın University and World Wide Fund for Nature (WWF). He is also the Chairman of DEİK (Foreign Economic Relations Board) /Turkey-Holland Business Council and Member of Board of Directors of Turkish Industry and Businessmen Association and Endeavor Association and he is the Member of Global Advisory Committee of Harvard University and currently he has been also carrying out the duty of Honorary Consulate for Singapore.



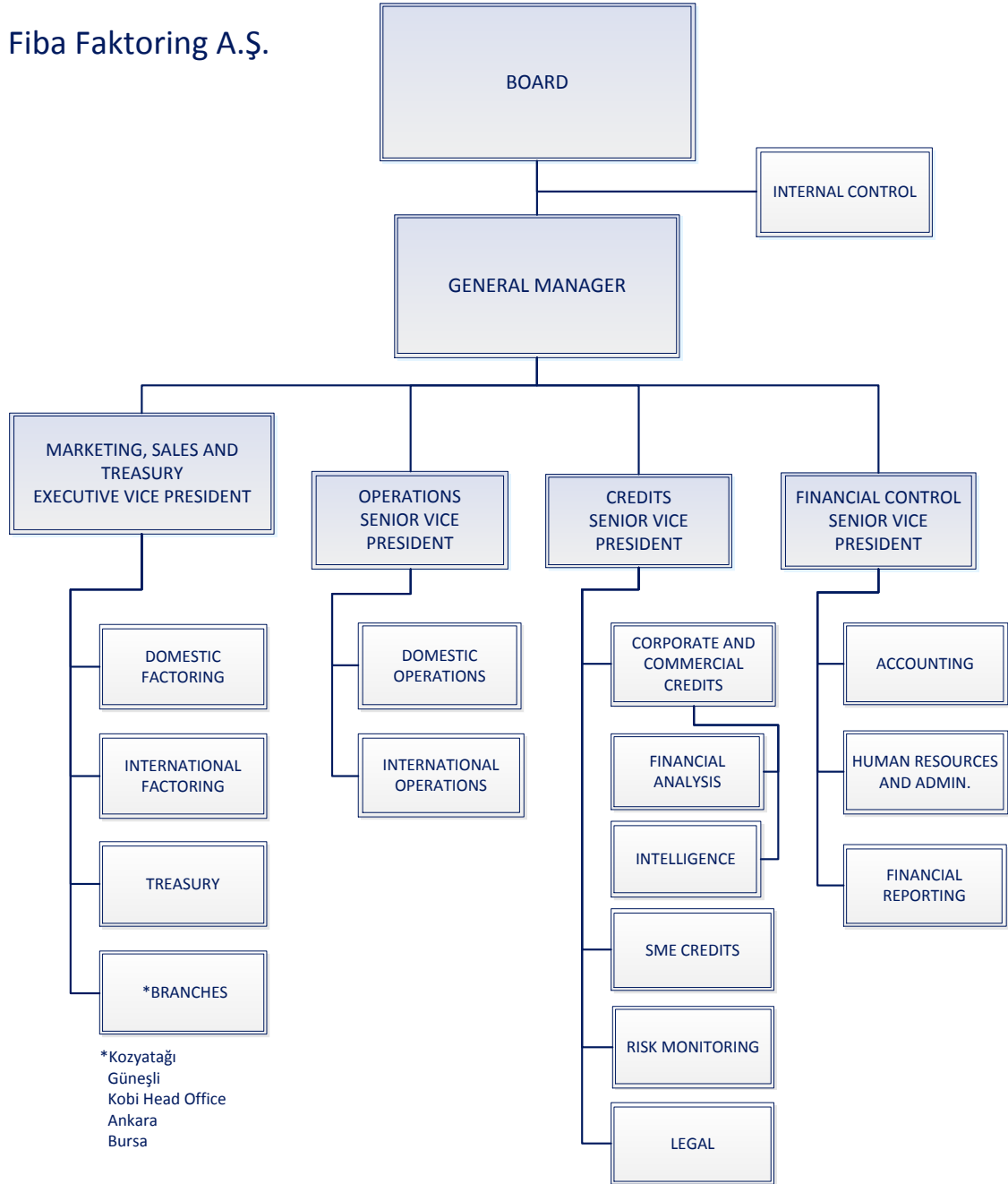
F. Özge Yılmaz - Member of Board of Directors & General Manager

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



FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2016
ANNUAL REPORT

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 1,665 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 2016 is TL 130 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 2016 accounting period, there are no significant company investments.

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

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

c) Fiba Faktoring A.Ş. has no direct or indirect subsidiaries nor any respective share ratios as of December 31, 2016.

d) Fiba Faktoring A.Ş. has no own shares it acquired as of December 31, 2016.

e) Our Company was audited during year 2016 activity period by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. trade named independent audit company. Within the scope of “Year 2016 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 2016 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 2016.

h) Our Company has accomplished its objectives during year 2016 and it has fulfilled the decisions of its General Assembly.

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2016
ANNUAL REPORT

i) During the Activity Period of year 2016; there were Ordinary General Assembly meeting held for year 2015 and two other Extraordinary General Assembly meetings were held as well.

2015 Ordinary General Assembly Meeting Agenda of Fiba Faktoring A.Ş. held on 24 March 2016

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 2015,
3. Reading and negotiating of Audit Report belonging to accounting year of 2015,
4. Reading, negotiating and submitting to the approval of Balance Sheet and Profit and Loss Accounts (Financial) Statements belonging to activity year of 2015,
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 2015,
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 2015,
9. Election of Independent Audit Company in relation to the auditing of accounts belonging to 2016 accounting year,
10. Reading and negotiating of Annual Report belonging to year 2015,
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 18 April 2016

1. Opening and forming the presidency of the meeting,
2. Determination of utilization type of the profits earned during year 2015 those are retained in the profit for the period account, profits from previous yeas account and in the profit reserves account,
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.

Extraordinary General Assembly Meeting Agenda of Fiba Faktoring A.Ş. held on 7 September 2016

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 sales 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.

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2016
ANNUAL REPORT

j) Total amount of the expenditures made for the donations and aids made by the Company within the framework of social responsibility projects is TL thousand 65.

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

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

The markets had exhibited a fluctuated progress during year 2016 within the framework of both the agenda of our country and the global developments. Presidential elections in the USA and the exit decision given by the England from the European Union were the most crucial developments within the developed economies. The economic viability of which was expected within the Europe was not reached out. On the other hand, the geopolitical conflicts happened in Syria and Iraq were closely monitored in all over the world. In general, the investments and growth rates within the world economy were realized with low levels.

When we look at the figures of factoring sector in year 2016, we see that the size of the receivables was increased by 24.5% and realized as TL 31 billion and the size of the assets was increased by 24% and realized as TL 33 billion and also, the total shareholder's equity was increased by 10% and reached up to TL 5 billion. The net profit of the sector was increased by 68% in year 2016 and realized as TL 664 million.

Fiba Faktoring had reached TL 2,809 million worth of transaction volume with its 1,500 active customers at the end of year 2016. 94% of our total turnover was earned from domestic factoring transactions and 6% of this total was earned from international factoring transactions. Our placement volume was realized as TL 998 million and our net profits were realized as TL 19.3 million.

When we look at the yearend placement, approximately 27% of this placement was realized with the SME segment and 79% was realized with our active customers. In parallel with our financial inclusion policy, we are targeting to grow with a healthy structure during year 2017, as well. Furthermore, in parallel to the digitalization process in the commercial sector, we will continue to our studies with regard to developing and marketing of the new products.

We, as Fiba Faktoring A.Ş. continue to produce solutions those are fully matching with the customer needs, through our service quality and customer-focused working principles. We believe that we will accomplish our targets also during year 2017 with our experienced and highly-qualified employees and with the valuable supports and trust relied on to us by of our shareholders, together with our estimable customers.

Mehmet Güleşci
Chairman

F. Özge YILMAZ
Board of Directors Member/ General Manager

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2016
ANNUAL REPORT

Sectoral Developments

At the end of year 2016 there were 62 factoring companies of which had obtained operating licenses from the BRSA in Turkey. At the end of year 2016, branch number was 360 and personnel number was realized as 4,716 persons in the sector.

When we look at the balance sheet sizes of our Company on sectoral basis; our total assets had increased by 24% at the year end of 2016 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 2016, the factoring receivables became 94% of the total assets. The receivables item had increased by 24% when compared with the same period of previous year.

Factoring Sector Selected Balance Sheet Items

	2016	2016	2015
	* (%)	(mio TL)	(mio TL)
Factoring Receivables	24%	31,025	24,995
Non-Performing Receivables	4%	1,521	1,457
Specific Provisions (-)	11%	1,299	1,172
Banks	52%	493	325
Total Assets	24%	33,089	26,716
Funds Borrowed	31%	23,502	18,004
Marketable Securities Issued (Net)	4%	3,399	3,274
Shareholders' Equity	10%	5,084	4,626
Off-Balance Sheet Items	-11%	374,136	421,767

* 2016's % change is calculated with previous year's amounts.

Source: BRSA monthly bulletin informations

When we evaluate the Total Assets of the 4th quarter of year 2016 as declared by the Union of Financial Institutions; Fiba Faktoring A.Ş. ranks as 8th company within this sector. Our factoring receivables as of the date of December 31st, 2016 was realized as TL 998 millions.

In year 2016, sector net profit for the period was decreased by 68% and occurred approximately TL 664 millions.

Factoring income as being the most weighted item among the income items was grown by 17%. Factoring interest expenses were increased by 17%, net operating income after provisions increased by 100%, the reason for that increase was TL 108 millions decrease on non performing loan expenses. Non-factoring incomes was significantly composed of foreign exchange profits, derivative transaction profits and affiliate sales profits.

	2016	2016	2015
	* (%)	(mio TL)	(mio TL)
Factoring Income	17%	4,304	3,669
<i>Factoring Interest Income</i>	18%	3,982	3,365
<i>Factoring Commission Income</i>	6%	321	304
Financial Expenses (-)	17%	-2,418	-2,061
Operating Expenses (-)	13%	-900	-799
Other Operational Income/Expense (Net)	18%	268	228
Specific Provision for Non-Performing Receivables (-)	(21)%	-414	-522
Tax Provision (±)	48%	-177	-119
Net Period Profit/Loss	68%	664	395

* % changes for year 2016 have been calculated via comparing to prior year amounts.

Source: BRSA statistics

FİBA FAKTORİNG A.Ş.

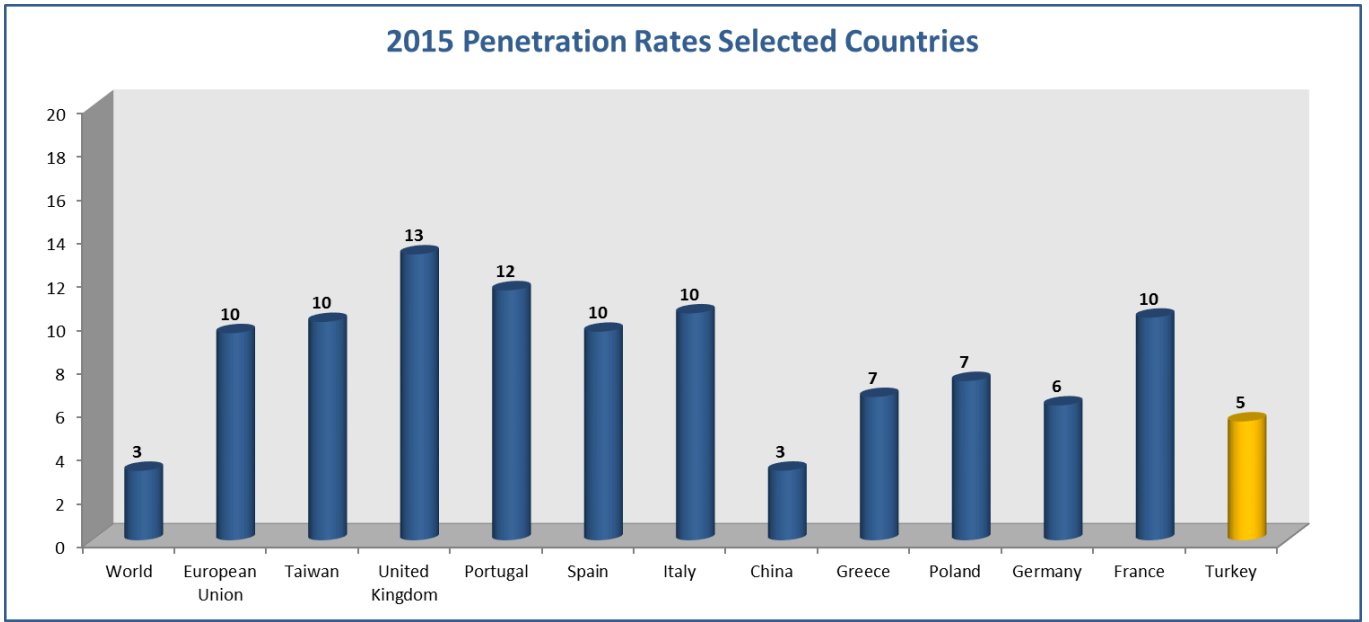
For the Year Ended 31 December 2016

ANNUAL REPORT

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

	WORLD			TURKEY		
	Domestic	Internatiol	Total	Domestic	Internatiol	Total
2011	2,268,640	342,204	2,610,844	36,350	7,348	43,698
2012	2,346,646	464,700	2,811,346	36,360	7,957	44,317
2013	2,522,564	555,941	3,078,505	40,839	8,461	49,300
2014	2,229,078	588,185	2,817,263	40,912	9,240	50,152
2015	2,015,177	579,552	2,594,729	32,784	8,273	41,057

Based on FCI and BRSA statistics.



2015 Turkey's factoring sector turnover was TL 119,377 million (USD 41,057 million), and penetrated 5% of GDP, besides in 2016 the factoring turnover realized as TL 122,426 million (USD 34,788 million). Fiba Faktoring A.Ş. had realized USD 798 million worth of turnover during year 2016. As of the 4th quarter of year 2016 our market share was realized by %2.3 and we ranked as 11th company in the sector.

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2016
ANNUAL REPORT

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

Fiba Faktoring A.Ş. ranked as the 8th company during 4th quarter of year 2016 with its total asset value in the sector. Our Factoring receivables were realized as TL 998 million as of the date of December 31st, 2016.

Fiba Faktoring's Key Indicators		
<i>(ths TL)</i>		
	2016	2015
Total Assets	1,244,204	1,095,185
Factoring Receivables	998,476	939,138
Non-Performing Receivables (Net)	7,562	8,611
Funds Borrowed	920,550	694,039
Securities issued	80,051	147,724
Shareholders' Equity	236,921	243,547
Net Period Profit/Loss	19,318	10,382
ROA %:	1.65%	0.93%
ROE %:	8.74%	4.27%

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

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

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

Fiba Faktoring Selected Income Statement Items		
<i>(ths TL)</i>		
	2016	2015
Factoring Income	150,104	129,905
Factoring Interest Income	145,805	124,436
Factoring Commission Income	4,299	5,469
Financial Expenses (-)	(72,754)	(72,282)
Operating Expenses (-)	(24,837)	(24,905)
Other Operational Income/Expense (Net)	(2,981)	(10,478)
Specific Provision for Non-Performing Receivables (-)	(23,213)	(8,759)
Tax Provision (±)	(7,001)	(3,099)
Net Period Profit/Loss	19,318	10,382

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2016
ANNUAL REPORT

Summary Financial Information for the Period Continuing Operations

Balance Sheet Summary			
Assets	2016	2015	(%)
Financial Assets at Fair Value Through Profit and Loss (Net)	26,767	22	121,568
Balances with the Banks	72,114	9,246	680
Financial Assets Available for Sale (Net)	109,862	102,918	7
Factoring Receivables	998,476	939,138	6
Non-Performing Receivables	7,562	8,611	(12)
Tangible Assets (Net)	4,152	4,122	1
Intangible Assets (Net)	412	370	11
Prepaid Expenses	610	614	(1)
Deferred Tax Assets	4,431	11,432	(61)
Other Assets	19,818	18,712	6
Total Assets	1,244,204	1,095,185	14
Liabilities	2016	2015	(%)
Derivative Financial Liabilities Held for Trading	197	2,460	(92)
Funds Borrowed	920,550	694,039	33
Factoring Payables	2,040	3,695	(45)
Securities issued	80,051	147,724	(46)
Other Liabilities	412	331	24
Other Foreign Liabilities	442	339	30
Taxes Payable	1,595	1,527	4
Provisions	1,996	1,523	31
Shareholders' Equity	236,921	243,547	(3)
Total Liabilities and Equity	1,244,204	1,095,185	14
Income Statement Summary			
	2016	2015	(%)
Operating Income	150,104	129,905	16
Financial Expenses (-)	(72,754)	(72,282)	1
Operating Expenses (-)	(24,837)	(24,905)	(0)
Other Operational Income	62,046	69,532	(11)
Specific Provision for Non-Performing Receivables (-)	(23,213)	(8,759)	165
Other Operational Expenses (-)	(65,027)	(80,010)	(19)
Tax Provision for Continuing Operations (±)	(7,001)	(3,099)	126
Net Period Profit Loss for Continuing Operations	19,318	10,382	86

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2016
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.

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

As at 31 December 2016 and 2015, ratio of net debt to equity is presented below:

	2016	2015
Total liabilities	1,007,283	851,638
Cash and cash equivalents	(72,114)	(9,246)
Net debt	935,169	842,392
Total equity	236,921	243,547
Net debt/equity ratio	3.95	3.46

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

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

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

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

Profit Distribution

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

As per the Extraordinary General Assembly Meeting held on 18 April 2016, it was decided to distribute restricted funds at amounting TL 26,400. After the required legal reserve amount has been deducted, the remaining amount has been distributed as dividend at amounting TL 25,927.

VI. FINANCIAL RISK MANAGEMENT

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

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

Credit Risk

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

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

Liquidity risk

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

Market risk

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

(i) Foreign currency risk

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

(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.