

Fiba Faktoring Anonim Şirketi

Financial Statements
As at 31 December 2015
With Independent Auditors' Report Thereon

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fiba Faktoring Anonim Şirketi

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 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of 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 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

DRT Bağımsız Denetim ve SMMM A.Ş.

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

Istanbul, 29 February 2016

Fiba Faktoring Anonim Şirketi

Statement of Financial Position

As at 31 December 2015

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

	<i>Notes</i>	Audited 31/12/2015	Audited 31/12/2014
Assets			
Cash and cash equivalents	<i>10</i>	9,246	95,770
Factoring receivables	<i>11</i>	947,749	892,203
Investment securities	<i>12</i>	102,918	94,960
Property and equipment	<i>13</i>	4,122	3,995
Intangible assets	<i>14</i>	370	270
Other assets	<i>15</i>	19,326	21,394
Derivative financial assets	<i>19</i>	22	3,597
Deferred tax assets	<i>8</i>	11,432	14,531
Total assets		1,095,185	1,126,720
Liabilities			
Loans and borrowings	<i>16</i>	694,039	840,204
Securities issued	<i>17</i>	147,724	-
Factoring payables	<i>11</i>	3,695	1,445
Other liabilities	<i>18</i>	2,197	1,718
Derivative financial liabilities	<i>19</i>	2,460	18,386
Employee benefits	<i>20</i>	1,523	1,999
Total liabilities		851,638	863,752
Equity			
Share capital	<i>21</i>	81,110	81,110
Legal reserves	<i>21</i>	40,298	35,672
Other comprehensive income and expenses that will be reclassified subsequently to profit or loss		19	(251)
Retained earnings		122,120	146,437
Total equity		243,547	262,968
Total liabilities and equity		1,095,185	1,126,720

The notes on pages 5 to 42 are an integral part of these financial statements.

Fiba Faktoring Anonim Şirketi

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2015

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

	<i>Notes</i>	Audited 2015	Audited 2014
Interest income			
Interest income on factoring receivables		124,436	136,087
Interest income on cash and cash equivalents and investments		3,327	3,961
Total interest income		127,763	140,048
Interest expense			
Interest expense on loans and borrowings		(58,661)	(85,616)
Interest expense on securities issued		(12,693)	-
Total interest expense		(71,354)	(85,616)
Net interest income		56,409	54,432
Fee and commission income on factoring transactions		5,716	5,334
Fee and commission expense on factoring transactions		(247)	(295)
Other commission expenses, net		(928)	-
Net fee and commission income		4,541	5,039
Operating income		60,950	59,471
Net trading gain/(loss)	9	(8,065)	43,812
Foreign exchange gains/(losses), net		(3,425)	(20,037)
Dividend income	24	-	10
Other operating income		231	68
Other operating income/(expenses)		(11,259)	23,853
Net impairment loss on financial assets	11	(7,426)	(19,041)
Personnel expenses	5	(18,721)	(26,825)
Administrative expenses	6	(5,937)	(8,383)
Depreciation and amortisation	13,14	(247)	(603)
Other expenses	7	(3,879)	(5,854)
Profit /(loss) before income taxes		13,481	22,618
Income tax expense	8	(3,099)	(5,420)
Net profit for the period		10,382	17,198
Other comprehensive income			
Other comprehensive income / (loss) for the period, net of income tax		270	(251)
Total comprehensive income for the period		10,652	16,947

The notes on pages 5 to 42 are an integral part of these financial statements.

Fiba Faktoring Anonim Şirketi
Statement of Changes in Equity
For the Year Ended 31 December 2015
(Amounts expressed in thousands of Turkish Lira ("Thousands of TL") unless otherwise indicated.)

	Notes	Share capital	Legal & other reserves	Other comprehensive income and expenses that be reclassified subsequently to profit or loss	Retained earnings	Total Equity
Balances at 1 January 2014		81,110	32,172	-	234,673	347,955
<i>Total comprehensive income for the period:</i>						
Profit for the period		-	-	-	17,198	17,198
Other comprehensive loss		-	-	(251)	-	(251)
Total comprehensive income for the period		-	-	(251)	17,198	16,947
<i>Transactions with owners, recorded directly in equity:</i>						
Dividends	21	-	-	-	(101,934)	(101,934)
Transfers to legal reserves	21	-	3,500	-	(3,500)	-
Total transactions with owners recorded directly in equity		-	3,500	-	(105,434)	(101,934)
Balances at 31 December 2014	21	81,110	35,672	(251)	146,437	262,968
<i>Total comprehensive income for the period:</i>						
Profit for the period		-	-	-	10,382	10,382
Other comprehensive income		-	-	270	-	270
Total comprehensive income for the period		-	-	270	10,382	10,652
<i>Transactions with owners, recorded directly in equity:</i>						
Dividends	21	-	-	-	(30,073)	(30,073)
Transfers to legal reserves		-	4,626	-	(4,626)	-
Total transactions with owners recorded directly in equity		-	4,626	-	(34,699)	(30,073)
Balances at 31 December 2015	21	81,110	40,298	19	122,120	243,547

The notes on pages 5 to 42 are an integral part of these financial statements.

Fiba Faktoring Anonim Şirketi

Statement of Cash Flows

For the Year Ended 31 December 2015

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

	Notes	Audited 2015	Audited 2014
Cash flows from operating activities:			
Net profit / (loss) for the year		10,382	17,198
Adjustments for:			
Depreciation and amortisation	13,14	247	603
Provision for reserve for employee severance payments, net	20	383	656
Provision for vacation pay liability	20	(26)	(162)
Derivative financial instruments	19	(12,351)	(72,163)
Net interest and fee accruals		(3,612)	(4,053)
Dividend income	24	-	(10)
Income taxes	8	3,099	5,420
Loss on sale of properties acquired in return of factoring receivables		1,268	-
Provision for doubtful receivables	11	7,426	19,041
Unrealized foreign exchange losses/(gain) (net)		(7,648)	(5,116)
		(832)	(38,586)
Change in factoring receivables		(72,292)	86,390
Change in other assets		6,588	22,156
Change in factoring payables		2,250	1,143
Net change in loans and bank borrowings		(132,014)	(689)
Change in other liabilities		30	126
Employee severance paid	20	(384)	(903)
Taxes (paid)/received		-	(207)
Proceeds from recoveries of impaired factoring receivables	11	1,333	1,010
Net cash provided from/(used in) operating activities		(195,321)	70,440
Cash flows from investing activities:			
Acquisition of property and equipment	13	(374)	(73)
Disposal of property and equipment		34	-
Acquisition of investment securities	12	(500)	(27,579)
Disposal of investment securities		-	-
Acquisition of intangible assets	14	(134)	(35)
Dividend received		-	10
Net cash provided from/(used in) investing activities		(974)	(27,677)
Cash flows from financing activities:			
Cash proceeds from securities issued		145,028	-
Dividends paid	21	(30,073)	(111,934)
Net cash provided from/(used in) financing activities		114,955	(111,934)
Effects of foreign exchange rate fluctuations on cash and cash equivalents		645	5,116
Increase/(decrease) in cash and cash equivalents		(80,695)	(64,056)
Cash and cash equivalents at 1 January	10	89,004	153,059
Cash and cash equivalents at 31 December	10	8,309	89,004

The notes on pages 5 to 42 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 2015

(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 2015 is 125 (31 December 2014: 124).

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

Merger of Fiba Faktoring A.Ş. with Girişim Faktoring A.Ş. by "taking over" Girişim Faktoring A.Ş.

Fiba Faktoring A.Ş. has merged with Girişim Faktoring A.Ş., which operates within the Fiba Group together with Fiba Faktoring A.Ş. in the same business line, by the transfer of all assets and liabilities of Girişim Faktoring A.Ş. as a whole to Fiba Faktoring A.Ş. pursuant to the decisions of the respective Board of Directors of both Fiba Faktoring A.Ş. and Girişim Faktoring A.Ş. taken on 5 August 2014. Each decision has been approved on 29 December 2015 in the respective Extraordinary General Meetings of Fiba Faktoring A.Ş. and Girişim Faktoring A.Ş. and registered in the Trade Register on 31 December 2015. With the registration of the merger in the Trade Register, Girişim Faktoring A.Ş. has been dissolved without liquidation and the merger has been completed.

Resulting from the aforementioned merger, the following shareholders of Girişim Faktoring A.Ş. have all received registered share certificates. Fiba Holding A.Ş., has received certificate of 100.184 registered shares with a nominal value of 1 TL each amounting to 100.184 (full) TL, Fina Holding A.Ş. has received certificate of 32.511.275 registered shares with a nominal value of 1 TL each amounting to 32.511.275 (full) TL, Hüsnü M. Özyeğin has received certificate of 18 registered shares with a nominal value of 1 TL each amounting to 18 (full) TL and Fiba Alışveriş Merk. Gel. İnş. Paz. ve Tic. A.Ş. received certificate of 163 registered shares with a nominal value of 1 TL each amounting to 163 (full) TL.

After the merger transaction as mentioned above, the composition of the authorised and paid-in share capital of Fiba Faktoring A.Ş. is as follows:

	31 December 2015		31 December 2014	
	Number of shares	Share (%)	Number of shares	Share (%)
Fiba Holding A.Ş.	46,198	57	46,198	57
Fina Holding A.Ş.	34,912	43	34,912	43
Others	<1	<1	<1	<1
	81,110	100	81,110	100

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

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

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 29 February 2016. The General Assembly and other regulatory bodies have the power to amend the statutory financial statements after their issue.

Accounting for Business Combinations Under Common Control

Combination of entities under common control are accounted by the pooling of interest method based on the carrying amounts of the merged entities under common control. No goodwill arises on such transactions and the effect of business combinations under common control is accounted under equity in retained earnings account. The financial statements are prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and presented comparatively from the beginning of the reporting period in which the common control occurred.

(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 certain investment securities available for sale 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 19 – Derivative financial instruments
- Note 20 – Employee benefits
- Note 22 – Financial risk management
- Note 23 – Commitments and contingencies

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

(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 2015 and 2014.

(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>2015</u>	<u>2014</u>
USD	2.9076	2.3189
Euro ("EUR")	3.1776	2.8207
GBP	4.3007	3.5961

(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 2015

(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 and debt 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 debt securities are measured at fair value. 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 any 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 2015

(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 2015

(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 2015

(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:

	2015	2014
Net discount rate	3.31%	3.31%
Expected salary / limit increase	5.00%	5.00%
Turnover rate to estimate the probability of	95.22%	95.22%

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

(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.

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

(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)

i. Amendments to IFRSs affecting amounts reported and/or disclosures in the financial statements

None.

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

Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹	
Annual Improvements to 2010-2012 Cycle	<i>IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 38,</i>	<i>IAS</i>
Annual Improvements to 2011-2013 Cycle	<i>24</i> ¹	
	<i>IFRS 1, IFRS 3, IFRS 13, IAS 40</i> ¹	

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

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

(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)

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

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements to 2010-2012 Cycle

IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8: Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

IFRS 1: Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3: Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

IAS 40: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

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3 Significant accounting policies (continued)

(t) New and Revised International Financial Reporting Standards (IFRSs) (continued)

iii. New and revised IFRSs in issue but not yet effective

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

IFRS 9	<i>Financial Instruments</i> ²
IFRS 14	<i>Regulatory Deferral Accounts</i> ¹
Amendments to IFRS 11	<i>Accounting for Acquisition of Interests in Joint Operations</i> ¹
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i> ¹
IFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Annual Improvements to 2012-2014 Cycle	<i>IFRS 5, IFRS 7, IAS 19, IAS 34</i> ¹
Amendments to IAS 1	<i>Disclosure Initiative</i> ¹
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2018.

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income ("FVTOCI") measurement category for certain simple debt instruments.

IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

IFRS 14 was issued by the IASB on 30 January 2014 and is applied to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016.

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Notes to the Financial Statements

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3 Significant accounting policies (continued)

(t) New and Revised International Financial Reporting Standards (IFRSs) (continued)

iii. New and revised IFRSs in issue but not yet effective (continued)

Amendments to IFRS 11 *Accounting for Acquisition of Interests in Joint Operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11,
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*

This amendment include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of IAS 41.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contracts,
- Recognise revenue when the entity satisfies a performance obligation.

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

(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)

iii. New and revised IFRSs in issue but not yet effective (continued)

Amendments to IAS 27 Equity Method in Separate Financial Statements

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Annual Improvements 2012-2014 Cycle

IFRS 5: Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19: Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Amendments to IAS 1 Disclosure Initiative

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

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Notes to the Financial Statements

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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 which 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. Other available for sale investments and 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:

	2015		2014	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<i>Financial assets</i>				
Cash and cash equivalents	9,246	9,246	95,770	95,770
Investment securities	102,918	102,918	94,960	94,960
Factoring receivables	947,749	947,749	892,203	892,203
Derivative financial assets	22	22	3,597	3,597
<i>Financial liabilities</i>				
Loans and borrowings	694,039	694,870	840,204	841,153
Securities issued	147,724	147,724	-	-
Factoring payables	3,695	3,695	1,445	1,445
Derivative financial liabilities	2,460	2,460	18,386	18,386

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

(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 2015	Level 1	Level 2	Level 3	Total
Investment securities available for sale (*)	35,988	-	-	35,988
Derivative financial assets	-	22	-	22
Total financial assets	35,988	22	-	36,010
Derivative financial liabilities	-	2,460	-	2,460
Total financial liabilities	-	2,460	-	2,460

31 December 2014	Level 1	Level 2	Level 3	Total
Investment securities available for sale (*)	28,030	-	-	28,030
Derivative financial assets	-	3,597	-	3,597
Total financial assets	28,030	3,597	-	31,627
Derivative financial liabilities	-	18,386	-	18,386
Total financial liabilities	-	18,386	-	18,386

(*) TL 66,930 of investment securities available for sale are accounted for at cost as those are non-quoted equity securities and their fair values cannot be reliably measured.

5 Personnel expenses

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

	2015	2014
Salary expenses	12,275	16,117
Premiums and bonuses to employees	2,977	5,396
Compulsory social security obligations	1,589	1,960
Health expenses	554	534
Severance payment and other personel provision	552	2,144
Meal expenses	417	558
Others	357	116
	18,721	26,825

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

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6 Administrative expenses (including depreciation and amortisation)

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

	2015	2014
Office rent, contribution, maintenance, cleaning expenses	1,920	3,196
Traveling, operational lease and other vehicle expenses	1,391	1,926
Consultancy expenses	679	958
Lawsuit expenses	680	614
Depreciation and amortisation expenses	247	603
Communication expenses	366	451
Taxes, duties, charges and funds	303	389
IT expenses	34	85
Notary expenses	26	70
Advertising expenses	61	66
Other	477	628
	6,184	8,986

7 Other expenses

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

	2015	2014
Donations	652	3,616
Bank charges	519	1,131
Others	2,708	1,107
	3,879	5,854

For the year ended 31 December 2015, donations include contributions made to "AÇEV" amounting TL 517 (31 December 2014: TL 16), to Hüsni Özyeğin University amounting to TL 35 (31 December 2014: TL 3,550 TL), and to other various foundations amounting to TL 100 (31 December 2014: TL 45), to "Hüsni Özyeğin Foundation" amounting none (31 December 2014: TL 5).

8 Taxation

As at 31 December 2015, corporate income tax is levied at the rate of 20% (31 December 2014: 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 cannot be carried back.

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Notes to the Financial Statements

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*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***8 Taxation (continued)**

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:

	2015	2014
Current tax expense		
Current tax	-	-
	-	-
Deferred tax (expense)/credit		
Origination and reversal of temporary differences	(3,099)	(5,420)
	(3,099)	(5,420)
Income tax expense	(3,099)	(5,420)

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:

	2015	2014
	Amount	Amount
Reported profit before income tax	13,481	22,618
Income tax using the domestic corporation tax rate	(2,696)	(4,524)
Non-deductible expenses	(403)	(898)
Tax exempt income	-	2
Total income tax expense	(3,099)	(5,420)

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***8 Taxation (continued)**

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.

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

At 31 December	2015	2014	2015	2014	2015	2014
	Assets		Liabilities		Net	
Carried forward tax losses	7,725	5,719	-	-	7,725	5,719
Factoring receivables	3,013	5,580	-	-	3,013	5,580
Derivative financial instruments	488	2,958	-	-	488	2,958
Employee benefits	305	400	-	-	305	400
Loans and borrowings	-	-	91	120	(91)	(120)
Property and equipments	-	-	20	6	(20)	(6)
Others	67	-	55	-	12	-
	11,598	14,657	166	126	11,432	14,531

As at 31 December 2015 and 2014, there is no unrecognised deferred tax asset and liabilities.

The expiry date of tax loss carry forwards for the years ended 31 December is as follows:

	2015	2014
31 December 2019	28,596	28,596
31 December 2020	10,030	-
Total	38,626	28,596

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:

	2015	2014
Balance at 1 January	14,531	19,951
Deferred tax credit/(expense) recognised in profit or loss	(3,099)	(5,420)
Balance at 31 December	11,432	14,531

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***9 Net trading gain / (loss)**

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

	2015	2014
Net gain/(loss) from derivative financial instruments	(8,065)	43,812
	(8,065)	43,812

10 Cash and cash equivalents

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

	2015	2014
Cash at banks		
- demand deposits	8,228	19,248
- time deposits	1,018	76,522
Cash on hand	-	-
Total cash and cash equivalents	9,246	95,770
Blocked cash	(937)	(6,725)
Accrued interest on time deposits	-	(41)
Cash and cash equivalents in the statement of cash flow	8,309	89,004

As at 31 December 2015 and 2014, 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 2015, USD denominated time deposits amounting to USD 350 has an average interest rate of 0.25%. (31 December 2014: TL denominated time deposits amounting to TL 15,343 has an average interest rate of 7.83%, Euro denominated time deposits amounting to Euro 560 has an average interest rate of 0.05%, US Dollar denominated time deposits amounting to USD 25,685 has an average interest rate of 2.14%).

11 Factoring receivables and payables

As at 31 December, factoring receivables comprised the following:

	2015	2014
Domestic factoring receivables	919,834	866,826
Export factoring receivables	43,552	36,490
Impaired factoring receivables	35,373	66,824
Factoring receivables, gross	998,759	970,140
Unearned income on factoring transactions	(24,248)	(16,261)
Allowance for impaired factoring receivables	(26,762)	(61,676)
Factoring receivables, net	939,138	892,203

As at 31 December 2015, factoring receivables amounting to TL 41,283 mature above one year (31 December 2014: TL 57,578).

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***11 Factoring receivables and payables (continued)**

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

	2015	2014
Balance at 1 January	61,676	42,635
Provision, net of recoveries, transfer	(34,914)	19,041
<i>Transfers (*)</i>	<i>(42,340)</i>	-
<i>Allowance for the year</i>	<i>8,759</i>	<i>20,051</i>
<i>Recoveries of amounts previously provided</i>	<i>(1,333)</i>	<i>(1,010)</i>
Balance at 31 December	26,762	61,676

(*) As of 31 December 2015 the Company sold its impaired factoring receivables amounting to TL 42,340 having net book value of zero with a sale price of TL 125 to Güven Varlık Yönetimi A.Ş.

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

	2015		2014	
	Gross Amount	Provision	Gross Amount	Provision
Undue	2,659	231	1,112	516
Overdue 1 to 3 months	4,422	1,963	2,864	2,513
Overdue 3 to 6 months	1,268	799	772	228
Overdue 6 to 12 months	1,616	1,181	6,473	3,160
Overdue over 1 year	25,408	22,588	55,603	55,259
Total	35,373	26,762	66,824	61,676

Details of the collaterals obtained from customers are presented in Note 22.

Factoring payables

As at 31 December, factoring payables are as follows:

	2015	2014
Domestic factoring payables	999	304
Export factoring payables	2,696	1,141
	3,695	1,445

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

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***12 Investment securities****Investments in securities available-for-sale**

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

	2015	2014
<u>Debt Securities</u>		
Private bank bonds	35,480	28,030
Private bonds	508	-
<u>Equity Securities</u>		
Non - quoted	66,930	66,930
	102,918	94,960

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

	2015		2014	
	Carrying value	% of ownership	Carrying value	% of ownership
Credit Europe Group N.V. ("Credit Europe")	66,190	1.29	66,190	2.00
Fiba Alışveriş Mer. Gel. İnş. ve Paz. Tic. A.Ş.	728	0.16	728	0.16
Kapital Holding A.Ş.	10	-	10	-
Others	2	-	2	-
Total	66,930		66,930	

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

As at 31 December, contractual maturities of the debt securities in the following details:

	2015	2014
<u>Short Term</u>		
Up to 1 year	508	-
<u>Long Term</u>		
Up to 5 years	14,373	11,462
More than five years	21,107	16,568
	35,988	28,030

As of 31 December 2015, interest rates of the foreign debt securities are 8.00 % and 8.50% (31 December 2014: 8.00% and 8.50%), short term TL denominated debt security interest rate is 14.20 % (31 December 2014: None)

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

*(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 2014	2,545	2,403	66	3,046	1,531	9,591
Additions	-	56	-	17	-	73
Disposals	-	-	(66)	-	-	(66)
Fixed assets written off	-	(1,437)	-	(1,316)	-	(2,753)
Balance at 31 December 2014	2,545	1,022	-	1,747	1,531	6,845
Balance at 1 January 2015	2,545	1,022	-	1,747	1,531	6,845
Additions	206	148	-	20	-	374
Disposals	-	(59)	-	-	-	(59)
Balance at 31 December 2015	2,751	1,111	-	1,767	1,531	7,160
Accumulated depreciation						
Balance at 1 January 2014	450	2,049	66	2,561	-	5,126
Depreciation for the year	50	151	-	342	-	543
Disposals	-	-	(66)	-	-	(66)
Fixed assets written off	-	(1,437)	-	(1,316)	-	(2,753)
Balance at 31 December 2014	500	763	-	1,587	-	2,850
Balance at 1 January 2015	500	763	-	1,587	-	2,850
Depreciation for the year	52	95	-	66	-	213
Disposals	-	(25)	-	-	-	(25)
Balance at 31 December 2015	552	833	-	1,653	-	3,038
Carrying amounts						
At 1 January 2014	2,095	354	-	485	1,531	4,465
At 31 December 2014	2,045	259	-	160	1,531	3,995
At 1 January 2015	2,045	259	-	160	1,531	3,995
At 31 December 2015	2,199	278	-	114	1,531	4,122

(*) As at 31 December 2015, TL 1,995 (31 December 2014: TL 2,045) of net carrying value of building was acquired through finance lease contracts.

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

There is no pledge or liens on property and equipment.

As at 31 December 2015, total insurance coverage on property and equipment amounted to TL 19,376 (31 December 2014: TL 15,852) and TL 42 is paid as insurance premium (31 December 2014: TL 37).

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

*(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 2014	1,955
Additions	35
Disposals	-
Intangibles written off	(1,326)
Balance at 31 December 2014	664
Balance at 1 January 2015	664
Additions	134
Balance at 31 December 2015	798
Accumulated amortisation	
Balance at 1 January 2014	1,660
Amortisation for the year	60
Intangibles written off	(1,326)
Balance at 31 December 2014	394
Balance at 1 January 2015	394
Amortisation for the year	34
Balance at 31 December 2015	428
Carrying amounts	
At 1 January 2014	295
At 31 December 2014	270
At 1 January 2015	270
At 31 December 2015	370

As at 31 December 2015 and 2014, there is no internally generated software.

15 Other assets

As at 31 December, other assets comprised the following:

	2015	2014
Advances given	193	152
Prepaid expenses	614	312
Others	2,075	1,421
Properties acquired in return of factoring receivables	16,444	19,509
	19,326	21,394

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***16 Loans and borrowings**

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

	2015				
	Original amount	Nominal interest rate (%) ^(*)	TL amount		
			Up to 1 year	1 year and over	Total loans and borrowings
TL	463,287	10,65-14,99	463,287	-	463,287
USD	37,838	2,20-2,95	110,014	-	110,014
Euro	37,997	0,50-2,50	120,738	-	120,738
TL			694,039	-	694,039

	2014				
	Original amount	Nominal interest rate (%) ^(*)	TL amount		
			Up to 1 year	1 year and over	Total loans and borrowings
TL	672,660	8,00-12,50	631,667	40,993	672,660
USD	52,830	2,85-3,90	122,508	-	122,508
Euro	15,966	2,13-3,00	45,036	-	45,036
TL			799,211	40,993	840,204

(*) These rates represent the range of nominal interest rates of outstanding borrowings with fixed and floating rates as at 31 December 2015 and 2014.

As at 31 December 2015, loans and borrowings amounting are TL 262,000, USD 12,000 and Euro 15,000 secured by Fiba Holding A.Ş., (31 December 2014: TL 375,624, USD 25,000 and Euro 12,000 secured by Fiba Holding A.Ş., TL 20,000, and USD 10,000 secured by Fina Holding A.Ş.).

17 Securities issued

The Company issued two discounted private sector bills on 21 October 2015 and 12 November 2015, with maturity by six months, having 52,000 TL nominal and 101,600 TL nominal respectively.

Code	Currency	Maturity	Interest type	Interest rate (%)	Nominal value	Carrying value
TRFFBFK41617	TL	15 April 2016	Fixed	12.40	52,000	50,213
TRFFBFK51616	TL	6 May 2016	Fixed	12.15	101,600	97,511
					153,600	147,724

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***18 Other liabilities**

As at 31 December, other liabilities comprised the following:

	2015	2014
Taxes and duties payable other than on income	1,527	1,251
Payables to suppliers	320	341
Others	350	126
	2,197	1,718

19 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.

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

	31 December 2015		31 December 2014	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Currency swaps	-	(249)	2,389	(2,434)
Currency forwards	22	(2,211)	1,205	(169)
Accumulative boosted forward transactions	-	-	-	(7,348)
Currency options	-	-	3	(66)
Interest rate swap	-	-	-	(8,369)
	22	(2,460)	3,597	(18,386)

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

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

20 Employee benefits

As at 31 December, employee benefits comprised the following:

	2015	2014
Reserve for employee severance payments	833	834
Vacation pay liability	690	716
Other employee provisions	-	449
	1,523	1,999

20.1 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 4,092.53 (in full TL basis) at 31 December 2015 (31 December 2014: TL 3,541.37 (in full TL basis) 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:

	2015	2014
Balance at 1 January	834	1,081
Interest cost	28	34
Service cost	355	622
Payment during the year	(384)	(903)
Balance at 31 December	833	834

Actuarial differences are recognized in profit or loss.

20.2 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:

	2015	2014
Balance at 1 January	716	878
(Reversal) / Expense during the year	(26)	(162)
Balance at 31 December	690	716

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As at and for the Year Ended 31 December 2015

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

21 Equity

21.1 Paid-in capital

As of 31 December 2014, Fiba Faktoring A.Ş. was merged with Girişim Faktoring A.Ş. by using pooling of interest method, "by taking over" entire assets and liabilities of Girişim Faktoring A.Ş..

At 31 December 2015, the nominal paid-in capital of the Company comprises 81,109,700 shares (31 December 2014: 81,709,700) 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:

	31 December 2015		31 December 2014	
	Number of shares	Share (%)	Number of shares	Share (%)
Fiba Holding A.Ş.	46,198	57	46,198	57
Fina Holding A.Ş.	34,912	43	34,912	43
Others	<1	<1	<1	<1
	81,110	100	81,110	100

21.2 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 40,298 as at 31 December 2015 (31 December 2014: legal reserves TL 35,672).

21.3 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 2015, retained earnings balance is comprised of such restricted funds amounting to TL 109,443 (31 December 2014: TL 149,603).

As per the General Assembly Meeting on 31 July 2015, it was decided offset accumulated losses with 2014 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 at amounting TL 30,073 after the required legal reserve amount has been deducted.

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As at and for the Year Ended 31 December 2015

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

22 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.

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

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

22 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	2015	2014
Factoring receivables	11	939,138	892,203
Investment securities	12	102,918	94,960
Derivative financial assets	18	22	3,597
Other assets (*)	15	2,075	1,421
Cash and cash equivalents	10	9,246	95,770
Total		1,053,399	1,087,951

(*) 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 2015, factoring receivables include receivables that are past due but not impaired amounting to TL 5,852 (31 December 2014: TL 7,647).

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:

	2015	2014
Customer notes and cheques obtained as collateral	2,156,458	1,604,154
Mortgages	12,075	38,502
Pledges	18,490	20,400
	2,187,023	1,663,056

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.

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As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***22 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 2015	Carrying amount	Contractual cash flows	3 months or less	3 to 12 months	1 to 5 years
Non-derivative financial liabilities					
Loans and borrowings	694,039	712,473	421,356	291,117	-
Securities issued	147,724	153,600	-	153,600	-
Factoring payables	3,695	3,695	3,695	-	-
Other liabilities (*)	331	331	331	-	-
Total	845,789	870,099	425,382	444,717	-
31 December 2014					
	Carrying amount	Contractual cash flows	3 months or less	3 to 12 months	1 to 5 years
Non-derivative financial liabilities					
Loans and borrowings	840,204	862,723	430,446	384,447	47,830
Factoring payables	1,445	1,445	1,445	-	-
Other liabilities (*)	389	389	389	-	-
Total	842,038	864,557	432,280	384,447	47,830

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

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As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***22 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 2015				
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Currency swaps:					
Purchases	31,736	-	-	-	31,736
Sales	32,022	-	-	-	32,022
Forward					
Purchases	341	1,828	31,776	-	33,945
Sales	363	1,841	36,526	-	38,730
Total of purchases	32,077	1,828	31,776	-	65,681
Total of sales	32,385	1,841	36,525	-	70,752
Total of transactions	64,462	3,669	68,301	-	136,433
	31 December 2014				
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Currency swaps:					
Purchases	93,931	-	43,250	-	137,181
Sales	91,450	-	43,938	-	135,388
Interest Rate Swaps					
Purchases	-	35,519	-	-	35,519
Sales	-	43,221	-	-	43,221
Currency options					
Purchases	85	42,311	-	-	42,396
Sales	88	47,790	-	-	47,878
Forward					
Purchases	29,528	2,886	592	-	33,006
Sales	28,519	2,908	565	-	31,992
Accumulated boosted forwards:					
Purchases	3,256	-	55,035	-	58,291
Sales	3,714	-	56,652	-	60,366
Total of purchases	126,800	80,716	98,877	-	306,393
Total of sales	123,771	93,919	101,155	-	318,845
Total of transactions	250,571	174,635	200,032	-	625,238

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As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***22 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 2015				31 December 2014			
	USD (%)	Euro (%)	GBP (%)	TL (%)	USD (%)	Euro (%)	GBP (%)	TL (%)
Assets								
Cash at banks								
- Time deposits	0.25	-	-	-	2.14	0.05	-	7.83
Factoring receivables	7.51	6.44	8.25	16.54	7.47	6.62	8.25	13.85
Investment securities	8.21	-	-	14.20	-	-	-	-
Liabilities								
Loans and borrowings	2.52	1.91	-	12.89	3.45	2.72	-	10.70
Securities issued	-	-	-	12.23	-	-	-	-

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As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***22 Financial risk management (continued)****Market risk (continued)***Interest rate profile*

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

	Carrying amount	
	2015	2014
Fixed rate instruments		
Factoring receivables	668,226	583,262
Time deposits	1,018	76,522
Investment securities available for sale	35,988	28,030
Factoring payables	(3,695)	(1,445)
Loans and borrowings	(694,039)	(840,204)
Securities issued	(147,724)	-
Variable rate instruments		
Factoring receivables	270,912	303,793

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 2014.

	Profit or loss		Equity ^(*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2015				
Variable rate instruments	2,709	(2,709)	3,069	(3,069)
	2,709	(2,709)	3,069	(3,069)
31 December 2014				
Variable rate instruments	3,038	(3,038)	3,038	(3,038)
	3,038	(3,038)	3,038	(3,038)

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As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***22 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):

	2015			TL
	USD	Euro	Other	Total
Foreign currency monetary assets				
Cash and cash equivalents	2,141	1,883	713	4,737
Investment securities available for sale	35,480	-	-	35,480
Factoring receivables	70,345	58,898	737	129,980
Other assets	2	1	-	3
Total foreign currency monetary assets	107,968	60,782	1,450	170,200
Foreign currency monetary liabilities				
Loans and borrowings	110,018	120,734	-	230,752
Factoring payables	782	2,698	-	3,480
Other liabilities	6	51	-	57
Total foreign currency monetary liabilities	110,806	123,483	-	234,289
Gross exposure	(2,838)	(62,701)	1,450	(64,089)
Off balance sheet net notional position	7,894	51,189	-	59,083
Net position	5,056	(11,512)	1,450	(5,006)
<hr/>				
	2014			TL
	USD	Euro	Other	Total
Foreign currency monetary assets				
Cash and cash equivalents	67,577	6,418	2,594	76,589
Investment securities available for sale	28,030	-	-	28,030
Factoring receivables	37,868	54,671	1,649	94,188
Other assets	23	-	-	23
Total foreign currency monetary assets	133,498	61,089	4,243	198,830
Foreign currency monetary liabilities				
Loans and borrowings	122,508	45,036	-	167,544
Factoring payables	-	1,141	-	1,141
Other liabilities	11	46	1	58
Total foreign currency monetary liabilities	122,519	46,223	1	168,743
Gross exposure	10,979	14,866	4,242	30,087
Off balance sheet net notional position	(54,880)	(113,549)	-	(168,429)
Net position	(43,901)	(98,683)	4,242	(138,342)

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***22 Financial risk management (continued)****Market risk (continued)***Foreign currency sensitivity analysis*

A 10 percent weakening of TL against the foreign currencies at 31 December 2015 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 2014.

31 December 2015	Equity	Profit or loss
USD	506	506
Euro	(1,151)	(1,151)
Other	145	145
	(500)	(500)

31 December 2014	Equity	Profit or loss
USD	(4,390)	(4,390)
Euro	(9,868)	(9,868)
Other	424	424
	(13,834)	(13,834)

A 10 percent strengthening of the TL against the foreign currencies at 31 December 2015 and 2014 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 2015 and 2014, ratio of net debt to equity is presented below:

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

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As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***23 Commitments and contingencies**

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

	2015	2014
Letter of guarantees given to Takasbank	125,000	-
Letter of guarantees given to courts	9,941	8,462
	134,941	8,462

24 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:

	2015	2014
Cash at banks		
Credit Europe Bank NV – demand	314	4,512
Credit Europe Bank Suisse – demand	972	6,786
Fibabanka A.Ş. – time	-	2,000
Fibabanka A.Ş. – demand	229	692
	1,515	13,990
	2015	2014
Other Receivables		
Fibabanka A.Ş.	14	10
	14	10
Other Payables		
Fiba Holding A.Ş.	17	9
	17	9

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

*(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)***24 Related party disclosures (continued)**

As at 31 December 2015 and 2014, derivative transactions with related parties with the TL equivalent of the notional amounts are as follows:

Derivative financial instruments – notional amounts	2015	
	Purchase	Sale
Credit Europe Bank Suisse – currency forwards	15,888	18,388
	15,888	18,388

Derivative financial instruments – notional amounts	2014	
	Purchase	Sale
Credit Europe Bank NV– currency swaps	19,551	20,057
Credit Europe Bank NV– cross currency swaps	35,519	43,221
Credit Europe Bank NV – accumulative boosted forward transactions	56,841	58,626
Credit Europe Bank Suisse – accumulative boosted forward transactions	1,451	1,739
Credit Europe Bank Suisse – currency options	42,311	47,790
	155,673	171,433

Derivative financial instruments – carrying values	2015	2014
	Credit Europe Bank NV – currency swaps	-
Credit Europe Bank Suisse – currency forwards	(1,184)	-
Credit Europe Bank NV– cross currency swaps	-	(8,369)
Credit Europe Bank NV– accumulated boosted forward transactions	-	(6,710)
Credit Europe Bank Suisse – accumulated boosted forward transactions	-	(638)
Credit Europe Bank Suisse – currency options	-	(66)
	(1,184)	(17,053)

Interest income on cash and cash equivalents	2015	2014
	Fibabanka A.Ş.	58
Credit Europe Bank Suisse	-	606
Credit Europe Bank NV	2	83
	60	755
Dividend income		
Fiba AVM A.Ş.	-	10
	-	10

Fiba Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2015

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

24 Related party disclosures (continued)

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

	2015	2014
Other operating income		
Credit Europe Bank NV - <i>Trading gain from derivatives</i>	21,220	64,278
Credit Europe Bank Suisse - <i>Trading gain from derivatives</i>	770	33,532
Güven Varlık Yönetimi A.Ş. - <i>Other</i>	125	-
	22,115	97,810
Interest expense on loans and borrowings		
Credit Europe Bank NV	26	439
	26	439
	2015	2014
Administrative expenses		
Fibabanka A.Ş.	41	68
Fiba Holding A.Ş.	44	50
Girişim Varlık Yönetimi A.Ş.	-	12
Fiba Gayrimenkul Gel. İnş. ve Yat. A.Ş.	7	9
Fina Holding A.Ş.	6	12
	98	151
Donations		
Hüsnü Özyeğin University	35	3,550
Hüsnü Özyeğin Foundation	-	5
AÇEV	517	16
	552	3,571
Other expenses		
Credit Europe Bank NV - <i>Trading gain from derivatives</i>	28,418	45,832
Credit Europe Bank Suisse - <i>Trading gain from derivatives</i>	1,814	28,404
Credit Europe Bank NV - <i>Other</i>	227	333
Credit Europe Bank Suisse - <i>Other</i>	8	36
Florence Nightingale İş Sağlığı ve Güvenliği Hiz. Tic. A.Ş.	14	-
Fibabanka A.Ş. - <i>Other</i>	10	6
Marka Mağazacılık A.Ş. - <i>Other</i>	4	11
Anadolu Japan Turizm A.Ş. - <i>Other</i>	3	-
Girişim Varlık Yönetimi A.Ş. - <i>Other</i>	-	83
Fiba Emeklilik ve Hayat A.Ş.	27	39
	30,525	74,744

Total benefit of key management for the year ended 31 December 2015 amounted to TL 3,451 (31 December 2014: TL 2,886).

25 Subsequent events

None.