

FİBA FAKTORİNG A.Ş.

2022

ANNUAL REPORT



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

Independent Auditor's Report on the Annual Report
(Convenience translation of the report originally issued in Turkish)

To the General Assembly of Fiba Faktoring Anonim Şirketi

1) Opinion

We have audited the annual report of Fiba Faktoring Anonim Şirketi (the "Company") for the 1 January - 31 December 2022 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

2) Basis of Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3) Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 27 February 2023 on the full set financial statements for the 1 January - 31 December 2022 period.

4) Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Company's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5) Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements and with the information obtained in the course of audit.

The name of the engagement partner who supervised and concluded this audit is Eray Yanbol.

RSM Turkey Uluslararası Bağımsız Denetim A.Ş.
Member of RSM International

A blue ink signature of Eray Yanbol is written over a circular blue stamp. The stamp contains the text 'RSM' and 'T.C. MİLLÎ EĞİTİM BAKANLIĞI' around a central emblem.

Eray Yanbol, SMMM
Partner

İstanbul, 27 February 2023

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I. CORPORATE PROFILE

Fiba Factoring, a member of the Fiba Group, a strong and respected player in the financial services industry, was founded in 1992. Determining its strategies with the aim of becoming a leading company in the factoring sector, Fiba Faktoring has been maintaining its identity as an exemplary company by its strong financial structure, balanced customer portfolio and trust-identical brand in its sector since the day it was founded. Company activities are regulated according to 6361 numbered “Financial Leasing, Factoring, Finance and Saving Financing Companies Law” published on the Official Gazette No. 28496, dated 12 December 2023 and the "Regulation of Establishment and Operation Principles of Financial Leasing, Factoring, Finance and Saving Finance Companies” of the Banking Regulation and Supervision Agency ("BRSA").

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

The number of employees of the Company as at 31 December 2022 is 80.

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

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

Trade Name	: FİBA FAKTORİNG A.Ş
Trade Register Number	: 292152
Annual Report Period	: year of 2022
Head Office Address	: Büyükdere Cad. 1.Levent Plaza, No:173/A Kat:2 34330 1.Levent - İstanbul
Phone Number	: 0212 385 14 00
Fax Number	: 0212 385 14 60
Website	: www.fibafactoring.com.tr
Electronic mail	: info@fibafactoring.com.tr

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As of 31.12.2022 Branches

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

Capital Structure

At 31 December 2022, paid-in capital of the Company TRY 228,000 thousand. The nominal paid-in capital of the Company comprises 228,000,000 unprivileged shares of TRY 1 each.

	31.12.2022	
	Number of shares	Share (%)
Fiba Holding A.Ş.	129,862,000	56.96
Fina Holding A.Ş.	75,338,000	33.04
Other	22,800,000	10.00
	228,000,000	100.00

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

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Vision

Our Vision is to be the first company that comes to mind as a leading institution in the factoring sector.

Mission

To be one of the leading factoring companies that contribute to the growth and development of the sector, to ensure the highest level of satisfaction of our customers, employees and financiers.

Our strategies

Our Strategies are to produce world-class products and services, to provide accurate, fast and quality service to its customers.

To be a determinant in the sector by developing new products with our dynamic and expert staff and to meet the changing demands of the customers.

To offer products structured in line with the needs of companies.

To gain competitive advantage in the sector with innovative and fast solutions and to be preferred primarily by customers.

Introducing the effect of factoring service to companies that increase the trade volume, both in the domestic market and in international trade, and to increase the factoring volume of Turkey.

To be a creative and leading company that adapts to changing economic conditions by using its effective and productive resources rationally.

Business approach of Fiba Factoring

To be one of the leading factoring companies that contribute to the growth and development of the sector, to ensure the highest level of satisfaction of our customers, employees and financiers.

- To provide quality, fast and effective service,
- To be able to produce creative solutions specific to different sectors and companies,
- Effective risk managements
- Based on strong customer relationships

Providing classical factoring services with its dynamic and expert staff, the company produces special solutions that best meet the expectations of its customers in different fields with innovative approach.

With its credibility in financial markets and extensive funding opportunities, Fiba Faktoring is one of the leading factoring companies in the Factors Chain International (FCI) membership and its competence in international relations reinforces its market position.

One of the indispensable players in its sector with its effective service approach and vision focused on customer satisfaction Fiba Faktoring continues to grow by taking strength from the principles of the Group to which it belongs.

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Board of Directors

Name-Surname	Position	Date of Appointment	Educational Background	Professional Experience
Mehmet Güleşçi	Chairman of Board of Directors	2021	Master's Degree	39 years
Murat Özyeğin	Vice-Chairman of Board of Directors	2021	Master's Degree	25 years
F. Özge Yılmaz	Member of Board of Directors (General Manager)	2021	Bachelor Degree	28 years

Mehmet GÜLEŞCİ - Vice Chairman

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

Murat ÖZYEĞİN- Board Member

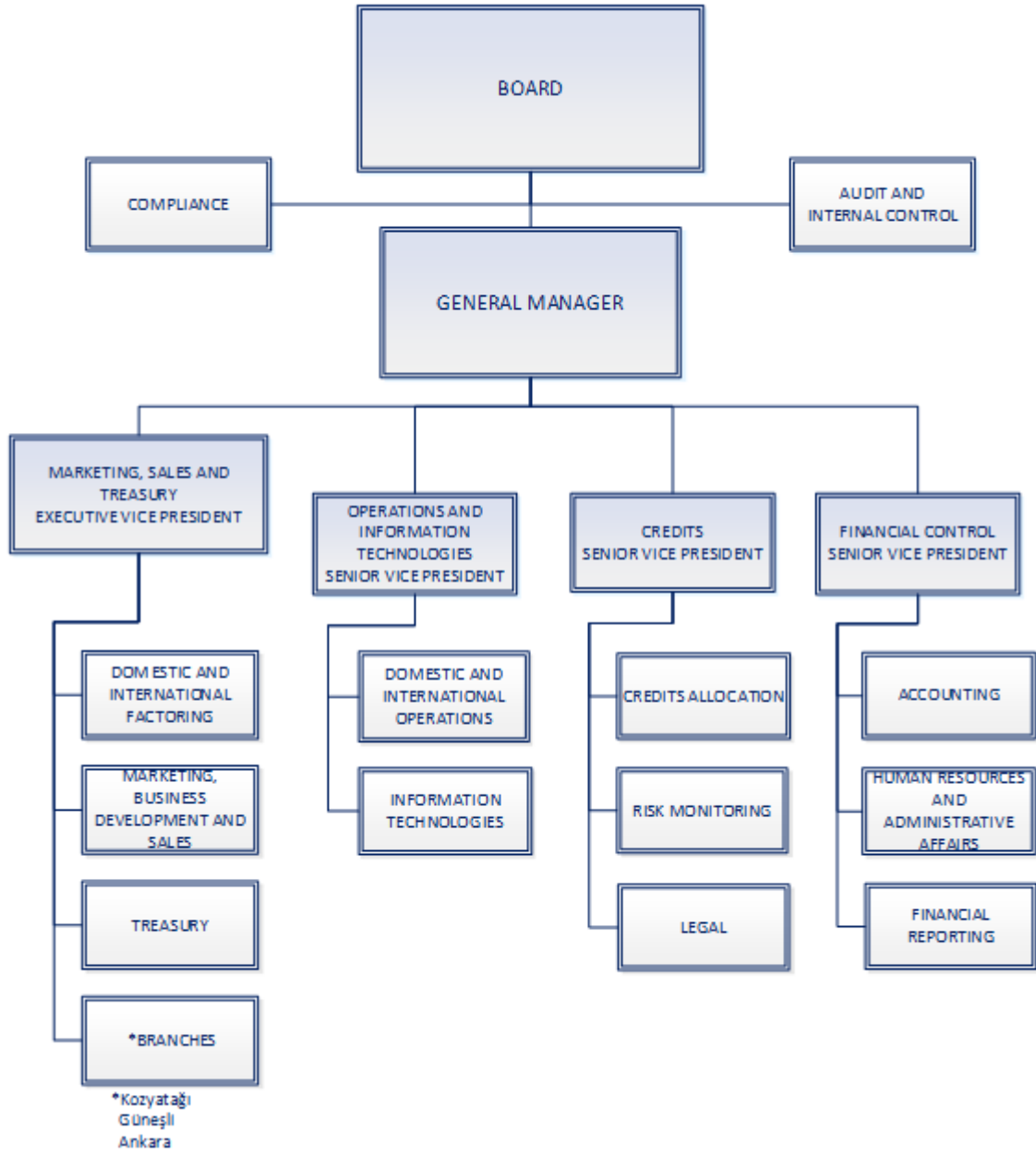
Murat Özyeğin is the Chairman of the Board and Executive Committee of Fiba and Fina Holding. He began his career in 1998 as a financial analyst in the New York office of the Merger and Acquisition Group of Bear Stearns & Co., a New York-based global investment bank and transferred to the company's London office as a Senior Analyst in 2000. He returned to Turkey in 2003 to take an active role in the management of Fiba Group, founded by his father Hüsnü Özyeğin. He established the Strategic Planning and Business Development divisions at Finansbank (owned by Fiba Group until 2005) and Fiba Holding. Before assuming the role of Chairman of Fiba Holding and Fina Holding companies, Murat Özyeğin served as a member of the Board of Directors of Fiba Holding and Fina Holding during 2003-2019 and Chairman of all non-financial subsidiaries. He is also Vice Chairman of Credit Europe Bank, the group's largest subsidiary in finance. Murat Özyeğin also serves as Vice President of the Turkish Industrialists and Businessmen Association (TÜSİAD), President of DEİK/Turkey-The Netherlands Business Council, Chairman of the Advisory Board of Women on Board Association Turkey, Vice President of Energy Efficiency Association, Trustee of Özyeğin University, Trustee of Hüsnü M. Özyeğin Foundation, member of Harvard University Global Advisory Board, member of Endeavor Board of Directors, Trustee of WWF Turkey and member of Global Relations Forum. He has been serving as Honorary Consul – General of the Republic of Singapore since 2016. He graduated Carnegie Mellon University with a double major in Industrial Management and Economics and holds an MBA from Harvard Business School. He is 47 years old and has three daughter and one boy children.

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

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

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Fiba Faktoring A.Ş. Organization Chart (31.12.2022)



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

The amount of financial benefits like salary, bonus, dividend is TRY 6,816 thousand and benefits like food and transportation allowances, life and health insurance provided to the key management by the Company for the period ended as of 31 December 2022 is TRY 386 thousand.

III. RESEARCH & DEVELOPMENT STUDIES of our COMPANY

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

IV. ACTIVITIES AND SIGNIFICANT PROGRESS IN THE ACTIVITIES

- a) In the 2022 accounting period, there are no significant company investments.
- b) Opinions of Management Organ of our Company in relation to the internal control system and internal audit activities within our Company are as follows;
Internal Control Department of our Company has been conducting its control and audit studies on a regular basis and by working independently as affiliated to the Board of Directors in order to control the compliance of company activities to the applicable legislations and to the internal procedures and policies of our Company as well as to enable efficient and productive control activities and to enable the reports to be issued reliable and complete and to preserve the assets of our company.
- c) Fiba Faktoring A.Ş. has no direct or indirect subsidiaries nor any respective share ratios.
- d) Fiba Faktoring A.Ş. has no own shares it acquired.
- e) Our Company was audited during year of 2022 activity period by RSM Turkey Arkan Ergin Uluslararası Bağımsız Denetim A.Ş. trade named independent audit company. Within the scope of “Year 2022 Corporate Tax Return Attestation” the relevant audits are being conducted by Güreli Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş. trade named independent audit company. Furthermore, our Company is subject to regular and permanent supervision and audits of the Banking Regulation and Supervision Agency within the scope of “Regulation concerning the Rules of Establishment and Activities of Financial Leasing, Factoring, Saving Finance and Finance Companies”.
- f) In the 2022 operational period, no lawsuit was filed against Fiba Faktoring A.Ş. which might have an impact on the financial status and activities of Fiba Faktoring.
- g) No administrative or civil sanction was imposed on the Company and the Members of its Management Body in the operational period of 2022.
- h) Our Company has accomplished its objectives during year 2022 and it has fulfilled the decisions of its General Assembly.
- i) During the Activity Period of year 2022; there was Ordinary General Assembly meeting held for year 2021 and Extraordinary General Assembly meeting were held as well.

Ordinary General Assembly Meeting Agenda of Fiba Faktoring A.Ş. held on 30 March 2022

1. Opening and forming the presidency of the meeting,
2. Reading and negotiating of Activity Report prepared by the Board of Directors related with the accounts and activities of the company, belonging to year 2021,
3. Reading and negotiating of Audit Report belonging to accounting year of 2021,
4. Reading, negotiating and submitting to the approval of Balance Sheet and Profit and Loss Accounts (Financial) Statements belonging to activity year of 2021,
5. Taking decisions regarding the release of debt and acquittance of members of board of directors individually and separately for their activities performed in year 2021,
6. Determination the number of the Board of Directors members,
7. Determination wages of the Board of Directors members,
8. Determination of utilization type of the profits earned during year 2021,
9. Election of Independent Audit Company in relation to the auditing of accounts belonging to 2022 accounting year,
10. Reading and negotiating of Affiliation Report belonging to year 2021,
11. Authorization and granting of permit to the Members of Board of Directors as specified in Articles 395 and 396 of Turkish Commercial Code,
12. Wishes and closing.

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***Extraordinary General Assembly Meeting Agenda of
Fiba Faktoring A.Ş. held on 28 December 2022***

1. Opening and forming the presidency of the meeting,
2. Increase of the Company's capital by TRY 151,000,000.00- to TRY 228,000,000- from TRY 77,000,000- through bonus issue by way of the addition to the capital of the accumulated profit, other capital reserves and other profit reserves.
3. Amendment of Articles 6 of the Articles of Association as follows,

FORMER WORDING	NEW WORDING
<p><u>Article 6– Capital</u></p> <p>The capital of the Company amounts to TRY 151,000,000- (one hundred and fifty one million Turkish Liras), and is divided into 151,000,000 shares, the nominal value of each of which amounts to TRY 1 (One Turkish Lira).</p> <p>Some TRY 48,500,000- (Forty eight million and five hundred thousand Turkish Liras) of the capital has been fully paid in. The amount of the capital increase, being TRY 32,609,700, has been covered out of the equities of the Girisim Faktoring Anonim Sirketi, which is registered to Istanbul Trade Registry Office with trade registry number 375560, the principal office of which is situated at Resitpasa Mahallesi Eski Buyukdere Cad. Park Plaza No:14 Kat:13 Maslak/Istanbul, some TRY 35,000,000 (Thirty Five Million Turkish Liras) registered capital of which consists of some 35,000,000 shares, the nominal value of each of which is TRY 1-, and which is a corporate taxpayer that is registered. to Maslak Tax Department with tax ID number 396 009 2377, and which is an incorporated (joint-stock) company, (the “Acquiree”) pursuant to the facts established within the Certified Public Accountant’s “ No. 1972/1745-211 on the Merger, dated 03/09/2014, regarding the merger between the Company and the Acquiree, as a part of the process of merger through the acquisition by the Company of the Acquiree as a whole, including any and all assets and liabilities thereof, in accordance with Turkish Code of Commerce No. 6102 (the “TCC”), the provisions of Articles 18, 19 and 20 of the Corporate Tax Code No. 5520 (the “CTC”), the provisions of the General Communiqué on Corporate Tax, Serial No. 1, the Trade Registry Regulation and the other applicable legislations. The amount of the capital increase in this case, being TRY 69,890,300 (sixty nine million and eight hundred and ninety thousand and three hundred Turkish Liras), has entirely been covered through bonus issues by way of the addition to the capital of the accumulated profit, which matter is established through the report No. YMM 2973/ 08- 08, dated 06/05/2021, of Gureli Yeminli Mali Musavirlik ve Bagimsiz Denetim Hizmetleri A.S. The Company may issue registered share certificates (stocks) and interim certificates. The shares of the company are registered shares, and may be had printed in denominations representing 1 (one) share or multiple shares.</p>	<p><u>Article 6– Capital</u></p> <p>The capital of the Company amounts to TRY 228,000,000.- (Two hundred and twenty two million Turkish Liras), and is divided into 228,000,000 shares, the nominal value of each of which amounts to TRY 1 (One Turkish Lira).</p> <p>The amount of TRY 151.000.000- (one hundred and fifty one million Turkish Liras) the capital has been fully paid in.</p> <p>The amount of the capital increase in this case, being TRY 77,000,000 Turkish Lira (Seventy-seven million Turkish Lira) has been covered through bonus issues by way of the addition to the capital of the accumulated profit amounting to TRY 74,503,924.55 (Seventy-four million five hundred three thousand nine hundred twenty-four Turkish Liras and fifty five Kurus), other capital reserves of TRY 2,264,849.60 (Two million two hundred sixty-four thousand eight hundred forty-nine Turkish Liras and sixt kurus), and other profit reserves of TRY 231,225.85 (Two hundred thirty-one thousand two hundred twenty-five Turkish Liras and eighty five kurus), which matter is established through the report No. YMM 2973/ 154- 120, dated 31/10/2022, of Gureli Yeminli Mali Musavirlik ve Bagimsiz Denetim Hizmetleri A.S.</p> <p>The Company may issue registered share certificates (stocks) and interim certificates. The shares of the company are registered shares, and may be had printed in denominations representing 1 (one) share or multiple shares.</p>

4. Invitation and presence of the Ministry Commissioner in order to represent the Ministry of Customs and Trade, during the Extraordinary General Assembly Meeting,
5. Wishes and closing.

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j) Total amount of the expenditures made for the donations and aids made by the Company within the framework of social responsibility projects is TRY 22,436 thousand.

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

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

V. FINANCIAL STATUS

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

Towards the end of 2022 economic growth figures announced for US economy as 2.1% and Eurozone economy as 3.5% that reinforced the positive economic expectations on a global scale. Accordingly, update of growth forecast of World Economic Outlook Report, the International Monetary Fund (IMF) is raised its global growth forecast from 2.7% to 2.9% for end of 2023 figures. Although the rate of inflation growth has started to decline, it still remains high. Therefore, major central banks slowed down their contractionary monetary policies along with maintaining a controlled process.

The Federal Reserve (FED), reduced the pace of contractionary monetary policy and raised the policy rate by 25 basis points to 4.5-4.75% during the meeting that ended on February 1st. FED Chairman Jerome Powell stated that the diminishing trend in inflation is a positive development and that he expects interest rate increases to continue for a few more meetings.

European Central Bank (ECB) raised its policy rate by 50 basis points to 2.5% in the February meetings. ECB President Christine Lagarde stated that the upward pressure maintaining its strong behaviour. Bank of England (BoE) also raised the policy rate by 50 basis points to 4%. It was stated in the report published after the meeting that inflation risks continued.

In Turkey, Central Bank of the Republic of Turkey (CBRT) kept the policy rate unchanged at 9% at its Monetary Policy Committee meeting in line with expectations on January 19. CBRT published its first Inflation Report of the year on January 26 and kept its year-end inflation estimates for the years of 2023 and 2024 unchanged at 22.3% and 8.8%.

The Factoring industry, the overall transaction volume of which has amounted to TRY 404 billion in 2022, has generated some TRY 5.2 billion net profit. On the other hand, the overall year-end factoring receivables of the factoring industry, in which some 49 companies operate, has amounted to TRY 127 billion.

As of 2022 year ended, Fiba Faktoring has been mediated amounting of TRY 7.2 billion to factoring transactions with the 1,200 active customers, The asset size of the Company has amounted TRY 2.7 billion and net profit has amounted to TRY 159 million The SME segments has comprised for 88% of our active customers.

In 2023, we continue supporting companies from all segments, primarily including the SMEs, through out guarantee, collection and financing services. We continue delivering effective services rapidly that fully address and meet the needs of our customers within the framework of our total quality concept. To that end, we are preparing to activate a variety of digital solutions with a view to establishing contacts with more companies.

We are confident that, in 2023, we will once again manage to accomplish our goals thanks to our highly competent, well-experienced and devoted staff, our esteemed shareholders, who grace us with their confidence and support, and our much valued customers.

Mehmet GÜLEŞCİ
Chairman

F. Özge YILMAZ
Board of Directors Member/ General Manager

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Sectorial Developments

At the end of year 2022 there were 49 factoring companies of which had obtained operating licenses from the BRSA in Turkey. At the end of year 2022, branch number was 357 and personnel number was realized as 4,008 persons in the sector.

When we look at the balance sheet sizes of our Company on sectorial basis; total assets had risen by 109% at the year end of 2022 when compared with the previous year. The factoring receivables constitute the most important balance sheet item in the assets section. At the end of year 2022, the factoring receivables became 94% of the total assets.

Factoring Sector Key Balance Sheet Items	<i>(million TRY)</i>	
	2022	2021
Faktoring Receivables	127.276	59.543
Non-Performing Receivables	2.099	1.700
Specific Provisions (-)	2.248	1.512
Non-Performing Receivables (Net)	(149)	188
Banks	2.747	2.101
Total Assets	135.626	64.971
Funds Borrowed	104.041	46.243
Marketable Securities Issued	9.724	5.031
Shareholders' Equity	16.526	10.816
Off-Balance Sheet Items	1.528.921	1.023.779

Source: BRSA monthly bulletin informations

Factoring income as being the most weighted item among the income items, realized TRY 22,607 million, was risen by 130%. Factoring interest expenses were increased by 115%, and actualized TRY 13,504 million. During 2022 with TRY 2,495 million operating expenses, TRY 1,517 million net non-factoring income and TRY 1,307 million non-performing loan expenses, sector net income reached to TRY 5,201 million.

2022 Turkey's factoring sector turnover was TRY 403,827 million, 85% of turnover is comprised of domestic factoring. Besides in 2021 the factoring turnover realized as TRY 199,554 million.

Factoring Sector Key Income Statement Items	<i>(million TRY)</i>	
	2022	2021
Factoring Income	22.607	9.809
<i>Factoring Interest Income</i>	<i>20.489</i>	<i>8.895</i>
<i>Factoring Commission Income</i>	<i>2.118</i>	<i>914</i>
Financial Expenses	(13.504)	(6.288)
Operating Expenses	(2.495)	(1.629)
Other Operational Income/Expense (Net)	1.517	1.171
Provisions	(1.307)	(660)
Tax Provision	(1.616)	(583)
Net Period Profit/Loss	5.201	1.821

Source: BRSA monthly bulletin informations

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

As of December 31st, 2022, our factoring receivables were realized as TRY 2,2 billion.

Fiba Faktoring's Key Indicators	<i>(thousand TRY)</i>	
	31/12/2022	31/12/2021
Total Assets	2.717.434	1.722.651
Factoring Receivables	2.249.596	1.394.050
Non-Performing Receivables (Net)	7.889	12.868
Funds Borrowed	2.067.044	1.114.081
Securities issued	38.729	223.404
Shareholders' Equity	544.621	317.079
Net Period Profit/Loss	158.901	34.016

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

Fiba Faktoring Key Income Statement Items	<i>(thousand TRY)</i>	
	31/12/2022	31/12/2021
Factoring Income	650.292	266.528
Financial Expenses (-)	(358.782)	(180.491)
Operating Expenses (-)	(78.434)	(46.114)
Other Operational Income/Expense (Net)	14.050	17.951
Specific Provision for Non-Performing Receivables (-)	(16.724)	(11.718)
Tax Provision (±)	(51.501)	(12.140)
Net Period Profit/Loss	158.901	34.016

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Summary Financial Information for the year ended 31 December 2022

Balance Sheet Summary (thousand TRY)

Assets	31/12/2022	31/12/2021	(%)
Cash, Cash Equivalents	121.144	183.018	(34)
Derivative Financial Assets	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	284.351	89.433	218
Financial Assets at Amortised Cost (Net)	2.257.485	1.406.918	60
Factoring Receivables	2.249.596	1.394.050	61
Other Financial Assets at Amortised Cost	-	-	-
Non-Performing Receivables	49.301	40.407	22
Allowances for Expected Credit Loss/Specific Provisions	(41.412)	(27.539)	50
Tangible Assets (Net)	13.163	6.498	103
Intangible Assets (Net)	1.482	213	596
Investment Property (Net)	16.444	16.444	-
Deferred Tax Assets	-	10.392	(100)
Other Assets	23.365	9.735	140
Total Assets	2.717.434	1.722.651	58

Liabilities	31/12/2022	31/12/2021	(%)
Funds Borrowed	2.067.044	1.114.081	86
Factoring Payables	355	334	6
Lease Obligations	8.290	3.528	135
Securities Issued	38.729	223.404	(83)
Derivative Financial Liabilities	-	37.087	(100)
Provisions	25.372	11.500	121
Current Tax Liabilities	18.571	9.515	95
Deferred Tax Liabilities	4.932	-	100
Other Liabilities	9.520	6.123	55
Shareholders' Equity	544.621	317.079	72
Total Liabilities and Equity	2.717.434	1.722.651	58

Income and Expense Items	31/12/2022	31/12/2021	(%)
Operating Income	650.292	266.528	144
Financial Expenses (-)	(358.782)	(180.491)	99
Operating Expenses (-)	(78.434)	(46.114)	70
Other Operational Income	75.364	85.019	(11)
Provision Expenses (-)	(16.724)	(11.718)	43
Other Operational Expenses (-)	(61.314)	(67.068)	(9)
Tax Provision for Continuing Operations (±)	(51.501)	(12.140)	324
Net Period Profit Loss for Continuing Operations	158.901	34.016	367

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Capital Management

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

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

As at 31 December 2022 and 2021, ratio of net debt to equity is presented below:

<i>(thousand TRY)</i>	31/12/2022	31/12/2021
Total liabilities	2.172.813	1.405.572
Cash and cash equivalents	(121.144)	(183.018)
Net debt	2.051.669	1.222.554
Total equity	544.621	317.079
Net debt/equity ratio	3,77	3,86

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

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

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

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

Profit Distribution

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

VI. FINANCIAL RISK MANAGEMENT

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

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

Credit Risk

The Company is subject to credit risk through its factoring operations. Risk Management and Analysis Department is responsible to manage the credit risk. The Company requires a certain amount of collateral in respect of its financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit processes. The Credit Risk Committee is met by every week by the members evaluating ongoing credit risk. On the other hand, The Company has a special purpose of computer program to monitor credit risk.

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

Liquidity risk

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

Market risk

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

(i) Foreign currency risk

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

(ii) Interest rate risk

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

VII. OTHER ISSUES

Other Issues

There is no other particular issue in the reporting period.

Events After the Reporting Period

The company issued bonds with a nominal value of TRY 288,000 Thousand on 12 January 2023, and they are to be sold to qualified investors. The maturity start date for issued bonds is 13 January 2022 and the maturity date is 28 April 2023.

Amendments of Articles of Association during the period

The company stated amendments of Articles of Association through Extraordinary General Assembly Meeting held at 28th December 2022, section IV. Activities and Significant progress in the Activities.