

FİBA FAKTORİNG A.Ş.

2023

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.

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 2023 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 29 February 2024 on the full set financial statements for the 1 January - 31 December 2023 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:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- 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.
- 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



Eray Yanbol, SMMM
Partner

İstanbul, 29 February 2024

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2023
ANNUAL REPORT

I. CORPORATE PROFILE

Fiba Factoring, a member of the Fiba Group, a strong and respected player in the financial services industry, was founded in 1992. 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 2023 is 93.

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 2023
Head Office Address	: Büyükdere Cad. 1.Levent Plaza, No:173/A Kat:2 34330 1.Levent - İstanbul
Phone Number	: 0212 385 14 00
Fax Number	: 0212 385 14 60
Website	: www.fibafactoring.com.tr
Electronic mail	: info@fibafactoring.com.tr

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2023
ANNUAL REPORT

As of 31.12.2023 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 Mahallesi Batman Sokak Royal Plaza No:18 Kat:8 Bağımsız Bölüm:9 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 2023, 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.

	31.12.2023	
	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.

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2023
ANNUAL REPORT

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.

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2023
ANNUAL REPORT

Board of Directors

Name-Surname	Position	Date of Appointment	Educational Background	Professional Experience
Mehmet Güleşçi	Chairman of Board of Directors	2021	Master's Degree	40 years
Murat Özyeğın	Vice-Chairman of Board of Directors	2021	Master's Degree	26 years
F. Özge Yılmaz	Member of Board of Directors (General Manager)	2021	Bachelor Degree	29 years

Mehmet GÜLEŞÇİ - 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 Özyeğın 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 Özyeğın. 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 Özyeğın 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 Özyeğın 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 Özyeğın University, Trustee of Hüsnü M. Özyeğın 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 48 years old and has three daughter and one boy children.



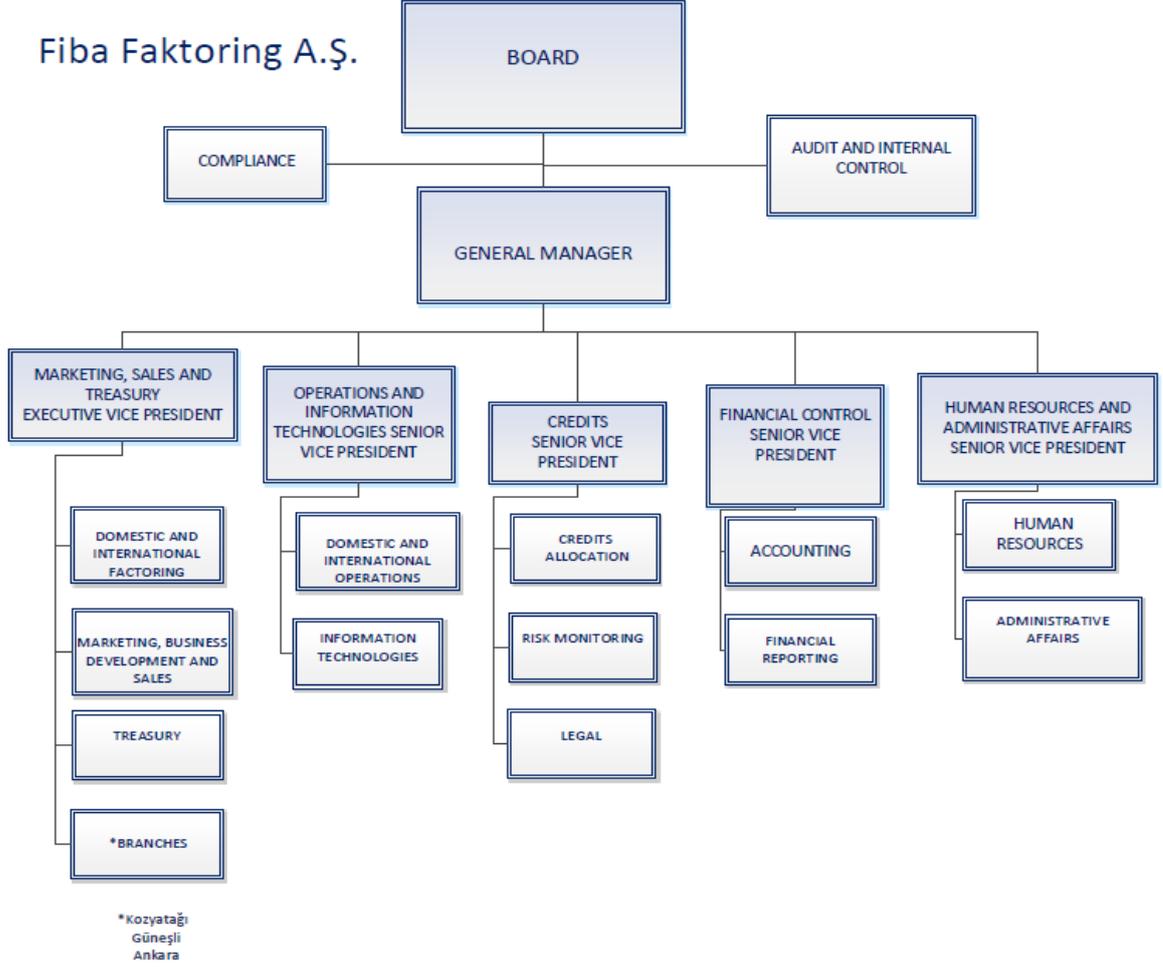
F. Özge YILMAZ - Member of Board of Directors & General Manager

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.



FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2023
ANNUAL REPORT

Fiba Faktoring A.Ş. Organization Chart (31.12.2023)



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

The amount of financial benefits like salary, bonus, dividend is TRY 15,776 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 2023 is TRY 1,009 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 2023 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 2023 activity period by RSM Turkey Arkan Ergin Uluslararası Bağımsız Denetim A.Ş. trade named independent audit company. Within the scope of “Year 2023 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 2023 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 2023.
- h) Our Company has accomplished its objectives during year 2023 and it has fulfilled the decisions of its General Assembly.
- i) During the Activity Period of year 2023; there was Ordinary General Assembly meeting held for year 2022 and Extraordinary General Assembly meeting were held as well.

Ordinary General Assembly Meeting Agenda of Fiba Faktoring A.Ş. held on 28 March 2023

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 2022,
3. Reading and negotiating of Audit Report belonging to accounting year of 2022,
4. Reading, negotiating and submitting to the approval of Balance Sheet and Profit and Loss Accounts (Financial) Statements belonging to activity year of 2022,
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 2022,
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 2022,
9. Election of Independent Audit Company in relation to the auditing of accounts belonging to 2023 accounting year,
10. Reading and negotiating of Affiliation Report belonging to year 2022,
11. Authorization and granting of permit to the Members of Board of Directors as specified in Articles 395 and 396 of Turkish Commercial Code,
12. Wishes and closing.

***Extraordinary General Assembly Meeting Agenda of
Fiba Faktoring A.Ş. held on 5 July 2023***

1. Opening and forming the presidency of the meeting,
2. Determination of utilization type of the profits standing in the retained earnings.
3. Invitation and presence of the Ministry Commissioner in order to represent the Ministry of Customs and Trade, during the Extraordinary General Assembly Meeting,
4. Wishes and closing.

j) Total amount of the expenditures made for the donations and aids made by the Company within the framework of social responsibility projects is TRY 155,385 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

As we concluded 2023 and entered 2024, the decisions and assessments of leading central banks in the global markets were closely observed. Parallel to data indicating a moderation in inflationary pressures, there was a growing perception that we were nearing the end of interest rate hikes.

The Federal Reserve is widely expected to keep the Fed funds target range unchanged at 5.25-5.50%. It was communicated that no further interest rate increases were anticipated, suggesting a potential stabilization in interest rates. Additionally, the United States' achievement of a 2.5 percent growth rate in 2023, coupled with the continued ascent of US stock markets, offered favorable signals for global risk appetite.

The European Central Bank (ECB), in line with expectations, did not change the policy interest rate, which remained in the range of 4.00% to 4.75%. During the January meeting, it was noted that there was an improvement in the core inflation trend, and the delayed effects of past interest rate hikes on financial conditions were still ongoing, indicating that it was still too early to begin interest rate cuts.

In its first meeting of 2024, the Central Bank of the Republic of Turkey (CBRT) raised the policy interest rate by 250 basis points to 45%, in line with market expectations, stating that the necessary level of monetary control had been reached for disinflation and that it would be maintained as long as necessary.

According to data released by the Turkish Statistical Institute (TÜİK), the calculated inflation rate for 2023 was recorded at 64.77%. Consequently, inflation in 2023 concluded the year below the CBRT's projected inflation forecast.

The Factoring industry, the overall transaction volume of which has amounted to TRY 820 billion in 2023, has generated some TRY 14.2 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 197 billion.

As of 2023 year ended, Fiba Faktoring has been mediated amounting of TRY 13.7 billion to factoring transactions with the 2,100 active customers, The asset size of the Company has amounted TRY 4.9 billion and net profit has amounted to TRY 442 million The SME segments has comprised for 97% of our active customers.

In 2024, 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 2024, we will once again manage to accomplish our goals thanks to our highly competent, well-experienced and devoted staff, our esteemed shareholders, who grace us with their confidence and support, and our much valued customers.

Mehmet GÜLEŞCİ
Chairman

F. Özge YILMAZ
Board of Directors Member/ General Manager

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2023
ANNUAL REPORT

Sectorial Developments

At the end of year 2023 there were 49 factoring companies of which had obtained operating licenses from the BRSA in Turkey. At the end of year 2023, branch number was 365 and personnel number was realized as 4,000 persons in the sector.

When we look at the balance sheet sizes of our Company on sectorial basis; total assets had risen by 58% at the end of year 2023 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 2023, the factoring receivables became 92% of the total assets.

Factoring Sector Key Balance Sheet Items	<i>(million TL)</i>	
	2023	2022
Factoring Receivables	196,875	127,276
Non-Performing Receivables	2,576	2,099
Specific Provisions (-)	2,813	2,248
Non-Performing Receivables (Net)	(237)	(149)
Banks	6,760	2,747
Total Assets	213,646	135,626
Funds Borrowed	148,197	104,041
Marketable Securities Issued (Net)	20,859	9,724
Shareholders' Equity	33,511	16,526
Off-Balance Sheet Items	2,468,596	1,528,921

Source: BRSA monthly bulletin informations

Factoring income as being the most weighted item among the income items, realized TRY 61,025 million, was risen by 170%. Factoring interest expenses were increased by 175%, and actualized TRY 37,108 million. During 2023 with TRY 5,115 million operating expenses, TRY 3,072 million net non-factoring income and TRY 1,804 million non-performing loan expenses, sector net income reached to TRY 14,235 million.

2023 Turkey's factoring sector turnover was TRY 819,918 million, 92% of turnover is comprised of domestic factoring. Besides in 2022 the factoring turnover realized as TRY 403,827 million.

Factoring Sector Key Income Statement Items	<i>(million TL)</i>	
	2023	2022
Factoring Income	61,025	22,607
<i>Factoring Interest Income</i>	46,728	20,489
<i>Factoring Commission Income</i>	14,297	2,118
Financial Expenses (-)	(37,108)	(13,504)
Operating Expenses (-)	(5,115)	(2,495)
Other Operational Income/Expense (Net)	3,072	1,517
Provision for Non-Performing Receivables (-)	(1,804)	(1,307)
Tax Provision (±)	(5,837)	(1,616)
Net Period Profit/Loss	14,235	5,201

Source: BRSA monthly bulletin informations

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2023
ANNUAL REPORT

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

As of December 31st, 2023, our factoring receivables were realized as TRY 4.3 billion.

Fiba Faktoring's Key Indicators	<i>(thousand TRY)</i>	
	31/12/2023	31/12/2022
Total Assets	5,046,556	2,717,434
Factoring Receivables	4,319,161	2,249,596
Non-Performing Receivables (Net)	4,392	7,889
Funds Borrowed	3,357,623	2,067,044
Securities issued	341,814	38,729
Shareholders' Equity	1,127,795	544,621
Net Period Profit/Loss	467,830	158,901

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

Fiba Faktoring Key Income Statement Items	<i>(thousand TRY)</i>	
	31/12/2023	31/12/2022
Factoring Income	1,854,999	650,292
Financial Expenses (-)	(915,564)	(358,782)
Operating Expenses (-)	(218,407)	(78,434)
Other Operational Income/Expense (Net)	(14,025)	14,050
Specific Provision for Non-Performing Receivables (-)	(41,525)	(16,724)
Tax Provision (±)	(197,648)	(51,501)
Net Period Profit/Loss	467,830	158,901

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2023
ANNUAL REPORT

Summary Financial Information for the year ended 31 December 2023

Balance Sheet Summary (thousand TL)

Assets	31/12/2023	31/12/2022	(%)
Cash, Cash Equivalents	259,900	121,144	115
Derivative Financial Assets	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	318,827	284,351	12
Financial Assets at Amortised Cost (Net)	4,323,553	2,257,485	92
Factoring Receivables	4,319,161	2,249,596	92
Non-Performing Receivables	76,831	49,301	56
Allowances for Expected Credit Loss/Specific Provisions	(72,439)	(41,412)	75
Tangible Assets (Net)	25,366	13,163	93
Intangible Assets (Net)	1,831	1,482	24
Investment Property (Net)	16,459	16,444	0
Deferred Tax Assets	34,264	-	100
Other Assets	66,356	23,365	184
Total Assets	5,046,556	2,717,434	86
Liabilities	31/12/2023	31/12/2022	(%)
Funds Borrowed	3,357,623	2,067,044	62
Factoring Payables	595	355	68
Lease Obligations	17,549	8,290	112
Securities Issued	341,814	38,729	783
Derivative Financial Liabilities	-	-	-
Provisions	69,723	25,372	175
Current Tax Liabilities	33,772	18,571	82
Deferred Tax Liabilities	-	4,932	(-100)
Other Liabilities	97,685	9,520	926
Shareholders' Equity	1,127,795	544,621	107
Total Liabilities and Equity	5,046,556	2,717,434	86

Income Statement Summary (thousand TL)

Income and Expense Items	31/12/2023	31/12/2022	(%)
Operating Income	1,854,999	650,292	185
Financial Expenses (-)	(915,564)	(358,782)	155
Operating Expenses (-)	(218,407)	(78,434)	178
Other Operational Income	148,302	75,364	97
Provision Expenses (-)	(41,525)	(16,724)	148
Other Operational Expenses (-)	(162,327)	(61,314)	165
Tax Provision for Continuing Operations (±)	(197,648)	(51,501)	284
Net Period Profit Loss for Continuing Operations	467,830	158,901	194

FİBA FAKTORİNG A.Ş.
For the Year Ended 31 December 2023
ANNUAL REPORT

Capital Management

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

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

As at 31 December 2023 and 2022, ratio of net debt to equity is presented below:

<i>(thousand TL)</i>	31/12/2023	31/12/2022
Total liabilities	3,918,761	2,172,813
Cash and cash equivalents	(259,900)	(121,144)
Net debt	3,658,861	2,051,669
Total equity	1,127,795	544,621
Net debt/equity ratio	3.24	3.77

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

None.

Amendments of Articles of Association during the period

The company has no stated amendments of Articles of Association.