



# **İŞ FAKTORİNG 2016 ANNUAL REPORT**

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**İŞ FAKTORİNG**





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# STARTING OUT...



We have reached the end of yet another season. The teams completed their laps under difficult conditions.

This year, the İş Faktoring Team once again was a standout with its excellent performance.

They drove various vehicles to tame the most challenging racetracks filled with many obstacles and to overcome such obstacles as quickly as possible. Rounding the laps in true team spirit, the İş Faktoring Team achieved the impossible, overcoming all barriers one by one in a race filled with challenges. Let's get to know them better in this issue.



**ANYONE CAN DRIVE ON  
A STRAIGHT ROAD.**

**WHAT REALLY  
COUNTS IS THE  
ABILITY TO OVERCOME  
CHALLENGING ROADS!**





# THE MOST AMBITIOUS TEAM OF THE SEASON: THE İŞFAKTÖRİNG TEAM

They were viewed as the most promising team at the beginning of the 2016 season. They did not disappoint as they continued to achieve successful results. So we set out to analyze them as a 4x4 team.



## ALWAYS AHEAD, ALWAYS LEADING!

Ninety-six employees with deep sector expertise overcoming all obstacles to develop fast, reliable solutions to meet customers' needs.

Committed to transparency and accountability in all corporate governance practices, the team distinguishes itself in the sector with its strong team spirit. This success-driven team never gives up from start to finish in every project.





# AN AMBITIOUS TEAM









# A SOLID AND THOROUGH TEAM THAT MOVES FORWARD CONSISTENTLY!





## THE DIFFERENCE İŞ FAKTORİNG MAKES ON RACETRACKS

**İş Faktoring overcomes all challenges powered by Türkiye İş Bank's strong corporate culture, 91 years of experience and deep knowhow in the financial services sector.**

### AN EXPERIENCED, POWERFUL TEAM

Ninety-six employees with advanced sector expertise overcome all obstacles to develop fast, reliable solutions to meet customers' needs.

Committed to transparency and accountability in all corporate governance practices, the team distinguishes itself in the sector with its strong team spirit. This success-driven team never gives up—from start to finish in every project.

### INTERNATIONAL EXPERIENCE

Since its founding, İş Faktoring has been a member of FCI (Factors Chain International), the world's most important factoring network and association which sets the global standards for factoring services in international trade.

As a FCI member since the company was founded, İş Faktoring is committed to providing its customers with fast, reliable and high-quality services in import and export factoring.



# MOVING FORWARD TO ACHIEVE GOALS













# WE ARE EXCITED AND PROUD!

We are aware that the road ahead is filled with obstacles and challenges, but we have confidence in our country and our team. The İş Faktoring Team believes there is no obstacle that cannot be overcome.

Achieving high rankings in every race we participate in motivates us. We continue our successful progress in a sector that requires enthusiasm, patience and power. As we move forward into the future more efficiently at full speed, we are proud to move our customers toward their goals.

**FROM MANAGEMENT**



# İŞ FAKTORİNG TEAM: TEAM PERFORMANCE



İş Faktoring's strong performance in 2016 has clearly demonstrated the accuracy, effectiveness and efficiency of the Company's team structure and business strategies.



The İş Faktoring Team continued to achieve successful results despite challenging market conditions in 2016.

İŞ FAKTORİNG  
2014 TOTAL ASSETS (TL MILLION)

1,455

İŞ FAKTORİNG  
2015 TOTAL ASSETS (TL MILLION)

1,979

İŞ FAKTORİNG  
2016 TOTAL ASSETS (TL MILLION)

3,025

NET PROFIT

5.

TURNOVER

3.

RETURN ON  
EQUITY

2.

FACTORING  
RECEIVABLES

1.



# MOVING FORWARD TOGETHER







# İŞ FAKTORİNG TEAM'S NEW MODEL

İş Faktoring relies on technology besides the human factor and technology to reach its goals. Thanks to the synchronization among people and vehicles, the Company overcomes obstacles one by one.



01

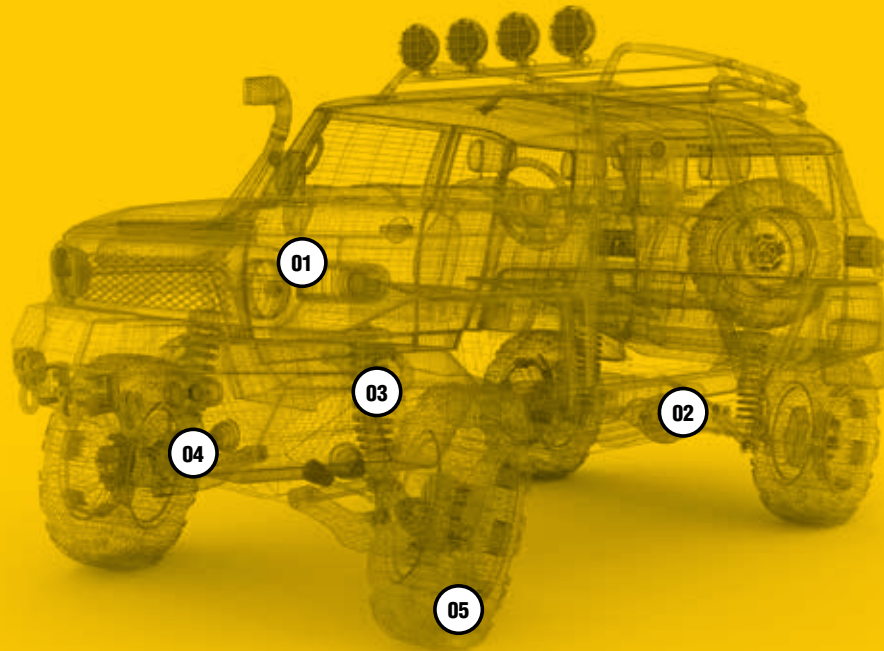
### ENGINE POWER

Ongoing capital investments in systems infrastructure is a driving force for İş Faktoring. Continuously modified service networks enable the team to make consistent progress under difficult market conditions.

02

### TRANSMISSION AND DIFFERENTIALS

İş Faktoring's business model ensures that different gears work in perfect harmony. All components that make up the system are constantly perfected through pre- and post-service tune-ups. The business units direct the kinetic energy toward the same goal.



03

### VEHICLE LIFTING

Thanks to its many achievements, İş Faktoring has climbed to a higher market position, which provides a better field of view. This enables the Company to move forward without being affected by risks and unfavorable market conditions. As a result, resilience increases and balance dynamics work in favor of İş Faktoring.

04

### BRAKE SYSTEM

Business involves risks. As much as starting and driving, braking power is also a distinctive feature of İş Faktoring, independent of how the market gradient or ground is. This feature improves driving safety and capabilities significantly in the sector.

05

### TRACTION

The more you expand your products and services, the primary customer touchpoints, the better you can control traction, acceleration and braking. İş Faktoring travels safely, thanks to its expertise, experience, and accurate forecasts.







A close-up, low-angle shot of a blue rally car. The car's roof features the text 'RACING TEAM' in white. The driver's side window has a white signature. The car is parked outdoors, with bare trees visible in the background.

# RACING FOR TURKEY, SUCCEEDING FOR TURKEY!





# HIGH MOTOR THRUST FORCE

İş Faktoring boasts new generation products and services that deliver high performance with low consumption. The Company is the favorite in the area of offering solutions that involve various alternatives.





## DIFFERENT SOLUTIONS FOR DIFFERENT CONDITIONS

**İş Faktoring aims to expand its customer base significantly without sector concentration. Therefore, the Company develops special products and solutions.**

### FINANCING PRODUCTS

A certain amount of receivables related to short-term sales of products and services is paid to customers in advance.

The amount of advance payment varies according to the factoring interest rate, which is determined in line with the payment terms, amount of the receivable and market conditions.

With the financing service, the seller's short term receivables are transformed into cash, the asset structure of its balance sheet becomes more liquid, and the company benefits from regular cash flow and working capital.

### GUARANTEE PRODUCTS

The Company provides guarantee of payment for buyers in the event of the buyer's financial inability to pay, provided that all conditions of the agreement between the factor and the seller are fulfilled.

Whole and complete delivery of the goods sold must be performed.

Compared to other financial products, this service is preferred more by customers because it provides receivables protection and can be used for both domestic and international transactions. Thanks to the guarantee limits provided, companies can conduct their sales without bearing any risks.

### COLLECTION PRODUCTS

Companies can collect their accounts receivable from goods and services sold through İş Faktoring.

2016 FACTORING RECEIVABLES

**TL 2,985 Million**



# EFFECTIVE RISK MANAGEMENT









# TOWARDS THE NEW SEASON

Preparing for the new season, the İş Faktoring Team again aims for the top.

Selections are made, new laps are studied, strategies are reviewed, and tasks are distributed.



## OUR GOALS

- To maintain our position as the leading factoring company in Turkey and continue creating value for all stakeholders,
- To expand our customer base steadily by adopting a proactive approach,
- To become the first choice of customers in factoring services,
- To become a preferred employer that attracts and recruits the best talent in the sector,
- To excel in the sector with superior performance in non-performing receivables by implementing effective risk management policies,
- To deliver the best and fastest service possible in the factoring sector by developing and effectively using digital solutions and processes,
- To achieve sustainable profitability through balanced growth.







# SUCCESSFUL RESULTS









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## COMPANY PROFILE

### FISCAL PERIOD OF THE REPORT

01.01.2016 - 31.12.2016

### TRADE NAME

İş Faktoring A.Ş.

### CENTER

Istanbul

### DATE OF FOUNDATION

06.07.1993

### CONTACT INFORMATION

İş Kuleleri Kule 1, Kat:10 - 34330 Levent - Istanbul  
Phone: (0212) 317 00 00 Fax: (0212) 317 00 99

### TRADE REGISTRY NUMBER

300765

### CENTRAL REGISTRATION SYSTEM

0481005923700010

### WEB SITE ADDRESS

[www.isfaktoring.com.tr](http://www.isfaktoring.com.tr)



# İŞ FAKTORİNG IN BRIEF

İş Faktoring's wide customer base consists of companies of various sizes in diverse industries.

## **A COMPANY THAT DIFFERENTIATES IN THE SECTOR WITH ITS STRONG BRAND, RICH PRODUCT PORTFOLIO, AND HIGH QUALITY SERVICES.**

Established in 1993 as a subsidiary of Türkiye İş Bankası A.Ş., İş Faktoring has provided its customers with fast, reliable and competitive services in the areas of financing, guarantee and collection for more than 20 years. Consistently growing on the strong foundation built upon Türkiye İş Bank's corporate culture and 92 years of experience and knowhow in the financial services sector, İş Faktoring plays an important role in the development of the Turkish factoring sector, thanks to its solid financial structure, diversified funding base, credible reputation, customer-focused culture, investments in technology and expert human capital.

İş Faktoring, designing its product and service delivery with a consulting approach, serves a rich customer portfolio, which consists of companies of different sizes from diverse sectors. İş Faktoring is a powerful business partner in domestic and international trade transactions to companies of all sizes, delivering strategic solutions to its customers. The Company continues to make sustainable and successful progress with a highly competent, well experienced team of 96 professionals. As of year-end 2016, the Company serves its customers via four branch locations in Ankara, Gebze, Adana and Bursa besides the İstanbul Head Office. One of İş Faktoring's biggest competitive

advantages is its ability to provide services to the entire country from a single point, thanks to the synergy the Company has created with Türkiye İş Bank's widespread sales and service network.

Enjoying a strong position not only in the domestic market but also internationally, İş Faktoring is a reliable business partner as it contributes to the competitive success of its customers in global markets. Since the Company's founding, İş Faktoring has been a member of FCI (Factors Chain International), the world's largest network of non-bank financial institutions. Through business relationships with FCI members, the Company is able to constantly expand its correspondent network and diversify its funding sources, thereby further bolstering its market position in export and import factoring.

## **İŞ FAKTORİNG HAS REACHED THE TOP...**

As of year-end 2016, İş Faktoring's total factoring receivables increased to TL 3 billion, making it the sector leader. Meanwhile, the Company's transaction volume climbed to TL 9.2 billion. Ranking among the top three factoring companies in Turkey, İş Faktoring achieved all its financial performance goals by quickly adapting to challenging and changing market conditions. In doing so, the Company has made significant strides toward its goal of achieving sustainable growth.

[www.isfaktoring.com.tr](http://www.isfaktoring.com.tr)

FACTORING RECEIVABLES (TL  
BILLION)

3

NUMBER OF EMPLOYEES

96

NUMBER OF BRANCHES

4





# CAPITAL AND SHAREHOLDER STRUCTURE

The paid-in capital of İş Faktoring is TL 63,500,000, consisting of 6,350,000,000 shares of 1 Turkish kuruş which are totally paid.

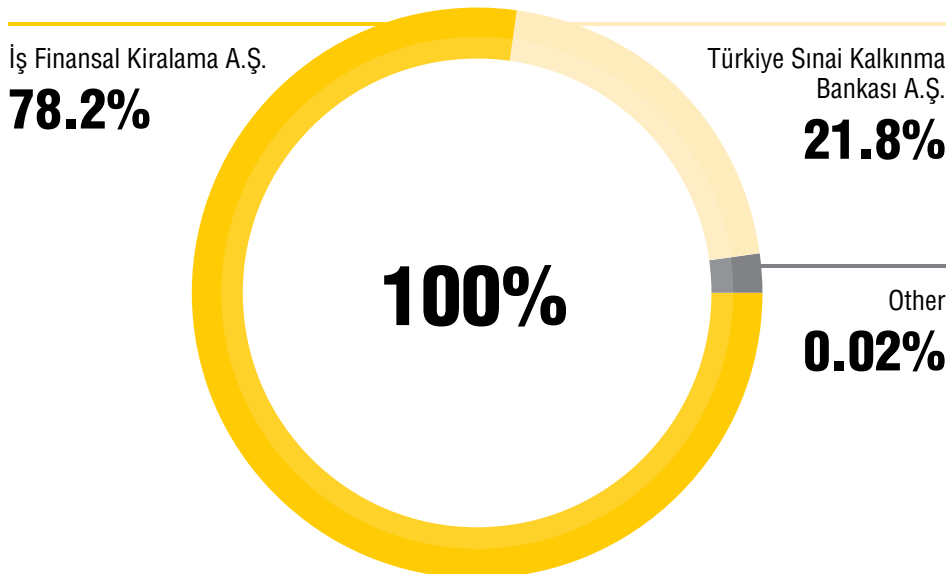


The paid-in capital of İş Faktoring is TL 63,500,000 as of December 31, 2016 and consists of 6,350,000,000 shares of 1 Turkish kuruş which are totally paid.

Shareholders and Company capital distribution as of December 31, 2016 is presented in the table. İş Faktoring does not have privileged shares which represents the capital.

## PARTNERSHIP STRUCTURE

Shareholders	Paid-in Capital (TL)	Capital Distribution (%)
İş Finansal Kiralama A.Ş.	49,676,843	78.2311
Türkiye Sınai Kalkınma Bankası A.Ş.	13,811,250	21.7500
TSKB Gayrimenkul Değerleme A.Ş.	3,969	0.0063
Trakya Yatırım Holding A.Ş.	3,969	0.0063
Camiş Yatırım Holding A.Ş.	3,969	0.0063
<b>Total</b>	<b>63,500,000</b>	<b>100</b>





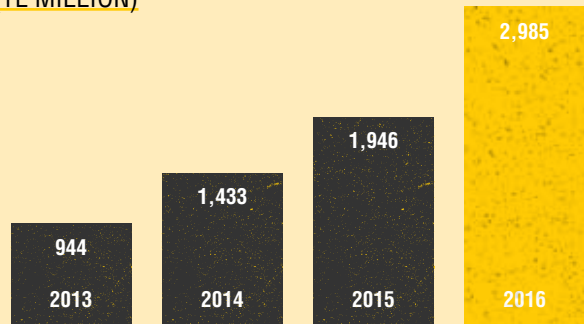
# MAIN FINANCIAL INDICATORS AND RATIOS

İş Faktoring became the sector leader by increasing its factoring receivables to TL 3 billion and accelerating progress towards healthy and sustainable growth in 2016.

## FACTORING RECEIVABLES (TL MILLION)

2013-2016 INCREASE

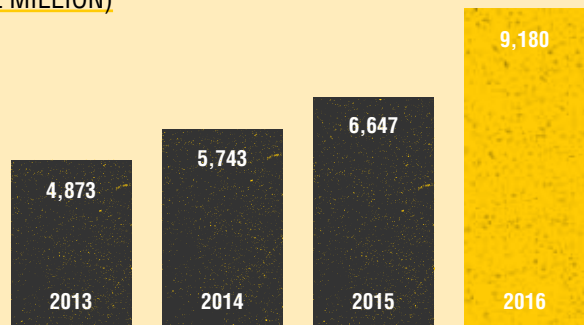
**216%**



## TRANSACTION VOLUME (TL MILLION)

2013-2016 INCREASE

**88%**



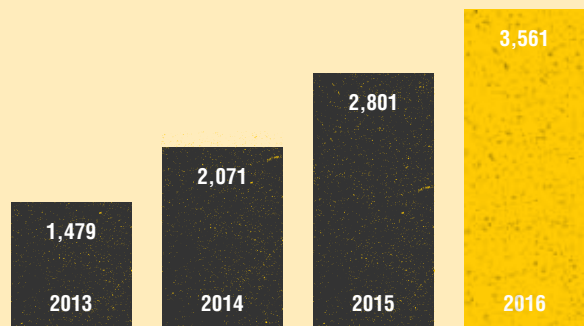
## NUMBER OF CUSTOMERS

**3,561**

## NUMBER OF CUSTOMERS

2013-2016 INCREASE

**141%**



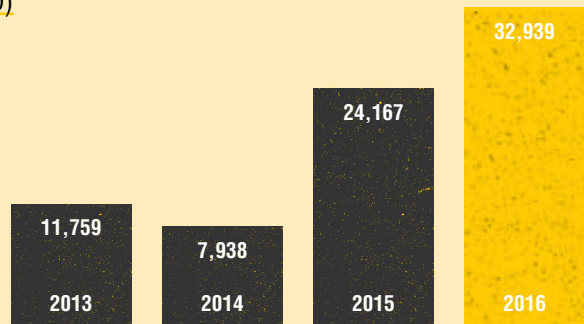
## NET PROFIT (TL THOUSAND)

**32,939**

## NET PROFIT (TL THOUSAND)

2013-2016 INCREASE

**180%**



## EQUITY (TL MILLION)

**129**



## **İŞ FAKTORİNG SECTOR RANKINGS**

At year-end 2016, İş Faktoring became the sector leader with its exceptional performance.

As a result of successful efforts carried out by İş Faktoring during last four years, the Company rose to:

**1<sup>ST</sup> PLACE IN FACTORING RECEIVABLES (2013: 5<sup>TH</sup>)**

**2<sup>ND</sup> PLACE IN RETURN ON EQUITY (2013: 16<sup>TH</sup>)**

**5<sup>TH</sup> PLACE IN NET PROFIT FOR THE PERIOD (2013: 12<sup>TH</sup>)**

**9<sup>TH</sup> PLACE IN TOTAL EQUITY (2013: 18<sup>TH</sup>)**

<b>Financial Indicators (TL Million)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total Asset Size	1,455	1,979	3,025
Factoring Receivables	1,433	1,946	2,985
Transaction Volume	5,743	6,647	9,180
Average Factoring Receivables	756	1,076	1,368
Equity	76	100	129
Net Profit	7.9	24.2	32.9
<b>Main Ratios (%)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Market Share in Factoring Receivables	6	8	10
Market Share in Transaction Volume	5	6	8
Return on Assets	0.65	1.52	1.48
Return on Equity	10.91	27.44	29.32
NPL Ratio	1.67	1.85	1.30
Number of Customers	2,071	2,801	3,561

## **İŞ FAKTORİNG'S CREDIT RATINGS**

On August 24, 2016, the international credit rating agency Fitch Ratings affirmed İş Faktoring's credit ratings as below:

<b>Type of Credit Rating</b>	<b>Rating</b>	<b>Outlook</b>
Long-term Foreign Currency	BBB-	Negative
Long-term Local Currency	BBB-	Negative
Short-term Foreign Currency	F3	
Short-term Local Currency	F3	
Support Rating Floor	2	
Long-term National Rating	AA+(tur)	Stable



# OUR VISION AND MISSION



## OUR VISION

To be the most preferred factoring company by maintaining our leading position with our strong capital structure, expert team and customer-oriented business mentality.

## OUR MISSION

To offer suitable, fast and effective solutions for customer needs and position our company as a solution partner to our customers with the principle of providing the best service to them whom we regard as our reason to exist.







## OUR BUSINESS MODEL

İş Faktoring aims to deliver an exceptional customer experience by providing top quality services to customers with a highly-qualified workforce.



### STRATEGIES

- Creating value for the Turkish economy,
- Delivering an exceptional customer experience by providing top quality services to customers with a highly-qualified workforce,
- Reducing costs by building a diversified funding base,
- Improving business processes continuously via ongoing investments in technology, innovation and productivity,
- Expanding the customer base by establishing a widespread branch network,
- Boosting profitability by developing policies aimed at improving asset quality and return on assets,
- Becoming a strong business partner for both local and international companies,
- Expanding our team of professionals, each of whom works towards common corporate goals, with new well-qualified members.

### COMPETITIVE ADVANTAGES

- Powerful and trusted brand image, and strong customer perception created by our operations under the umbrella of Türkiye İş Bank,
- Transparent and accountable management philosophy that supports our strong corporate structure,
- Ability to reach anywhere in Turkey, including areas that we do not have physical access to,
- A young and dynamic team of professionals who have extensive technical knowledge and who embrace the corporate culture while maintaining their entrepreneurial spirit,
- Long-term client partnerships created by offering a rich product portfolio, high quality services and consulting services through a solutions-focused approach,
- Sustainable growth achieved by implementing effective risk management policies and keeping non-performing receivables at a low level,
- Strong equity structure,
- Diversified and robust funding base, Ever-expanding correspondent network and increasing effectiveness in international trade, thanks to Factors Chain International (FCI) membership.

### RETURN ON ASSETS

**1.48%**

### FACTORING RECEIVABLES (TL MILLION)

**2,985**

### MARKET SHARE IN FACTORING RECEIVABLES

**9.62%**



# OUR PRODUCTS AND SERVICES

Boasting a diversified product portfolio geared towards domestic and international transactions, İŞ Faktoring provides fast, high quality solutions to an extensive customer base mainly consisting of exporters/importers, companies with a widespread network of suppliers and dealers, and SMEs. Primarily focusing on trade finance and accounts receivable financing, İŞ Faktoring differentiates from the competition with diversified funding sources, which include Türk Eximbank loans and credit facilities provided by World Bank under the Innovative Access to Finance Project, that the Company channels through TSKB. İŞ Faktoring's products and services are grouped under three categories:

## **FINANCING**

A certain amount of receivables related to short-term sales of product or service is paid to customers in advance.

The amount of advance payment varies according to the factoring interest which is determined in line with the payment terms, the amount of the receivable and the market conditions.

With the financing service, the seller firm's short term receivables are transformed into cash, the asset structure of its balance sheet becomes more liquid and the company benefits from regular cash flow and working capital.

## **GUARANTEE**

The guarantee of payment of the receivables assigned in case of the financial incapability of the buyer company,

if all the conditions of the agreement between the factoring and the seller companies are fulfilled.

Compared to other financial products, this service is preferred more by customers because it provides accounts receivable protection and can be used for both domestic and international transactions. Thanks to the guarantee limits provided, companies can conduct their sales transactions without bearing any risks.

## **COLLECTING**

Companies are able to collect the amounts of the goods and services sold through İŞ Faktoring.

These services offer the companies the opportunity to save on the number of employees and operation at work flows.

## **DOMESTIC FACTORING PRODUCTS**

**Invoice Discounting**

**Discounting of Direct Debit Receivables**

**Supply Chain Finance**

**Financing against Transfer of Letters of Guarantee**

**Assignments For Public Debtors**

**Refactoring**

## **INTERNATIONAL FACTORING PRODUCTS**

**Export Factoring**

**Import Factoring**

**Correspondent Guaranteed Transactions**

**Turkish Export Import Bank Financed Loans**



# MESSAGE FROM THE CHAIRMAN

İş Faktoring successfully implemented its sustainable growth strategy in 2016.

RETURN ON EQUITY

**29.32%**

TRANSACTION VOLUME (TL MILLION)

**9,180**

MARKET SHARE IN TRANSACTION VOLUME

**7.5%**

Esteemed Shareholders,

The global economic environment still retains weak growth and vulnerability.

The moderate recovery of early 2016 began to lose momentum due to emerging risks such as high indebtedness and other problems related to productivity and growth, which have plagued the world economy for a long time. The Brexit decision and the contentious presidential election in the US, in particular, had a negative impact on financial markets; thankfully, the aftershocks caused by these developments did not last long.

## **THE FED WAITED AGAIN UNTIL YEAR-END TO RAISE INTEREST RATES.**

The US economy expanded at a slightly slower rate in the first half of 2016. However, it went on to regain speed in the third quarter as consumer spending and the employment market picked up. In addition, real progress was made toward achieving the 2% inflation target. As a result of these positive macroeconomic indicators, the Federal Reserve announced the long-awaited interest rate hike at its December meeting. As the Fed raised its benchmark rate from a range of 0.25–0.50% to a range of 0.50–0.75%, Fed officials also indicated that they could hike the Fed funds target rate three times in 2017, instead of the two quarter-point increases previously forecast. 2016 was also marked by the contentious presidential race in the US. Whether President Donald Trump will be able to pass the tax reform and the infrastructure investments he has promised will be one of the biggest question for all players in global financial markets in 2017.

## **2016 WAS A TUMULTUOUS YEAR FOR THE EUROZONE.**

While declining unemployment rates, low oil prices and the European Central Bank (ECB)'s expansionary monetary policy worked to prop up economic growth somewhat, the low interest rate environment, changing financial regulatory landscape and structural problems in

the financial system threatened the banking system and financial stability across Europe. Furthermore, political developments such as Brexit, and major problems such as terror attacks and the refugee crisis had a significant impact on the European economy.

## **ECONOMIC GROWTH REMAINED WEAK IN DEVELOPING COUNTRIES.**

In 2016, China continued its transition from a manufacturing economy to a service driven one while supporting demand with fiscal monetary and incentives and shifting from investment toward consumption-led growth. Although China recorded 6.6% GDP growth in the first three quarters of the year, exceeding expectations, the fact that the country can no longer sustain a double-digit growth rate caused global trade to decline, particularly in Asia.

Due to the ongoing decline in commodity prices, the economic growth performance of oil-exporting countries largely remained below potential in 2016. However, as oil prices started to rise in second quarter of 2016, the economies of some commodity exporters, such as Russia and Brazil, saw some recovery, leading to an upward revision of forecasts for these countries in 2017.

## **ECONOMIC ACTIVITY RELATIVELY SLOWED IN TURKEY DURING THIS PAST CHALLENGING PERIOD.**

Increased uncertainty across the globe, the negative economic impact of the Syrian civil war, and the treacherous coup attempt on July 15 together created a challenging environment for Turkey, in 2016. Thankfully, the traumatic after effects of the coup attempt did not linger, as market reaction remained relatively limited and capital flows into Turkey continued. However, based on TÜİK (Turkish Statistical Institute)'s new calculation model, the Turkish economy expanded 4.5% in the first two quarters, but contracted 1.8% in the third quarter, the country's first quarter-on-quarter contraction since 2009. In addition, S&P cut Turkey's sovereign credit rating one notch; meanwhile, Moody's, after a long



## WE HAD A VERY SUCCESSFUL YEAR, AND EXCEEDED OUR PERFORMANCE TARGETS.



assessment period, downgraded the country's credit rating to non-investment grade in September. As Turkey's relationship with the EU became more strained and the number and scope of terrorist attacks increased, the investment environment in the country and foreign capital flow were negatively affected.

The year-end results indicate some improvement in energy trade. However, it seems that the narrowing of Turkey's current account gap in the first half of the year has come to an end. Thus, the economic loss caused by the recession in the tourism sector and the widening current account deficit stood out as major issues in 2016. As a result, the Medium-Term Economic Program was revised downward. In the first half of 2016, the Central Bank of Turkey narrowed the upper band of the interest rate corridor, taking a measured step towards monetary policy simplification. However, due to exchange rate fluctuations, the Bank raised its interest rates again in November. At İŞ Faktoring, we believe that if the new support programs and incentive packages introduced by our government are supported with structural reforms, the Turkish economy will regain its growth momentum, with a favorable investment environment and vibrant economic trade activity restored in 2017.

In 2016, banking sector indicators demonstrated a poor performance due to the extreme rise in foreign exchange rates. The non-performing loan ratio in the overall banking sector climbed to a high 3.24% while capital adequacy ratios remained lower than in the previous period. Nevertheless, the Turkish banking sector maintained its high profitability and continued to contribute to the country's economy in 2016.

### **WE HAD A VERY SUCCESSFUL YEAR, DURING WHICH WE EXCEEDED OUR TARGETS.**

Despite challenging competitive conditions in the financial sector, İŞ Faktoring successfully implemented its sustainable growth strategy in 2016, without compromising its customer-focused approach.

Thanks to our strong brand equity and the synergy between our teams, we achieved our performance targets in the past period. As we grew our asset size and customer base, we also recorded great success by significantly boosting our factoring receivables to become the sector leader. In doing so, we moved forward backed by the responsibilities vested in our Company with the well-established "İŞ" brand,

as well as our commitment to creating sustainable value for our country and stakeholders.

As İŞ Faktoring, we derive our strength and competitive advantages from our corporate governance philosophy, robust financial structure, and the powerful synergy we created with İŞ Bank. We owe our leadership position in the sector to our highly competent and dynamic workforce, productivity-driven business processes, rich portfolio of products and services, and the importance we place on risk management and market intelligence.

Maintaining its strong position and pioneering role in the sector, İŞ Faktoring plans to continue contributing to the economy in the coming period. On behalf of our Company's Board of Directors, I would like to take this opportunity to thank our employees, customers and stakeholders for their unwavering support and contributions to our success.

Respectfully yours,

**Ertuğrul Bozgedik**  
*Chairman*



# MESSAGE FROM THE GENERAL MANAGER

**Our innovative business model and highly qualified workforce within the sector continued to play an important role in differentiating İŞ Faktoring.**

Esteemed Shareholders,

## **SOLID YEAR-END RESULTS CONFIRM OUR SUCCESS.**

Thanks to its strong brand equity and corporate structure, customer-focused services, effective risk and capital management, İŞ Faktoring quickly adapted to changing market conditions. The Company achieved successful results, exceeding its performance targets, without being affected by fluctuations in the market in 2016.

İŞ Faktoring differentiated from its competitors through effective capital management, growing our assets by 53% to TL 3,025 million in 2016. However, our greatest achievement was boosting the Company's factoring receivables by 53% to TL 2,985 million at year-end, thereby becoming the sector leader.

In the same period, shareholders' equity went up 29%, to TL 129 million. As a result of our efforts to enhance productivity, return-on-equity amounted to 29.32% and net profit totaled TL 33 million. As İŞ Faktoring's loan placement volume expanded further, our non-performing loan ratio stood at 1.30%, well below the sector average.

In 2016, we continued to support our customers with a rich portfolio of products, services and solutions. Our Company's transaction volume totaled TL 9,180 million, while the share of domestic transactions increased by 49%.

İŞ Faktoring also recorded significant success in export factoring—a key area for us. Our

Company acquired new customers, far more than in previous years, in export factoring transactions; as a result, correspondent-guaranteed export factoring turnover increased by 57%, well above our targets.

During the year, we kept our financing expenses as low as possible, even under the most extraordinary conditions in Turkey. Our bank limits increased by 53%, excluding the foreign currency effect.

Another aspect of our growth performance in 2016 is observed through the progress in the number of our customers. Our Company has consistently expanded its customer base for the past four years, in line with its evolving service strategy. As a result, our customer numbers increased by 27% to reach 3,561 in 2016, which significantly contributed to İŞ Faktoring's overall growth performance during the year.

## **WE HAD A VERY BUSY YEAR, DURING WHICH WE LEFT OUR MARK ON THE SECTOR.**

Of course, we did not achieve these successful results by chance. Fully aware of the responsibilities vested in our Company by İŞ Bank Group, which is well known for its effective capital management, we worked extremely hard to increase the value we create for our stakeholders and our country, in line with İŞ Faktoring's goals and strategies. We quickly expanded our customer base by changing the negative perception of factoring services among companies and effectively reflecting İŞ Bank culture and values. Our innovative business model and highly qualified workforce within the sector continued to play an important role in differentiating İŞ Faktoring. With that, I would like outline our extremely busy year and activities in 2016.

In 2016, we boosted the share of SMEs' and export companies, a strategically important segment for our Company as well as our economy, in our customer base by enabling these enterprises to access our alternative financing sources. We added many export companies to our portfolio by providing access to Türk Eximbank loans and credit facilities provided by the World Bank under the Innovative Access to Finance Project, which are channeled through TSKB. Additionally, we entered into an agreement with Eximbank to provide discounted Short Term Export-Credit

Insurance policies, enabling exporters to collect their export receivables in a timely manner and help them develop their international competitive advantages in an environment prone to economic fluctuations and many risks.

During the year, we also continued to develop and diversify our funding sources. After becoming a participant of Takasbank Money Market, İŞ Faktoring began using this borrowing channel effectively. The financing bonds issued by İŞ Faktoring over the past three years drew strong demand in 2016 as well. The TL 440 million bond issue, which İŞ Faktoring undertook with the approval of the Capital Markets Board ("CMB"), became a milestone as the borrowing transaction with the lowest cost in the history of the sector.

## **İŞ FAKTORİNG GENERATES A COMPETITIVE ADVANTAGE WITH PRODUCTS TAILORED TO MEET THE NEEDS OF CUSTOMERS.**

Our business philosophy is all about meeting customer needs with the right product at the right time by keeping a close watch on market and sector developments. To that end, İŞ Faktoring's widespread product portfolio, which we improve continuously, and our consulting approach services are our biggest competitive advantages.

"Factoring via Letter of Guarantee," a new product that we introduced a year earlier, became the star offering of 2016. This product provides guarantee on open account transactions of our customers, who run their business operations via dealers. For this purpose, customers obtain a letter of guarantee provided by Türkiye İŞ Bank from the other party, and this product transforms these non-cash guarantees into cash instruments such as loans. Factoring via Letter of Guarantee, which we effectively promoted during the year, became highly popular in a very short time.

In response to increased customer interest in irrevocable transactions for reducing credit risk, we developed the Receivable Insurance product in 2016, an offering geared toward import and irrevocable factoring transactions in collaboration with Euler Hermes. Starting in 2016, we plan to be very active in this area.



**WE HAD A VERY BUSY YEAR,  
DURING WHICH WE LEFT OUR  
MARK ON THE SECTOR.**



Last year, we also developed another innovative product, which we plan to launch in 2017. This new product will enable companies that manage multiple suppliers to perform their transactions via an electronic platform. Our aim is to reduce their operational workload while facilitating suppliers' access to financing.

**WE CONTINUE TO SUPPORT OUR  
BUSINESS PROCESSES WITH ADVANCED  
TECHNOLOGY.**

In 2016, İş Faktoring reviewed all its loan processes, developed new, technology-supported processes based on demands from customers and sales teams, and ramped up efforts to boost operational efficiency.

Meanwhile, we continue to improve our central/automated decision support systems to support our loan processes aligned with İş Bank's risk culture, make our processes more competitive through continuous improvement, and reduce our operating costs. These comprehensive efforts helped us significantly reduce the time to finalize loan application processes in 2016.

Last year, we also undertook other system improvements that affect our business process flows. For example, data mining efforts enabled us to make more effective, more appropriate and faster decisions. We also began developing

comprehensive projects geared toward data modeling and CRM analytics, which we plan to integrate into our business processes in 2017.

**WE KNOW THAT WE MUST WORK EVEN  
HARDER IN 2017.**

We are leaving a very difficult year behind. The constantly changing economic and geopolitical landscape in 2016 strengthened the ties of solidarity among the Turkish people and the business world alike. We all witnessed a unique period and realized that our country's common interests, self-sacrifice and collective solutions should supersede personal and corporate interests. As stress management became increasingly important, we experienced many events that required us to quickly revise our strategies using a holistic approach and develop immediate responses. We believe that our year-end results clearly indicate that we do not refrain from taking initiatives and risks for the future of our country.

Our primary focus in 2017 will be building on our success and bolstering our leadership position by implementing exemplary practices in line with our Company's customer-focused vision, while pursuing sustainable profitability. Therefore, we set an ambitious growth target of 15%, which motivates us strongly. We aim to further expand our geographic reach and

customer base with new branch locations, which we plan to open in Güneşli/Istanbul and Izmir in early 2017.

As one of the factoring companies that boasts an extensive product portfolio, we plan to continue offering the right products to meet the specific needs of our customers. In addition, we will continue our focus on export factoring in line with customer needs. Taking into account our customers' desire to reduce their credit risk, we will concentrate our efforts on irrevocable transactions and correspondent-guaranteed export factoring.

We are aware that competition will intensify further with a larger scale in the future. As İş Faktoring, we look to the future with confidence, thanks to the strength we derive from our highly competent workforce—our most valuable asset—and the İş Bank Group. I would like to extend my sincere gratitude to our Group companies for their continued support; to our team for their dedication and selfless efforts; and to all our customers and stakeholders for their confidence in our Company.

Respectfully yours,

**A. Erdal Aral**  
*General Manager*







# OVERVIEW OF THE GLOBAL ECONOMY

In 2016, developed countries, and the United States in particular, experienced a moderate economic rebound, while the world economy expanded 3.1%, well below its potential.

As the US economic recovery continued to gain pace, the Eurozone also showed some signs of recovery.



# OVERVIEW OF THE GLOBAL ECONOMY

In December 2016, the Federal Reserve increased its benchmark interest rate by 25 basis points.



## **THE UNITED STATES STOOD OUT FROM OTHER DEVELOPED COUNTRIES IN TERMS OF ECONOMIC GROWTH.**

In 2016, the US economy's performance exceeded expectations, with GDP expanding at an annualized rate of 3% in the third quarter, its fastest pace since 2014. The US growth forecast for 2017 was revised upward, while industrial production and employment indicators continued to show strong growth. Additionally, the country made solid progress toward achieving its 2% inflation target. Whether President Donald Trump will be able to keep his campaign promises - such as reducing corporate taxes and easing financial regulations - in the aftermath of the contentious presidential election will probably be the biggest debate topic for the US economy in the coming period.

## **THE FED ANNOUNCED THE LONG AWAITED INTEREST RATE HIKE AT THE END OF THE YEAR.**

At its last meeting of 2016, the Federal Reserve announced the long-awaited interest rate hike, raising its key interest rate from 0.25% to a range of 0.50–0.75%. Underscoring positive inflation and non-agricultural employment data in its statement, Fed also signaled three more rate hikes in 2017.

The US dollar, spurred by expectations of the Fed's interest rate hike, considerably strengthened against other major

currencies. More aggressive monetary policy actions by the Fed in the coming period are expected to increase borrowing costs for countries whose economic growth depends on foreign financing—such as Russia, Brazil, Turkey and Mexico—and disrupt economic growth and foreign currency exchange balance in these countries.

## **OTHER DEVELOPED ECONOMIES REMAINED MIRED IN RECESSION.**

The Eurozone economy, driven by stronger domestic demand, grew 0.6% in the first quarter, exceeding expectations. Although supported by declining unemployment rates, low oil prices and the European Central Bank (ECB)'s expansionary monetary policy, the Eurozone economy lost steam in the second and third quarters; as expected, economic growth slowed to 0.3%. The IMF expects the region to grow by 1.6% in 2016 and by 1.4% in 2017, due to the impact of Brexit.

Already burdened by high public debt levels, a vulnerable banking system and low productivity, the Eurozone faced a series of political challenges in 2016. The rise of right-wing populism, Brexit in particular, terrorist attacks and the refugee crisis triggered economic risks in the region. In the aftermath of Brexit, bank shares across Europe, and especially in Italy, fell sharply, leading to increased concerns for the already troubled sector.

The European Central Bank is expected to gradually wind down its current EUR 80 billion monthly bond purchases, as the downward pressure on oil and commodity



2016 WORLD GDP GROWTH RATE\*

# 3.1%

2017 UNITED STATES GDP GROWTH RATE EXPECTATION\*

# 2.2%

2017 EURO AREA GDP GROWTH RATE EXPECTATION\*

# 1.5%

\*IMF World Economic Outlook Report (October 2016).





prices eases and the ECB nears its 2% inflation target. In that event, the Euro could appreciate in the coming period.

Japan's economic outlook remains dismal with weak growth and low inflation. In an attempt to find a solution to the stagnation caused by low inflation and the structural problems facing the Japanese economy, the Bank of Japan (BoJ) decided not to change its negative interest rate policy.

#### **EMERGING MARKET ECONOMIES REMAINED WEAK IN 2016.**

The problems facing developing countries in 2015 continued into 2016, as emerging markets were negatively affected by the downturn in the global economy. Over the past two years, serious problems caused by declining commodity prices, and particularly major concerns surrounding China, multiplied the risks that were already threatening developing countries due to their own internal dynamics. Starting in the second half of the year, emerging markets showed some signs of recovery as oil prices started rising and China appeared to better adapt to its new economic model. However, it is still uncertain whether developing countries will be able to sustain economic recovery due to the Fed's expected interest rate hikes in the coming period and the fact that high levels of private sector debt render developing economies vulnerable to exchange rate shocks.

Having recorded double-digit growth rates for many years, China continued its struggle to shift its growth equation away from investment toward consumption. Although, China's GDP growth reached 6.6% in 2016, exceeding expectations. The improvement seen in the first half of the year was mainly due to monetary incentives and the financial policy implemented by the Chinese government. On the other hand, high indebtedness continues to be China's biggest weakness.



#### **ECONOMIC UNCERTAINTIES NEGATIVELY AFFECT GLOBAL GROWTH FORECASTS FOR 2017.**

The IMF revised down its global growth forecast for 2017—from 3.6% to 3.4%—in its October 2016 World Economic Outlook report. The IMF announced its growth projections for the US, EU and China as 2.2%, 1.5% and 6.2%, respectively. The Fed's monetary policy, the economic performance of the Eurozone amid ongoing political challenges, and whether the Chinese economy will be able to maintain its uptrend will most likely be the main concerns dominating the global economic landscape in 2017.

CHINA GDP GROWTH RATE

**6.6%**

THE FED'S INTEREST RATE HIKE  
(BASIS POINTS)

**25 bps**

GLOBAL GROWTH PROJECTION FOR 2017\*\*

**3.4%**

The worldwide decline in energy prices caused price increases to remain below the 2% target set by the European Central Bank.

\*As of year-end 2016.

\*\*IMF World Economic Outlook Report (October 2016).







# OVERVIEW OF THE TURKISH ECONOMY

Despite the vulnerability of the global economy and heightened geopolitical risks, the Turkish economy maintained its growth momentum in 2016.

Thanks to the macroeconomic measures aimed at boosting the economy, Turkey is expected to resume strong growth in 2017.



# OVERVIEW OF THE TURKISH ECONOMY

For the first nine months of the year, the Turkish economy grew 2,2%, as the share of household consumption expenditures fell while the share of public spending increased. During the same period, investment spending lost momentum.

2016 was a challenging year for the Turkish economy due to regional and global tensions, and a series of unfortunate developments that unfolded in the country. International credit rating agencies Standard & Poor's and Moody's downgraded Turkey's sovereign credit rating while the Turkish lira slumped sharply towards the end of the year.

## **THE TURKISH STATISTICAL INSTITUTE (TÜİK) CHANGED ITS NATIONAL INCOME CALCULATION METHOD.**

TÜİK revised its GDP calculation methodology in accordance with the System of National Accounts (SNA 2008) and the European System of National and Regional Accounts (ESA 2010). After this revision, significant differences were observed in overall figures; Turkey's GDP growth rates over the past four years increased to a range of 4.8% to 8.5%.

Based on the new calculation methodology, quarterly data have also changed; growth rates in the first and second quarters of 2016 were revised to 4.5%. According to the new calculation method, which is based on the chain-linked volume index instead of fixed prices, the Turkish economy contracted by 1.8% in the third quarter, for the first time in seven years on a quarterly basis. However, for the first nine months of the year, the Turkish economy grew 2.2%, as the share of



household consumption expenditures fell while the share of public spending increased in the third quarter growth composition. During the same period, investment spending lost momentum.

As political risks heightened in Turkey after the coup attempt on July 15, first S&P and then Moody's downgraded Turkey's sovereign credit rating. respectively, on July 20 and September 23. Moody's cut Turkey's credit rating from Baa3 to Ba1, non-investment grade. As a result, the Turkish lira depreciated sharply against

TURKEY'S GROWTH RATE IN THE FIRST NINE MONTHS OF 2016

# 2.2%





major currencies toward the end of the year. As the year ended, Fitch was the only credit rating agency to assign investment-grade status to Turkey.

### **THE CURRENT ACCOUNT DEFICIT BEGAN TO CLIMB IN THE SECOND HALF OF THE YEAR.**

Turkey's current account deficit narrowed to US\$ 27.7 billion in May, its lowest level in 2016. However, the current account deficit began to widen again in the following months, as the base-effect of oil and commodity prices diminished and tourism and related industries remained under downward pressure. As of year's end, the current account gap totaled US\$ 32.6 billion over the 12-month period. Meanwhile, the current account-to-GDP ratio is expected to rise further due to the ongoing appreciation of the US dollar.

As of year-end, exports slipped 0.9% to US\$ 142.6 billion; due to the contraction in imports, Turkey's foreign trade deficit fell 11.7% on an annual basis to US\$ 56 billion. The decline in exports was mainly due to low export prices as well as the ongoing regional conflicts and the political crisis between Turkey and Russia.

The unemployment rate fell to 9.3% in April, its lowest level in 2016; however, it began to gradually increase and reached 12.1% at end-November 2016. Despite the recent rise in unemployment, the labor market appears to be resilient in terms of job creation.

### **INFLATION REMAINED VOLATILE DURING THE YEAR.**

After a long period of elevated inflation levels in 2014 and 2015, Turkey's inflation rate started to fall at the beginning of 2016. The Consumer Price Index (CPI) began to creep up in May, but later declined again. As prices increased toward the end of the year, the inflation rate rose to a higher-than-expected level. In 2016, the CPI

and the Domestic Producer Price Index (D-PPI) increased by 8.53% and 9.94%, respectively.

The main reason for fluctuating inflation was the high volatility of food prices during the recent period. Food prices, with a 24% contribution, is the biggest factor affecting the inflation rate; therefore, food price volatility affects overall prices considerably.



In first quarter 2016, the Central Bank of the Republic of Turkey ("CBRT") started narrowing the interest rate corridor and moving toward a simplified monetary policy. Before the Fed announced its critical interest rate decision at year's end, the CBRT raised the one-week repo rate by 50 basis points, and lifted the upper band of the interest rate corridor (marginal funding rate) by 25 basis points. The strong budgetary performance in the first half of the year and the eleven-month results indicate that budgetary discipline was maintained.

CURRENT ACCOUNT  
GAP (US\$ BILLION)

**32.6**

EXPORTS (US\$ BILLION)

**142.6**

CONSUMER PRICE INDEX

**8.53%**

**Turkey's current  
account deficit  
narrowed to US\$  
27.7 billion in May,  
its lowest level in  
2016.**



# OVERVIEW OF THE FACTORING SECTOR

In 2016, the total volume of factoring transactions increased by 3.4% to TL 122 billion, while factoring receivables grew by 24% to TL 31 billion.

TOTAL TURNOVER OF THE FACTORING SECTOR (TL BILLION)

122

ASSET SIZE OF THE FACTORING SECTOR (TL BILLION)

33

RETURN ON EQUITY

14%

TOTAL NUMBER OF CUSTOMERS IN THE FACTORING SECTOR

98,908

The Turkish factoring sector underperformed expectations in both 2015 and 2016. The sector was negatively affected by macroeconomic risks arising from internal and external uncertainties and concerns related to global economic growth. Factoring transactions started losing momentum in the second half of the year, mainly due to the disruptive effect of the coup attempt on the investment climate in Turkey. As a result, the sector was unable to achieve targeted growth the past two years.

In 2016, factoring transaction volume grew at a modest 3.4% pace year-on-year to total TL 122 billion. Asset size and factoring receivables of the overall sector increased by 24% to TL 33 billion and TL 31 billion, respectively. Meanwhile, the share of factoring receivables in total assets stood at 94%.

Though it is a positive development for the sector that the non-performing loan ratio fell from 6% to 5%, the transfer of these receivables to asset management companies played an important role in this reduction.

The factoring sector continued to positively contribute to the real economy in 2016, a year marked by foreign exchange rate fluctuations and heightened risks. The share of loans in total liabilities rose to 71%.

While the profit margin of the sector remained at last year's level, total net profit went up 68% year-over-year to TL 664 million. The sector's total shareholders' equity grew 11% to TL 5 billion and return on equity jumped 55% to stand at 14%.

In 2015 and 2016, several factoring companies that lacked bank partners ceased their operations; as of year-end 2016, the total number of factoring companies in the market dropped to 62. According to AFI (Association of Financial Institutions) data, the sector in Turkey has 98,908 total factoring customers, 360 total branches, and 4,716 total employees.

## 2017 EXPECTATIONS

In 2017, the Turkish factoring sector is expected to grow about 10% in line with new regulations, improvements in technology infrastructure, supplier finance and export factoring. Turkey's factoring sector is expected to grow about 10% in 2017.







**TURKEY'S FACTORING SECTOR  
IS EXPECTED TO GROW  
ABOUT 10% IN 2017.**



# İŞ FAKTORİNG İN 2016

Serving many companies in need of resource and consulting support across the country, İş Faktoring plays a significant role in helping to realize their growth vision.





**FAKTÖRİNG  
TEAM**



# MARKETING

2016  
FACTORING RECEIVABLES (TL MILLION)

2,985

2015  
FACTORING RECEIVABLES (TL MILLION)

1,946

2014  
FACTORING RECEIVABLES (TL MILLION)

1,433

The Marketing Department is responsible for creating marketing and sales plans in line with the Company's goals and strategies, revising these plans in light of changing market conditions, and ensuring their implementation through effective team management. The Department implements and monitors marketing & sales plans and strategies, and resolves any issues that arise. Additionally, the Marketing Department collaborates with other departments to develop innovative products and services aimed at addressing customers' needs based on feedback from the field.

İş Faktoring serves many companies that need resource and consulting support across the country through its sales and marketing channels, and helps them achieve their growth targets. Operating in an accountable manner and introducing the "İş" brand to the sector, İş Faktoring provides working capital to its customers via the latest factoring services, and guides them to establish a strong financial structure by overcoming economic challenges in the short, medium, and long term. To achieve this vision, the Company's marketing teams conducted a total of 1,894 customer visits in 69 cities.

Taking a proactive approach to marketing, İş Faktoring conducts operations through branch locations in Ankara, Gebze, Adana and Bursa. The Marketing Department places great importance on delivering the

services and solutions specially designed for individual customers and commercial transactions at the right time and through the right channels. Therefore, the Marketing Department was the Company's most supported department in 2016 in terms of staff expansion.

## **BASED ON YEAR-END RESULTS, İŞ FAKTORİNG IS THE SECTOR LEADER.**

İş Faktoring became the sector leader with a total of TL 2,985 million in factoring receivables at year-end 2016. During the year, the Company expanded its transaction volume by 38% to TL 9,180 million and increased its average factoring receivables by 27% to TL 1,368 million. In addition to taking a sales-oriented approach, the Marketing Department also focused its efforts on protecting asset quality. As a result, the Company's non-performing receivables ratio dropped to 1.30%, well below the sector average.

In 2016, İş Faktoring ramped up marketing efforts aimed at companies that use factoring services to a lesser extent, or not at all. To this end, the Company teams conducted many customer visits and explained İş Faktoring's financial expertise and consulting services to potential clients. Thanks to these efforts, İş Faktoring expanded its customer base by 27% to 3,561.





### **EFFECTIVE MARKETING ACTIVITIES, CONTINUOUSLY ENHANCED PORTFOLIO OF INNOVATIVE PRODUCTS AND SERVICES**

In 2016, İŞ Faktoring focused on supplier finance, introducing its high-quality services to many new customers. This product significantly boosted transaction volume, profitability, customer acquisition and the quality of receivables.

World Bank loans provided under the Innovative Access to Finance Project, and channeled through TSKB, enabled İŞ Faktoring to introduce its factoring products to many companies that have yet to use factoring, while facilitating customer access to low-cost financing. This EUR 23 million financial resource set a good example of İŞ Faktoring's innovative approach.

"Factoring via Letter of Guarantee," a new product launched jointly by İŞ Faktoring and Türkiye İŞ Bank, drew great interest in 2016. This offering gives companies the opportunity to transform their non-cash guarantees into cash loans.

### **NEW FINANCING SOURCES PROVIDED TO EXPORTERS VIA NEW PARTNERSHIPS**

During the year, İŞ Faktoring accelerated its marketing efforts targeted at international factoring transactions, export factoring in particular, while further improving its processes in this area. The Company mainly focused on SME and microenterprise clients, providing low-

priced loans to companies that had trouble accessing low-cost financing to boost their competitiveness in international markets. Taking a win-win approach to customer relationships, İŞ Faktoring extended the Türk Eximbank loans and World Bank loans provided under the Innovative Access to Finance Project to companies seeking low-cost financing. As a result, İŞ Faktoring added many new exporting companies to its customer portfolio in 2016, further bolstering its position as a leading player in the sector. Additionally, İŞ Faktoring signed an agreement with Eximbank for discounted Short Term Export-Credit Insurance policies. Taking a more proactive role in the marketing and sales of import factoring products, İŞ Faktoring posted an import volume of TL 361 million in 2016.

Against the backdrop of increased customer interest in irrevocable transactions to reduce credit risk, İŞ Faktoring developed a Receivable Insurance product in 2016. The Company began offering this product in irrevocable transactions and importing transactions.

### **2017 GOALS**

In 2017, the Marketing Department will continue efforts to boost İŞ Faktoring's turnover, factoring receivables and profitability. The Department plans to focus on expanding and diversifying the customer base with new products and services. In addition to the Receivable Insurance product, the Department is currently developing an electronic platform, via which companies that manage multiple suppliers will be able to perform their transactions. This platform, scheduled to launch in 2017, aims to reduce companies' operational workload and facilitate suppliers' access to financing.



INCREASE IN CUSTOMER NUMBERS

**27%**

INCREASE IN TRANSACTIONS

**38%**

During the year,  
İŞ Faktoring  
accelerated  
its marketing  
efforts targeted  
at international  
factoring  
transactions,  
export factoring  
in particular, while  
further improving  
its processes in this  
area.



## TREASURY

In 2016, the Treasury Department continued to develop solutions to meet the financing needs of İş Faktoring by keeping borrowing costs at a minimum.



The Treasury Department is responsible for providing the most appropriate solutions to meet the financing needs of İş Faktoring customers from its pool of low-cost financing sources in addition to managing the Company's cash flow. Thanks to its strong relationships with domestic and foreign banks, credit institutions and correspondent factoring companies abroad, İş Faktoring has access to various funding sources and the capability to eliminate financial risks.

The Treasury Department also manages interest rate and FX risks to maximize İş Faktoring's balance sheet net margin and protect the Company against market fluctuations. Aiming to achieve high returns, the Department closely monitors market fluctuations and economic developments; it also performs transactions on spot and derivatives markets by conducting analyses, as needed. Through effective capital management, the Treasury Department improves asset quality in line with the Company's goals by using alternative investment channels and contributes to overall profitability.

In 2016, the Treasury Department continued developing solutions to meet the financing needs of İş Faktoring by keeping borrowing costs at a minimum. After becoming a participant of the Takasbank Money Market - which started to be used by factoring companies the previous year, like banks and financial intermediaries as a means for assessing their excess funds and meeting

fund needs in the short term - İş Faktoring began using this channel effectively.

İş Faktoring began issuing TL denominated bonds in 2014; bond issues significantly contributed to İş Faktoring's funds management in 2016 as well. İş Faktoring issued discount bonds with nominal value of TL 440 million twice during the year. The Company also undertook amortization of bonds issued with a nominal value of TL 547 million. İş Faktoring's bond issuance drew sizeable investor demand and helped the Company to maintain its competitive advantage of low-cost borrowing.

### 2017 GOALS

In 2017, which promises to be a challenging year due to global economic risks and internal political developments, İş Faktoring's main objective will be to maintain its profitability and keep funding costs to a minimum. To achieve this aim, the Treasury Department will continue to take timely and effective measures to meet the financing needs of İş Faktoring.

The Treasury Department plans to execute new bond issuances in 2017 in order to diversify its funding sources and reduce borrowing costs.

The Department also plans to implement its treasury strategy, which is designed to manage financial risks and productivity, more effectively in the future via process automation and improvements.

WORLD BANK LOAN VOLUME  
(EUR MILLION)

23

TOTAL VALUE OF BOND ISSUANCES  
(TL MILLION)

440



## INTERNATIONAL FACTORING AND CORRESPONDENT RELATIONS



İş Faktoring places great importance on providing solutions to companies that boost Turkey's foreign trade. Accordingly, the Company established the International Factoring and Correspondent Relations Department in 2015. With its expert team, İş Faktoring continued to deliver special solutions in international factoring to customers and make a difference by further expanding its correspondent network in new markets in 2016.

The duties and responsibilities of the International Factoring and Correspondent Relations Department include:

- Establishing and maintaining good relationships with correspondents that are members of Factors Chain International (FCI),
- Developing solutions to meet customer demands related to their foreign trade receivables in accordance with applicable laws, rules and regulations, and providing consultancy services,
- Managing the entire operational process of foreign trade transactions and meeting customer demands in a timely manner.

Thanks to these efforts, İş Faktoring acquired many new customers in 2016, far more than in previous years. The Company also expanded its export factoring volume by 2% over the prior year to TL 1,130 million. Meanwhile, the Company's import transactions amounted to TL 361 million.

In terms of export factoring volume, İş Faktoring ranks fifth in the sector, with a 6% market share. The Company captures an 18% market share and ranks third in terms of import factoring transactions.

In 2016, İş Faktoring:

- Expanded its correspondent network and in response to correspondents' demands, began pre-financing of assigned receivables.
- Conducted process and IT improvements to provide faster service to customers in the area of export factoring and developed the Company's database, through which permanent benefit is provided.
- Executed an agreement with Eximbank for discounted Short Term Export-Credit Insurance policies.
- Provided low-cost funding to exporters with Türk Eximbank's rediscount credits and World Bank loans, offered under the Innovative Access to Finance Project, which is channeled through TSKB. The Company recorded successful results by extending World Bank loans to exporters and providing consultancy to companies on the terms and conditions of these loans. İş Faktoring was the only factoring company to be invited to the meeting held during the visit of World Bank representatives to share experiences and evaluate the possibility of extending a similar loan program to Turkey again.

### 2017 GOALS

In 2017, İş Faktoring aims to maintain and further expand the growth it has achieved in international factoring transactions, export factoring in particular. The Company plans to boost customer numbers, especially exporting companies, across the country; conduct more customer and branch visits to provide more personal service to its customers; carry out more correspondent visits to enhance its relationships with correspondents; and focus more on supplying loans from correspondent companies.

EXPORT FACTORING VOLUME  
(TL MILLION)

**1,130**

IMPORT FACTORING VOLUME  
(TL MILLION)

**361**

**İş Faktoring places great importance on providing solutions to companies that boost Turkey's foreign trade.**



# CREDITS

İş Faktoring Credit Department manages credit risk through an insight of effective risk management.



İş Faktoring's Credit Department focuses on effectively managing credit risk while providing strong support to sales & marketing activities in line with corporate goals.

The Credit Department is mainly responsible for performing credit evaluations in line with İş Bank's corporate culture and approach as well as İş Faktoring's credit policies. During the evaluation process, the Department reviews existing customer information, economic trends, additional data related to the industries in which customers operate and market conditions. The Department also conducts the required analyses and intelligence studies, determines the creditworthiness of sellers and buyers, makes the necessary decisions, and performs credit management after allocation.

In 2016, a year marked by high volatility and increased risks, İş Faktoring monitored the companies in its portfolio more frequently and performed risk forecasts by taking a proactive approach.

Closely monitoring developments in information technology, İş Faktoring carried out a series of automation efforts in 2016 to be able to evaluate loan

applications more actively via effective risk management. Additionally, the Company updated all procedures related to credit allocation, risk monitoring and intelligence in line with emerging needs in business processes, as well as audit processes and scope. In 2016, the Credit Department reviewed and evaluated a total of 4,693 credit applications and extended TL 27 billion in loans, a relatively high amount. By employing effective credit management practices, the Department also helped keep the non-performing loan ratio low at 1.30% , far below the sector average.

## 2017 GOALS

In 2017, İş Faktoring Credit Department will continue responding to credit applications in a timely and accurate manner and undertake systems upgrades to protect asset quality. The Department also plans to use decision-support systems more effectively in order to finalize credit evaluations more quickly, without compromising on the general principles of credit allocation and sustainable growth.

CREDIT LIMIT ALLOCATION  
(TL BILLION)

27

CREDIT APPLICATIONS REVIEWED

4,693



# INTELLIGENCE



While conducting its operations, the Intelligence Department uses its reliable and rich data sources, closely monitors current market conditions, while taking into account all significant developments in the sector and the economic environment. The Department produces accurate, fast and reliable results, and works to constantly improve its research and development capabilities.

With the various problems and uncertainties in domestic and international markets, the Intelligence Department put customer satisfaction at the forefront of its activities in 2016. The Department took all necessary actions to adapt to current conditions by reviewing its fast, accurate decision-making mechanisms. To this end, the Department closely followed the news media, visited customers, when necessary, and remained in close contact with all financial institutions and continued its operations by improving accurate decision making mechanisms. In 2016, the Department performed intelligence analysis on a total of 12,950 transactions. It also contributed to keeping the non-performing loan ratio well below the sector average, thanks to its versatile experience and comprehensive approach.

## 2017 GOALS

Acting in accordance with the strong, reliable foundation of “İş,” İş Faktoring’s Intelligence Department plans to contribute even more to achieving the Company’s goals, without compromising its commitment to sector norms and fast-paced working style.



With the various problems and uncertainties in domestic and international markets, the Intelligence Department put customer satisfaction at the forefront of its activities in 2016.

TRANSACTION ANALYZED

# 12,950



# OPERATIONS

In 2016, the Operations team further improved its capabilities and built upon its expertise to respond to the Company's needs in terms of increased transaction volume and diversified products.



The Operations Department is responsible for safe and efficient completion of operational processes related to factoring transactions. This is accomplished by collaborating with other business units and complying with applicable laws, rules and regulations; increasing transaction speed through continuous improvement of operational processes; and ensuring customer satisfaction.

Additionally, the Operations Department monitors all domestic and international laws, rules and regulations; informs the branches and Head Office departments of İş Faktoring accordingly; provides its opinion on legal and regulatory requirements; and gives guidance for adapting legislative and regulatory changes to the Company's system.

Previously, duplicate invoices were prevented based on customers' claims; but since 2015, duplicate invoice payments are detected and prevented via this new system. The second phase of the project, which involves the reporting of payment instruments such as checks, promissory notes and/or policies provided by customers, as well as ensuring debt collection within payment terms through CIRS, began in the second half of 2016. Additionally, the Revenue Administration started to verify customers' e-invoices, which are delivered through the Central Registry Agency, in the latter half of the year, thereby ensuring the validity of these invoices.

In 2016, the Operations team further improved its capabilities and built upon its expertise to respond to the Company's needs in terms of increased transaction volume and diversified products.

The Operations Department also carried out the necessary work for the Receivable Insurance product launched at end-2016 and organized internal training programs on the operational processes and procedures. With this effort, the Department contributed to determining and explaining the standards for this product. During the year, the Operations Department continued to represent the Company on the Legislation Committee of the Association of Financial Institutions; it also participated in some of the key sector-related projects carried out by the Association.

## 2017 GOALS

In the coming year, the Operations Department will continue managing operational processes and aligning new practices and business process flows with the Company's system, in parallel with emerging needs, customer acquisition efforts and productivity goals. In 2017, the Department also plans to launch its Domestic Business Flow project, which aims to speed up the completion of transactions.



Focusing on customer needs in 2016, the Department undertook major efforts aimed at serving internal and external customers in an accurate and timely manner; achieving process automation by eliminating inefficient steps; and ensuring compliance of factoring operations with applicable legislation.

In 2016, the Department made significant progress toward further enhancement of the Central Invoice Recording System ("CIRS"), a single platform for trade documents developed jointly by the Central Registry Agency and the Association of Financial Institutions.



# RISK MONITORING AND LEGAL FOLLOW UP



Risk Monitoring and Legal Follow Up is responsible for early detection and management of risk, and for starting the legal process when debt collection through administrative channels becomes no longer possible.

The Department's monitoring activities include performing risk assessment on new customers in addition to debtors, who appear suspicious based on information obtained from official sources. The Department shares its findings with relevant departments of the Company and takes action as needed. In 2016, Risk Monitoring and Legal Follow Up negotiated with many companies that were likely to become delinquent and successfully collected on these accounts without having to apply to legal channels.

Risk Monitoring and Legal Follow Up conducts a thorough investigation of debtors and shares its findings with contracted law firms to finalize the legal process as quickly as possible and to speed up the collection process. The Department also monitors the performance of contracted law firms.

Risk Monitoring and Legal Follow Up responds to official inquiries about debtors, sent to the Company by authorities and third parties, after conducting the necessary research. The Department then informs the relevant departments of the Company.

In 2016, Risk Monitoring and Legal Follow Up significantly contributed to the Company's financial results by collecting on delinquent accounts while also collecting

debt from customers who were likely to fall into default. In 2016, the Department reorganized in a way to collaborate with the marketing teams in a more coordinated manner.

Risk Monitoring and Legal Follow Up actively participated in the preliminary efforts to implement the IBM SPSS Modeler application. This predictive analytics platform allows users to leverage statistical and data mining algorithms to shorten the decision-making time, and to take action quickly. This application will support the business processes of İş Faktoring, enabling the Company to make faster and more accurate decisions. In that regard, the Department spearheaded the preparation of a feasibility report by seeking the opinions of every department in the Company.

When necessary, Risk Monitoring and Legal Follow Up also provides legal consultancy to other departments with its in-house lawyer.

## **2017 GOALS**

In the coming year, Risk Monitoring and Legal Follow Up aims to significantly boost its contribution to the Company's profitability via increased collections on delinquent accounts. To this end, the Department plans to reduce operational workload in internal projects and to further improve its risk monitoring capabilities through business process automation. This effort will thereby shorten the time frame of decision-making and action taking. In addition to its activities and investigations for early detection of risk, the Department aims to actively use the IBM SPSS Modeler application in 2017.

In 2016, the Risk Monitoring and Legal Follow Up Department significantly contributed to the Company's financial results by collecting on delinquent accounts while also collecting debt from customers who were likely to fall into default.

NON-PERFORMING LOAN RATIO

**1.30%**



# HUMAN RESOURCES

İş Faktoring focuses on achieving success and productivity in all its operations. The Company boasts a dynamic organization that is open to development and innovation.

Benefiting from the long-established corporate culture of Türkiye İş Bank, İş Faktoring has a young and dynamic team, which realizes a product and service cycle with high added value, that works toward success. İş Faktoring employees are experts in their respective fields and embrace team spirit, thus enabling the Company to differentiate from the competition in terms of human capital.

İş Faktoring sees its staff not as a resource but rather a valuable asset. The Company believes that this understanding coupled with its unique business style underlie its successful track record.

Aiming for continuous success and improvement, the Human Resources Department operates in line with the Company's goals by implementing contemporary human resource systems and working in coordination with other departments. The Department supports employees' career development and takes a meticulous approach to staff compensation and social benefits.

As of year-end 2016, İş Faktoring employed 96 personnel. The Company's workforce has expanded 71% over the last four years. Thanks to the recently launched job rotation program, İş Faktoring's staff turnover rate has dropped considerably.



## HUMAN RESOURCES ACTIVITIES IN 2016

İş Faktoring's Human Resources Department undertook systematic efforts, both internally and externally, to improve the Company's performance evaluation and career management system. As part of business development efforts, the Department plans to start working on systems integration for automation of processes and practices, which will boost the speed and efficiency of human resources activities.

## TRAINING PROGRAMS AT İŞ FAKTORİNG

İş Faktoring focuses on achieving success and productivity in all its operations. The Company boasts a dynamic organization that is open to development and innovation.

İş Faktoring provides a range of training programs to support its staff's career development in collaboration with various institutions and associations, the Association of Financial Institutions ("FKB") in particular. In 2016, more employees of the Company participated in the training programs administered by the Banks Association of Turkey as well as FKB training courses, which are offered on a quarterly basis. The Company also conducted a Financial Analysis Training course in collaboration with Türkiye İş Bank and participated in seminars held at İş Bank Tower. As a result, İş Faktoring laid the foundation for future training activities to further strengthen this partnership synergy. Additionally, the Company's employees participate in overseas training programs.

In 2016, the Company offered three internal and 37 external training programs to support employee development and improve the staff's technical knowledge.

## MOTIVATIONAL TRIP IN 2016

In 2016, İş Faktoring organized a tour to Cyprus to give its employees an opportunity to socialize outside of work and to increase team synergy.

NUMBER OF EMPLOYEES

96





## SOCIAL RESPONSIBILITY AT İŞ FAKTORİNG

İş Faktoring undertakes corporate social responsibility efforts to fulfill its duties and responsibilities toward the environment and society.

The Company made a donation to the “July 15 Solidarity Campaign” to support the families of citizens who were wounded or lost their lives during the treacherous coup attempt.

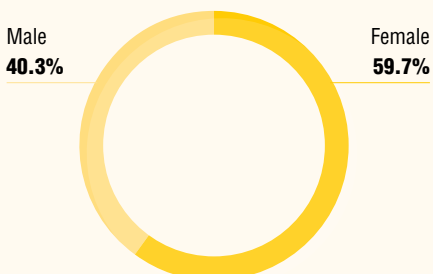
In addition, the Company decided to send coats, boots and cold weather gear to students in Eastern Anatolia due to harsh weather. To this end, clothing donations were delivered to local schools in the Kürkcü and Zümrüt villages of Erzurum’s Şenkaya district.

## 2017 GOALS

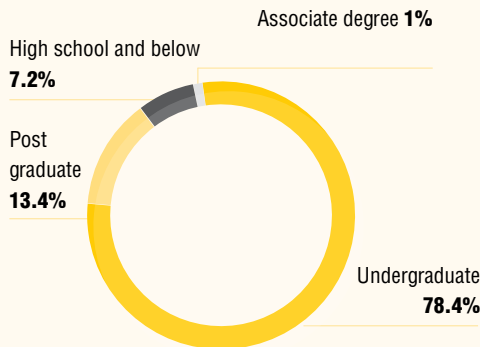
In 2017, the Human Resources Department plans to develop new programs to foster team spirit and collaboration among İş Faktoring employees and improve interdepartmental communications. This effort aims to boost synergy between the teams, thereby contributing to the Company’s overall performance.

The Human Resources Department also has plans to increase the number and scope of training programs by adding new offerings aimed at improving the staff’s management, leadership and personal skills in addition to courses for developing their professional and technical knowledge. To this end, the Department will launch coaching and management development programs.

### BREAKDOWN BY GENDER (%)



### BREAKDOWN BY EDUCATION (%)



NUMBER OF INTERNAL TRAINING PROGRAMS

3

NUMBER OF EXTERNAL TRAINING PROGRAMS

37

İş Faktoring’s Human Resources Department undertook efforts to improve the Company’s performance evaluation and career management system.



## PROJECTS SCHEDULED FOR COMPLETION IN 2017

İş Faktoring plans to build a systems architecture that will enable the Company to keep its IT infrastructure up-to-date more easily and facilitate adaptation to new technologies.



In 2017, İş Faktoring aims to maintain its healthy growth while continuing to take firm steps toward market leadership. To achieve this goal, the Company plans to complete the following projects in the coming year:

### **INTEGRATION OF BUSINESS PROCESSES INTO THE FACTORING SOFTWARE**

The Company will integrate the workflow module into its main system. This effort aims to boost business efficiency; provide decision makers with automatic access to data collected from various areas, a process currently done manually; enable automated reporting; and mechanize processes that receive limited systems support.

### **ESTABLISHING AN AUTOMATED DECISION-SUPPORT SYSTEM**

This initiative will first define specific criteria for drawers, endorsers, companies and checks, and then generate results through the system pertaining to transactions or companies that are in the loan allocation process by taking into account internal and external information. Based on the generated result, the system will then automatically decide to either approve or reject the transaction.

### **ESTABLISHING AN ONLINE SUPPLIER FINANCE INFRASTRUCTURE**

The Company plans to set up an online platform for its supplier finance product, through which all parties will be able to manage and monitor the process. The purpose is to reduce the operational workload of companies that manage multiple suppliers, thereby increasing their interest in the product.

### **IMPROVING THE SYSTEM INFRASTRUCTURE**

İş Faktoring has completed the feasibility studies and the analyses related to the expansion of data storage units in the main points of the system to create a more professional and secure infrastructure. The Company plans to build a systems architecture that will enable it to keep its IT infrastructure up-to-date more easily and facilitate adaptation to new technologies.







#### **IMPROVING SECURITY SOLUTIONS**

In today's globalized world, the risk of cyberattacks grows in parallel with the advances in technology. Against this backdrop, İş Faktoring plans to undertake investments in critical areas—such as data security, password and backup security, and storage, protection and monitoring of log data—to protect against internal and external threats to its systems. The Company will ensure log security of its main factoring software and keep track of suspicious password transactions by improving the firewall architecture and creating a failover cluster.

#### **INTEGRATING THE IBM SPSS MODELER APPLICATION INTO THE BUSINESS PROCESSES**

İş Faktoring purchased the IBM SPSS Modeler application at end-2016 and began using it for data/text analytics, decision management, optimization and reporting. The objective is to use the application for automatic generation of internal and external reports, which are currently prepared by Company employees, or for verification of prepared reports. İş Faktoring plans to integrate the IBM SPSS Modeler application, which offers a variety of data modeling and analysis methods, into its business processes in 2017, and expand its usage to other areas.

#### **BRANCH OPENINGS**

İş Faktoring plans to increase the number of its branch network to six locations in 2017 by opening new branches in Güneşli/İstanbul and İzmir in the first quarter of the year. The new branch locations will primarily focus on expanding the Company's business in the SME segment.

#### **HUMAN RESOURCES PRACTICES**

The Company plans to start managing human resources processes, which are currently done manually, through a new automated platform in the first quarter of the year.

#### **MANAGEMENT DEVELOPMENT**

In collaboration with İş Bank, İş Faktoring plans to initiate coaching and management programs to support the personal development and improve the leadership skills of managers.

In 2017, İş Faktoring aims to maintain its healthy growth while continuing to take firm steps toward permanent market leadership.



## BOARD OF DIRECTORS



### **Ertuğrul Bozgedik** **Chairman**

Ertuğrul Bozgedik was born in 1964 and graduated from Ankara University Faculty of Political Sciences, Department of Economics. In 1986, he began his career at Türkiye İş Bankası A.Ş. as Assistant Inspector on the Board of Inspectors. After working as Assistant Manager and Director of Region in Monitoring and Recovery Loans and 1. Loans Departments between 1995 and 1999, Mr. Bozgedik was assigned as Department Manager in the Corporate Loans Department in 2004. Assigned as Chairman of the Board of Inspectors between 2008 and 2011, Mr. Bozgedik continues to perform his duties as Türkiye İş Bankası Deputy Chief Executive since April 13, 2011 and Chairman of the Board of Directors of our Company since June 1, 2011.



### **H. Fevzi Onat** **Vice Chairman**

H. Fevzi Onat was born in 1959 and graduated from Hacettepe University, Faculty of Social and Administrative Sciences, Department of Economics. Taking his position in 1981 at Türkiye İş Bankası A.Ş. as Assistant Inspector on the Board of Inspectors, Mr. Onat was appointed Assistant Manager in the Department of Corporate Loans in 1993, Regional Manager in 1995, the Intelligence and Financial Analysis Department's Department Manager in 1997, and Department Manager in the Department of Corporate Loans in 1998. After being appointed to Yenışehir Ankara Branch Manager in 2001, Mr. Onat became Türkiye İş Bankası Deputy Chief Executive in 2002. Mr. Onat served as Board Member of Türkiye İş Bankası A.Ş. between March 28, 2008 and March 31, 2011 and in the same period he also served as Vice Chairman of the Board of Directors. Mr. Onat worked as Türkiye Sınai Kalkınma Bankası A.Ş. General Manager between May 30, 2011 and January 31, 2013 and he has been continuing his career as Board Member and Vice Chairman of the Board of Directors of our Company since March 27, 2013.



### **İnci Önal** **Board Member**

İnci Önal was born in 1970 and graduated from Middle East Technical University, Department of Industrial Engineering in 1992. The same year, she began working as Assistant Specialist in the Credit Department of Türkiye İş Bankası A.Ş. Between 1999 and 2000, Ms. Önal served as Assistant Manager of the same department, and later as Assistant Manager of the Commercial Loans Department from 2000 to 2004. In 2004, she was appointed Regional Manager of the Commercial Loans Department, where she worked for seven years. Ms. Önal has been serving as Head of the Commercial Banking Marketing Department of Türkiye İş Bank since 2011.



### **Nurlan Erol\*** **Board Member**

Nurlan Erol was born in 1973 and graduated from Istanbul University, Department of Economics in 1994. She then earned her Master's degree in Banking from Marmara University. After beginning her professional career as a Financial Analyst at Yapı Kredi Bank in 1994, Ms. Erol joined Türkiye Sınai Kalkınma Bankası A.Ş. in 1995, where she held various positions in the departments of Financial Analysis, Corporate Marketing, Loans, Project Finance, and Credit Monitoring, respectively. Ms. Erol has been serving as Credit Manager since January 2017.

\*After the retirement of Ferhunde Aygen in January 2017, Nurlan Erol was appointed to the position.





**U. Şafak Ögün**  
**Board Member**

Şafak Ögün was born in 1974 and graduated from Bilkent University, Department of Business Administration in 1995. He then earned his Master's degree in International Banking and Finance from the University of Birmingham. From 1995 to 2005, Mr. Ögün served as Inspector at Türkiye İş Bankası A.Ş., and later as Assistant Manager of Corporate Marketing (2005-2007), Deputy President of the Inspection Board (2007-2008), Corporate Banking Sales Manager (2008-2009), and Corporate Banking Marketing and Sales Manager (2009-2016). Mr. Ögün was appointed Manager of the Güneşli Corporate Branch in 2016.



**Necati Çağlar**  
**Board Member**

Necati Çağlar was born in 1974 and graduated from Ankara University, Faculty of Political Sciences, Department of Public Finance. He began his professional career in 1997 serving on the Inspection Board of Türkiye İş Bankası A.Ş. Mr. Çağlar was promoted from Class IV. Inspector position to Assistant Manager of Istanbul Region IV. on August 26, 2005. Subsequently, he was promoted to Assistant Manager of the Istanbul Maltepe Region of the Commercial Loans Department on August 27, 2007; Manager of the Kuruköprü Branch on May 21, 2008; Manager of the Kocaeli Region of the SME Loans Department on August 25, 2009; and Manager of the Bayrampaşa Region of the SME Loans Department on December 27, 2012. Mr. Çağlar has been serving as Manager of the SME Loans Department since February 26, 2016.



**İ. Volkan Ergan**  
**Board Member**

İbrahim Volkan Ergan was born in 1971 and graduated from Gazi University, Department of Business Administration in 1994. In 1992, he began work as a Clerk at the Yenışehir Branch of Türkiye İş Bankası A.Ş. From 1997 to 2008, he served as Manager of the Ankara Region of the Intelligence and Financial Analysis Department. Later, he served as Manager of the Ankara Region of the Retail Loans Monitoring Department (December 2008-September 2014) and Manager of the İskenderun Commercial Branch (September 2014-February 2016). Mr. Ergan was appointed Manager of the Retail Loans Monitoring Department on February 26, 2016.



**Kemal Şahin**  
**Board Member**

Kemal Şahin was born in 1967 and graduated from Middle East Technical University, Department of Business Administration in 1988. The same year, he began working as Assistant Inspector at Türkiye İş Bankası A.Ş. After serving on the Inspection Board for ten years, he was promoted to Assistant Manager of the Subsidiaries Department in 1998. Mr. Şahin is currently the Manager of the Subsidiaries Department of Türkiye İş Bankası A.Ş. He is also a Board Member of Arap Türk Bankası A.Ş.



## BOARD OF DIRECTORS



**Ozan Uyar**  
**Board Member**

Ozan Uyar was born in 1974 and graduated from Middle East Technical University, Department of Business Administration in 1997. Mr. Uyar started his career at Türkiye İş Bankası A.Ş. as Assistant Inspector on the Board of Inspectors in 1997. After working as Assistant Manager in the Department of Commercial Loans Allocation between 2006 and 2009, Ozan Uyar was assigned as the Unit Manager in the same department in 2009-2015. Since February 27, 2015, Mr. Uyar has been working as Department Manager in the Credit Portfolio Management Department.



**A. Hakan Ünal**  
**Board Member**

A. Hakan Ünal was born in 1974 and graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics in 1997. He then earned his MBA from İstanbul Bilgi University in Business Administration. Mr. Ünal worked as Inspector at Türkiye İş Bankası A.Ş. between 1998 and 2008. Subsequently, he served as Assistant Manager of the Intelligence and Financial Analysis Department (2008-2011), and Manager of the same department from 2011 to 2016. Mr. Ünal has been serving as Head of the Financial Analysis Department since September 30, 2016.



**A. Erdal Aral**  
**Board Member and General Manager**  
See page 73 for Curriculum Vitae.



## BOARD OF DIRECTORS AND SENIOR MANAGEMENT









## SENIOR MANAGEMENT



**A. Erdal Aral**  
**General Manager**

A. Erdal Aral was born in 1967 and graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Economics in 1989. He then earned his Master's degree in International Banking from the Loughborough University of Technology. In 1989, Mr. Aral began working at Türkiye İş Bankası A.Ş. as Assistant Inspector. Subsequently, he was promoted to Assistant Manager of the Treasury Department in 1997; Division Manager in 2000; Department Manager in 2002; Manager of the Kozyatağı Corporate Branch in 2008; Deputy Chief Executive in 2011; and General Manager of İş Investment in 2013. Mr. Aral was appointed General Manager of İş Faktoring on April 1, 2016. He also serves as a Board Member of the Company.



**Hüseyin Çalışkan**  
**Deputy Chief Executive**

Hüseyin Çalışkan was born in 1971 and graduated from Middle East Technical University, Department of Business Administration in 1993. Hüseyin Çalışkan started his career at Türkiye İş Bankası A.Ş. as Assistant Inspector on the Board of Inspectors in 1993. After he worked as Assistant Manager in Commercial Loans Allocation Department between 2002 and 2007 and Unit Manager in SME Credits Allocation Department between 2007 and 2013, Mr. Çalışkan was appointed Deputy Chief Executive in our Company on May 2, 2013 and continues to work in the same position.

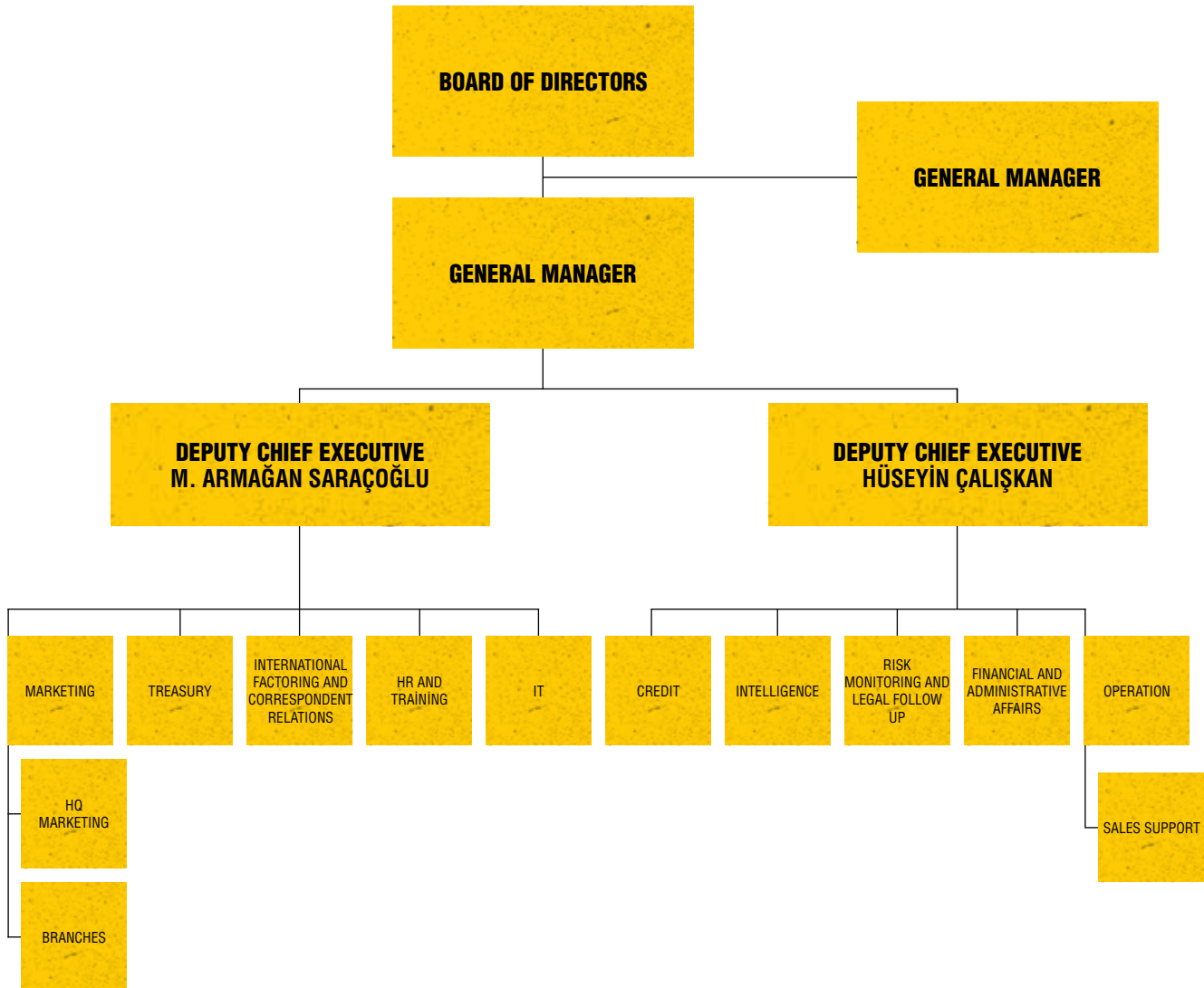


**M. Armağan Saraçoğlu**  
**Deputy Chief Executive**

Armağan Saraçoğlu was born in 1974 and graduated from European University of Lefke, Department of Business Administration in 1998. He started his career at Türkiye İş Bankası A.Ş. as Assistant Inspector on the Board of Inspectors in 1998. Continuing his career as Assistant Manager in the Human Resources Department in 2007, Mr. Saraçoğlu served as Unit Manager responsible for Bank and Finance Subsidiaries in the Department of Subsidiaries in 2011. Mr. Saraçoğlu has been working as Deputy Chief Executive in our Company since July 22, 2013.



# ORGANIZATION CHART





# RISK MANAGEMENT AND INTERNAL AUDIT

## **RISK MANAGEMENT POLICIES**

Risk policies are general standards which include the organization and scope of the risk management function. İŞ Faktoring places great importance on risk management systems and processes that are aligned with the scope, volume and complexity of the Company's operations; and implementation of risk policies aimed at identifying, measuring, managing and reporting risks that arise from the Company's activities across the entire organization.

## **CREDIT RISK**

Credit risk arises when the counterparty of the financial tools fails to fulfill contractual obligation and causes a financial loss for the Company. The Company aims to work with parties that have appropriate credit ratings and strives to decrease credit risk by obtaining adequate guarantee when possible. Credits risk which the Company is subject to and customers' credit levels are continuously followed up. Credit risk is also controlled through internal restrictions which were defined for the customers by the Board of Directors.

Factoring receivables include a great number of customers in different sectors. The active loan portfolio is continuously scanned via organized business processes and early detection mechanisms are conducted for the possible problems.

Development efforts were carried out in order to implement company analysis with significant data variety within the loan process. While new customer gains and factoring receivables average items progressed significantly, asset quality did not deteriorate and the legal follow-up ratio was kept under the sector average.

## **LIQUIDITY RISK**

Managing bodies of our Company formed a liquidity risk management strategy according to short, middle and long term funds and liquidity requirements. The

Company manages liquidity risk through maintaining adequate reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Many banks provided loan limits on behalf of our Company by continuous negotiations with domestic and international creditor institutions for the continuation of our operations in periods with liquidity crunch.

Finance bonds are issued to create alternative funding sources.

Cash and cash equivalents of our Company are assigned high credit ratings by prestigious credit rating organizations and kept in banks which are allocated limits by our Board of Directors.

## **MARKET RISK**

Market risk refers to the risk of change in the income or financial assets of the Company as a result of the changes in the financial market such as exchange rates, interest rates or the rates of the instruments traded at the securities markets. Market risks, which are encountered on our Company level, are measured on a sensitivity analysis basis.

Our Company, which shows ultimate attention to provides currency of funds identical with currency of loans, adopts not bearing a short position as a principle policy.

Our Company does not have any speculative financial instruments (including derivative financial instruments) and does not carry out any activities about buying-selling of these kinds of instruments.

No changes took place in the market risk that our Company is subject to or method of handling the risks or the method of measuring the risks in 2016 compared to the previous year.

## **OPERATIONAL RISK**

Operational risks are defined as the risks caused by operational faults which the company experiences while continuing its operations. Regular training sessions are provided to employees in order to decrease operational faults to a minimum while carrying out operations. Amendments in the regulations and different situations which occur during implementation are clearly explained to the employees. In addition to, utmost attention is shown to assign different people as operators and approver/controller.

## **INTERNAL AUDIT ACTIVITIES**

Audits by our Internal Audit Department are classified in two main categories; transaction and process audits. Examinations are carried out on samples, which were chosen from finance, guarantee and collection activities; detected problems were submitted to the related units in order to take action within the scope of transaction audits. Whether the control systems on the process being audited works sufficiently and efficiently is evaluated in process audits. Proposals were submitted in order to decrease the exposure risk of the process. Root cause analysis was carried out as much as possible for the problems which were detected during examinations. Studies were carried out towards defining controls which will prevent the repetition of the problem by examining underlying reasons. The processes of the Credit, Intelligence, Treasury, Operation, Financial and Administrative Affairs, Human Resources and Training, Risk Monitoring and Legal Follow Up Division, International Factoring and Correspondent Relations and IT departments of our Company were audited in 2016.



## AUDIT COMMITTEE'S ASSESSMENT OF THE INTERNAL CONTROL SYSTEM

### İŞ FAKTORİNG A.Ş. AUDIT COMMITTEE

Resolution No : 2017/3  
Resolution Date : 31.01.2017  
Time of the Meeting : 12:00  
Agenda Item :

#### **SUBJECT:** Declaration of Audit Committee on Internal Control Environment

Internal audit system of our Company is structured and carried out in order to carry out operations efficiently and productively in accordance with the Law and other legislations, company principles and customs and enable information on time.

The Board of Directors authorized Audit Committee for supervision and evaluation of internal control activities.

Audit Committee periodically evaluates efficiency of internal audit system with internal audit and control reports, which are designed by Internal Control Department and submits the reports and their suggestions about required precautions to Board of Directors. It was concluded that there were not any control deficiencies which prevent effective, trustable and continuous operation in business processes as a result of evaluations on audit and control activities, which were carried out in 2016.

In 2017, the Audit Committee will continue to supervise the sufficiency and efficiency of internal audit systems in line with Company organization structure.



**Kemal ŞAHİN**  
Member of the Audit Committee



**Ertuğrul BOZGEDİK**  
Chairman of the Audit Committee



# COMMITTEES

## **AUDIT COMMITTEE**

The Audit Committee is responsible for ensuring that the internal systems of the Company function efficiently and sufficiently, that these systems and the accounting and reporting systems operate within the framework of the related regulations, company policies, laws and customs and that the information produced has integrity. The Audit Committee consists of two members; our Chairman Ertuğrul Bozgedik is the President and Kemal Şahin is the member.

## **EARLY RISK DETECTION COMMITTEE**

The Early Risk Detection Committee carries out its activities for early detection of the risks that may endanger the existence, progress and continuity of the Company in order to take necessary measures regarding the detected risks and to carry out activities with the purpose of risk management. The Committee is composed of A. Erdal Aral, Ozan Uyar and Kemal Şahin.

## **CREDIT COMMITTEE**

The Credit Committee is responsible for examining the loan proposals and concludes the ones that are within the scope of its loan allocation authorization limits, which are specified as part of the Company credit risk policy. İş Faktoring Chairman Ertuğrul Bozgedik is the Credit Committee President; A. Erdal Aral and Ozan Uyar are the members of the Committee.

The Credit Department, Marketing Department and Intelligence Department, when required, organize a meeting at least once a week (on demand if necessary). The General Directorate pre-assets limit allocation/revision/condition change/warranty type change demands, which are entitled to General Directorate or exceed authority of General Directorate.

## **ASSETS AND LIABILITIES COMMITTEE**

Assets and Liabilities Committee determines principles and implementation methods in order to enable optimum

management of the Company balance sheet by observing the balance between risk-capital-profitability in line with financial policies and strategies. The Committee operates with meeting basis. Directed by the General Manager, the Committee meets at least once a month with the participation of authorities of the Deputy General Managers, Treasury, Marketing and International Factoring and Correspondent Relations departments.

The Committee basically evaluates the developments in domestic and international markets and the general economy, ensures risk management of the balance sheet and installment-interest structure, carries out analysis within the frame of capital sufficiency and profit maximization, organizes pricing principles on loans which are provided by banks and their installment structure, determines policy for the Company currency position, searches and provides the best funding opportunities in domestic and international financial markets in order to minimize the funding cost of the Company.

The meeting agenda of the Committee includes financial forecasting in domestic and international markets, predictions and evaluations on the progress of risk factors for funding costs and possible funding requirements, evaluations of the liquidity position and operation results of the previous period.

## **HR COMMITTEE**

The HR Committee consists of the General Manager, Deputy General Managers and Human Resources Manager of the Company. The Committee oversees employees' responsibilities, obligations, duties, rights, job assignments and promotions, compensation and social benefits.

The Human Resources Committee makes employment, reassignment in the Company, assignment and promotion, salary and financial support decisions for Director and lower positions.

The content and organization principles of the Performance Evaluation Form is defined and announced by the Human

Resources Committee in the performance periods.

Employee participation fees to private certificate programs and/or exams under the conditions defined by the Company can be paid by the Company with the decision of the Human Resources Committee.

Submitted to the Human Resources and Training Department, ideas of employees which will support profitability, saving time, quality or progress of operations are evaluated by the Human Resources Committee. If the idea is approved as appropriate and implemented, the employee can be awarded. The Human Resources Committee decides on presentation of an award and its details.

## **TRAINING COMMITTEE**

The Training Committee was founded in order to gather and evaluate training requests of the employees with the participation of one representative from each department. The Training Committee meets at least twice a year. Training agendas are organized by evaluating training requests, which are submitted for the individual and technical development of the employees and researching training companies. Training is organized according to the plan.

## **PRODUCT COMMITTEE**

The objective of the Product Committee is to ensure that all parties are informed beforehand on the process, which will be carried out, when a new product is launched or an existing product will have modifications. The Committee conducts examinations for the suitability of the product in terms of legislation and operational process and provides approval of Committee members by realizing and developing the product. The Product Committee consists of the Operation Department, International Factoring and Correspondent Relations Department, Accounting and Administrative Affairs Directors, Internal Audit Director and Deputy General Managers.



## AGENDA FOR THE ORDINARY GENERAL ASSEMBLY MEETING OF SHAREHOLDERS

### İŞ FAKTORİNG A.Ş.

2016 Ordinary General Assembly Meeting

Wednesday, March 22, 2017 Head Office, 2 p.m.

Agenda of 2016 Ordinary General Assembly Meeting

1. Opening and establishment of the council of Chairmanship,
2. Reading and discussing the Board of Directors' Annual Report and Independent Auditor Report relating to 2016 activities and operations,
3. Presentation, discussion and ratification of independent audited balance sheet and profit/loss accounts for the year end 2016,
4. Submitting the new Board Members appointed to fill vacated positions during the year for approval,
5. Release of the members of the Board of Directors,
6. Electing Board Members and determining their terms of office,
7. Discussing and deciding the Profit Distribution Proposal of the Board of Directors,
8. Election of Independent Audit Company,
9. Determination of remuneration payable to the Directors,
10. Authorizing the members of the Board of Directors according to Article 395 and 396 of the Turkish Commercial Code,
11. Suggestions and wishes.



## PROFIT DISTRIBUTION POLICY AND PROPOSAL

### PROFIT DISTRIBUTION (TL)

#### 2016

1. Profit /Loss for the period	40,713,008
2. Taxes and Legal Duties Payable	(7,773,835)
Corporate Tax (Income Tax)	(12,610,400)
Deferred Tax	4,836,565

<b>Net Profit / Loss for the Year</b>	<b>32,939,173</b>
---------------------------------------	-------------------

3. Accumulated Losses	(0)
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<b>Net Profit based on Legal Reserve Allocation</b>	<b>32,939,173</b>
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4. First Legal Reserve	(1,646,959)
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<b>Net Profit Available For Distribution</b>	<b>31,292,214</b>
--	-------------------

5. First Dividend to Shareholders	-
-----------------------------------	---

6. Dividends to Board of Directors	-
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7. Secondary Dividend to Shareholders	-
---------------------------------------	---

8. Secondary Legal Reserve	-
----------------------------	---

9. Extraordinary Reserves	31,292,214
---------------------------	------------

10. Profit of Previous Years	-
------------------------------	---



## EXTRAORDINARY GENERAL ASSEMBLY MEETINGS HELD DURING THE YEAR

No extraordinary general assembly meetings were held in 2016.

## BENEFITS GRANTED TO BOARD MEMBERS AND SENIOR MANAGEMENT

Senior Management, which consists of members of the Board of Directors, General Manager and Deputy General Managers, was provided salary and other royalty payments of TL 2,806 thousand during 2016.

No bank loans were assigned to members of the Board of Directors and senior managers in the operating year.

## INFORMATION ON DIRECT AND INDIRECT SUBSIDIARIES AND RESPECTIVE SHARE RATIOS

				Ownership Rate (%)		Carrying Amount (Thousand, TL)	
Title of the Investment	Core Business	Incorporation and Location	Voting Right (%)	2015	2016	2015	2016
Companies traded on the stock exchange:							
İş Yatırım Menkul Değerler A.Ş.	Investment and Security Services	Istanbul	2.43	2.43	2.43	9,732	10,898
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	Istanbul	0.89	0.89	0.89	1,069	995
Companies not traded on the stock exchange:							
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Security Services	Istanbul	0.06	0.06	0.06	39	39
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	Information Communication and Technology Services	Istanbul	1.00	1.00	1.00	347	347
Efes Varlık Yönetim A.Ş.	Asset Management	Istanbul	5.00	5.00	5.00	1,000	1,000
TOTAL						12,187	13,278

## INFORMATION ON ACQUIRED SHARES

İş Faktoring has not acquired any of its own shares in the operating year.



## **INFORMATION ON PRIVATE AND PUBLIC AUDITS PERFORMED DURING THE YEAR**

The Company did not undergo any public audits in 2016. The Company is audited by an international independent audit company.

## **INFORMATION ON LAWSUITS FILED AGAINST İŞFAKTÖRİNG A.Ş. AND THEIR POSSIBLE OUTCOMES**

During 2016, no lawsuits have been filed against the Company that could significantly affect its financial situation and activities.

## **ADMINISTRATIVE OR LEGAL PENALTIES IMPOSED ON İŞFAKTÖRİNG A.Ş. AND/OR BOARD MEMBERS**

The Company is obliged to comply with legislation of the Banking Regulation and Supervision Agency and other governing legal organizations and institutions. The Company develops policies and procedures in order to comply with governing law and other provisions of regulations and places significant importance on their implementation.

Compliance with legal regulations is one of the most important policies of our Company, which prevents our managing body, members or Company from an administrative or legal sanction because of improper actions. In 2016, the Company or members of the managing body were not subjected to any administrative or legal sanctions because of improper actions to provisions of regulations.

## **RESEARCH & DEVELOPMENT ACTIVITIES AND INVESTMENTS**

Information security was the top priority for the Company while improving its IT infrastructure in 2016. To this end, the Company began using the Forcepoint application to monitor private information traffic. Additionally, a control system was established to ensure e-mail and web security.

As part of efforts to ensure business continuity, the Company set up an Emergency Operations Center (EOC) in 2016, in line with the information systems emergency action plan which was one of the most important projects of 2016. Critical data stored on İş Faktoring servers are copied and backed up in a separate data center for protection in the event of disaster.

In fourth quarter 2016, the document management system was upgraded to a higher version, and an infrastructure was set up to integrate this system with the factoring software.

The Company's total investment spending amounted to TL 1,093 thousand, which was mainly spent to improve the systems infrastructure, operational processes, and the factoring software, and for the purchase of various equipment.



## **EXPENSES RELATED TO CHARITABLE DONATIONS AND SOCIAL RESPONSIBILITY PROJECTS**

The Company donated TL 100,000 to the “July 15 Solidarity Campaign” to support the families of citizens who were wounded or lost their lives during the treacherous coup attempt.

Additionally, the Company decided to send coats, boots and cold weather gear to students in Eastern Anatolia due to harsh weather. To this end, aid packages of donated clothing and footwear were delivered to local schools in the Kürkçü and Zümrüt villages of Erzurum’s Şenkaya district.

## **DETERMINATION ON WHETHER THE CAPITAL IS UNRETURNED AND MANAGEMENT ASSESSMENT**

2016 year end equity capital of our Company is TL 129 million and the capital was not unreturned.

## **RELATIONS WITH MAIN COMPANY AND ITS AFFILIATED COMPANIES**

As İş Finansal Kiralama A.Ş. owns 78.23% of shares and the ultimate controlling party is Türkiye İş Bankası A.Ş., in all transactions made with İş Finansal Kiralama A.Ş. and the companies affiliated to the controlling company in 2016, according to situations and conditions known to us and prevailing at the time the related transaction was made or related measures were taken or refrained from being taken, an appropriate consideration for each transaction has been provided.

## **REMARKS ON MAIN SHAREHOLDER AND ULTIMATE CONTROLLING PARTY AND CONCLUSION PART OF THE AFFILIATED COMPANY REPORT**

No changes occurred in the main partner and ultimate controlling party companies during 2016.

The operations, which our Company directly or indirectly associates with, do not own any shares in our Company capital.

Our Company continued to be an affiliated company of directly İş Finansal Kiralama A.Ş. and indirectly Türkiye İş Bankası A.Ş. in line with relevant Turkish Commercial Code provisions in 2016. According to Article 199 of the Turkish Commercial Code, our Board of Directors declared the following statement in the affiliation report, which it organized about its relations with the controlling Company and its affiliated companies:

“It is concluded that in all transactions made with the controlling company and the companies affiliated to the controlling company in the period of January 1 - December 31, according to situations and conditions known to us and prevailing at the time the related transaction was made or related measures were taken or refrained from being taken, an appropriate consideration for each transaction has been provided. We hereby state that the Company did not suffer a loss because of a transaction which emerged from known conditions and provision in 2016.



## CHANGES IN FACTORING LAWS AND REGULATIONS THAT AFFECT THE COMPANY'S OPERATIONS

**Under the new Regulation on the Amendment to the Regulation on the Accounting Principles and Financial Statements of Financial Leasing, Factoring, and Finance Companies, which was published in Official Gazette No: 29587 on January 8, 2016:**

- Guarantees and sureties provided for export transactions by correspondent banks operating in OECD member states shall be considered Category I Collateral;
- Insurance policies for trade receivables; Credit Guarantee Fund guarantees not benefitting from Treasury support; guarantees and sureties provided in export transactions by correspondent banks operating in countries other than the countries stated in paragraph (a) subparagraph (8) shall be considered Category II Collateral.

Paragraph (b) subparagraph (8) of the same article was revised as “export documents based upon marine bill of lading or transport bills, or insured within the scope of an exportation loan insurance policy.”

**Pursuant to the new Regulation on the Amendment to the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring, and Finance Companies, which was published in Official Gazette No: 29730 on June 2, 2016, Paragraph 3 of Article 7 was revised as:**

“(3) The reports to be sent to the Agency according to the second paragraph must be approved by independent auditors of independent audit companies, which are authorized to audit financial companies, within the framework of Turkish Commercial Code No. 6102 dated January 13, 2011, and Decree Law No. 660 (and dated September 26, 2011) on the Organization and Duties of the Public Oversight, Accounting and Auditing Standards Authority, and other applicable laws and regulations.”

**Pursuant to the new Regulation on the Amendment to the Regulation on the Accounting Principles and Financial Statements of Financial Leasing, Factoring, and Finance Companies, which was published in Official Gazette No: 29918 on December 14, 2016, the following provisional article was added to the Regulation:**

Deferment periods under the state of emergency PROVISIONAL ARTICLE 2 – (1) Deferment periods, described in first and sixth paragraphs of Article 6, shall start as of January 21, 2017, concerning the liabilities of debtors, whose companies have been dissolved, or transferred to the Directorate General of Foundations or the Treasury, or managed by trustees appointed by the Savings Deposit Insurance Fund; also of government officials who were expelled from public service; and of natural persons and entities, whose assets are placed under cautionary judgment, as per the Statutory Decrees issued under the state of emergency declared throughout the country by the Decree Law of the Council of Ministers dated July 20, 2016 and numbered 2016/9064. The Council of Ministers has the authority to extend this period.”

## IMPORTANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Pursuant to Board of Directors' Resolution No. 2017/7, dated January 10, 2017, Ms. Nurlan Erol was appointed to the vacant Board Member position following Ms. Ferhunde Aygen's resignation.

On January 12, 2017, the Company issued bonds with a nominal value of TL 231,216 thousand, simple interest rate of 11%, and maturity of 179 days to qualified investors.







# **İŞ FAKTORİNG ANONİM ŞİRKETİ**

## **Financial Statements As at and for the year ended 31 December 2016 With Independent Auditors' Report**

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1)

27 January 2017

This report contains the "Independent Auditors' Report" comprising 1 pages and the "Financial Statements and Notes to the Financial Statements" comprising 48 pages.



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**Convenience Translation of the Independent Auditors' Report  
Originally Prepared and Issued in Turkish to English**

To the Board of Directors of İş Faktoring Anonim Şirketi,

**Report on the Financial Statements**

We have audited the accompanying statement of financial position of İş Faktoring Anonim Şirketi ("the Company") as at 31 December 2016, and the statements of profit or loss, profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies" published in the Official Gazette numbered 28861 dated 24 December 2013 and "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies", communiqués, and circulars and, announcements made by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our audit is performed in accordance with the "Regulation on Authorization and Activities of Institutions to Perform Independent Audit in Banks" published on the Official Gazette no. 26333 dated 1 November 2006 and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements.

The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. However, our object is to set forth the relationship between the financial statements prepared by the Company management and the internal control system to design audit techniques according to conditions, rather than expressing an opinion about effectiveness of the internal control. We believe that our audit provides a reasonable basis for our audit opinion.

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

*Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of İş Faktoring Anonim Şirketi as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

**Report on Other Legal and Regulatory Requirements**

- 1) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2016 are not in compliance with TCC and the Company's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and requested documents in connection with the audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
A member of KPMG International Cooperative



Funda Aslanoğlu, SMMM  
Partner

27 January 2017  
İstanbul, Turkey

**Additional paragraph for convenience translation to English:**

As explained in Note 2.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## STATEMENT OF FINANCIAL POSITION

### (BALANCE SHEET) AS AT 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

BALANCE SHEET - ASSETS		Audited Current Period 31 December 2016			Audited Prior Period 31 December 2015		
	Notes	TL	FC	TOTAL	TL	FC	TOTAL
<b>I. CASH AND CASH EQUIVALENTS AND CENTRAL BANK</b>		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	<b>4</b>	<b>5.919</b>	<b>-</b>	<b>5.919</b>	<b>3.986</b>	<b>3</b>	<b>3.989</b>
2.1 Financial Assets Held for Trading		5.879	-	5.879	3.825	-	3.825
2.2 Financial Assets Designated at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.3 Derivative Financial Assets Held for Trading		40	-	40	161	3	164
<b>III. BANKS</b>	<b>5</b>	<b>1.575</b>	<b>7.229</b>	<b>8.804</b>	<b>875</b>	<b>4.741</b>	<b>5.616</b>
<b>IV. RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS</b>		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>6</b>	<b>13.278</b>	<b>-</b>	<b>13.278</b>	<b>12.187</b>	<b>-</b>	<b>12.187</b>
<b>VI. FACTORING RECEIVABLES</b>	<b>7</b>	<b>2.542.132</b>	<b>442.584</b>	<b>2.984.716</b>	<b>1.612.297</b>	<b>333.480</b>	<b>1.945.777</b>
6.1 Discounted Factoring Receivables		614.379	797	615.176	433.174	-	433.174
6.1.1 Domestic		625.607	797	626.404	444.050	-	444.050
6.1.2 Foreign		-	-	-	-	-	-
6.1.3 Unearned Income (-)		(11.228)	-	(11.228)	(10.876)	-	(10.876)
6.2 Other Factoring Receivables		1.927.753	441.787	2.369.540	1.179.123	333.480	1.512.603
6.2.1 Domestic		1.927.564	-	1.927.564	1.179.123	-	1.179.123
6.2.2 Foreign		189	441.787	441.976	-	333.480	333.480
<b>VII. FINANCING LOANS</b>		-	-	-	-	-	-
7.1 Private Customer Loans		-	-	-	-	-	-
7.2 Credit Cards		-	-	-	-	-	-
7.3 Installment Based Commercial Loans		-	-	-	-	-	-
<b>VIII. LEASE RECEIVABLES</b>		-	-	-	-	-	-
8.1 Lease Receivables		-	-	-	-	-	-
8.1.1 Finance Lease Receivables		-	-	-	-	-	-
8.1.2 Operational Lease Receivables		-	-	-	-	-	-
8.1.3 Unearned Income (-)		-	-	-	-	-	-
8.2 Leasing Contracts in Progress		-	-	-	-	-	-
8.3 Advances Given for Lease Transactions		-	-	-	-	-	-
<b>IX. OTHER RECEIVABLES</b>		-	-	-	-	-	-
<b>X. RECEIVABLES UNDER FOLLOW-UP</b>		<b>841</b>	<b>-</b>	<b>841</b>	<b>5.497</b>	<b>-</b>	<b>5.497</b>
10.1 Factoring Receivables Under Follow-up	7	39.388	-	39.388	36.640	-	36.640
10.2 Financial Loans Under Follow-Up		-	-	-	-	-	-
10.3 Lease Receivables Under Follow-Up		-	-	-	-	-	-
10.4 Specific Provisions (-)		(38.547)	-	(38.547)	(31.143)	-	(31.143)
<b>XI. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE</b>		-	-	-	-	-	-
11.1 Fair Value Hedges		-	-	-	-	-	-
11.2 Cash Flow Hedges		-	-	-	-	-	-
11.3 Hedges of Net Investment in Foreign Operations		-	-	-	-	-	-
<b>XII. INVESTMENTS HELD TO MATURITY (Net)</b>		-	-	-	-	-	-
<b>XIII. INVESTMENT IN SUBSIDIARIES (Net)</b>		-	-	-	-	-	-
<b>XIV. INVESTMENT IN ASSOCIATES (Net)</b>		-	-	-	-	-	-
<b>XV. INVESTMENT IN JOINT VENTURES (Net)</b>		-	-	-	-	-	-
<b>XVI. TANGIBLE ASSETS (Net)</b>	<b>9</b>	<b>677</b>	<b>-</b>	<b>677</b>	<b>560</b>	<b>-</b>	<b>560</b>
<b>XVII. INTANGIBLE ASSETS (Net)</b>	<b>10</b>	<b>762</b>	<b>-</b>	<b>762</b>	<b>452</b>	<b>-</b>	<b>452</b>
17.1 Goodwill		-	-	-	-	-	-
17.2 Other Intangibles		762	-	762	452	-	452
<b>XVIII. PREPAID EXPENSES</b>	<b>12</b>	<b>1.467</b>	<b>-</b>	<b>1.467</b>	<b>805</b>	<b>-</b>	<b>805</b>
<b>XIX. CURRENT TAX ASSETS</b>		-	-	-	-	-	-
<b>XX. DEFERRED TAX ASSETS</b>	<b>11</b>	<b>7.492</b>	<b>-</b>	<b>7.492</b>	<b>2.646</b>	<b>-</b>	<b>2.646</b>
<b>XXI. OTHER ASSETS</b>		<b>1.324</b>	<b>145</b>	<b>1.469</b>	<b>1.159</b>	<b>68</b>	<b>1.227</b>
<b>SUBTOTAL</b>		<b>2.575.467</b>	<b>449.958</b>	<b>3.025.425</b>	<b>1.640.464</b>	<b>338.292</b>	<b>1.978.756</b>
<b>XXII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
22.1 Assets Held For Sale		-	-	-	-	-	-
22.2 Assets Of Discontinued Operations		-	-	-	-	-	-
<b>TOTAL ASSETS</b>		<b>2.575.467</b>	<b>449.958</b>	<b>3.025.425</b>	<b>1.640.464</b>	<b>338.292</b>	<b>1.978.756</b>

The accompanying notes are an integral part of these financial statements.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

BALANCE SHEET - LIABILITIES		Audited Current Period 31 December 2016				Audited Prior Period 31 December 2015		
		Notes	TL	FC	TOTAL	TL	FC	TOTAL
I.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	4	23.637	-	23.637	393	-	393
II.	FUNDS BORROWED	13	2.458.497	214.196	2.672.693	1.296.696	292.960	1.589.656
III.	FACTORING PAYABLES	7	3.388	350	3.738	1.498	652	2.150
IV.	LEASE OBLIGATIONS		-	-	-	-	-	-
4.1	Financial Lease Obligations		-	-	-	-	-	-
4.2	Operational Lease Obligations		-	-	-	-	-	-
4.3	Others		-	-	-	-	-	-
4.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
V.	DEBT SECURITIES ISSUED (Net)	14	182.101	-	182.101	281.602	-	281.602
5.1	Bills		182.101	-	182.101	281.602	-	281.602
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	OTHER PAYABLES	15	778	497	1.275	320	164	484
VII.	OTHER LIABILITIES		1.423	275	1.698	593	542	1.135
VIII.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT		-	-	-	-	-	-
8.1	Fair Value Hedges		-	-	-	-	-	-
8.2	Cash Flow Hedges		-	-	-	-	-	-
8.3	Hedges of Net Investment in Foreign Operations		-	-	-	-	-	-
IX.	TAXES AND DUTIES PAYABLE	16	2.919	-	2.919	1.412	-	1.412
X.	PROVISIONS		1.414	-	1.414	1.135	-	1.135
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserve For Employee Benefits	17	1.414	-	1.414	1.135	-	1.135
10.3	Other Provisions		-	-	-	-	-	-
XI.	DEFERRED INCOME		-	-	-	-	-	-
XII.	CURRENT TAX LIABILITIES	18	7.128	-	7.128	957	-	957
XIII.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIV.	SUBORDINATED LOANS		-	-	-	-	-	-
	SUBTOTAL		2.681.285	215.318	2.896.603	1.584.606	294.318	1.878.924
XV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS		-	-	-	-	-	-
15.1	Payables Related to the Assets held for Sale		-	-	-	-	-	-
15.2	Payables Related to the Discontinued Operations		-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY		128.822	-	128.822	99.832	-	99.832
16.1	Paid-in Capital	19	63.500	-	63.500	63.500	-	63.500
16.2	Capital Reserves	19	5.277	-	5.277	5.277	-	5.277
16.2.1	Share Premiums		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		5.277	-	5.277	5.277	-	5.277
16.3	Accumulated Other Comprehensive Income that will never be Reclassified to Profit or Loss		27	-	27	68	-	68
16.4	Accumulated Other Comprehensive Income that are or may be Reclassified to Profit or Loss		1.922	-	1.922	830	-	830
16.5	Profit Reserves	20	25.157	-	25.157	5.990	-	5.990
16.5.1	Legal Reserves		4.316	-	4.316	2.925	-	2.925
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		20.841	-	20.841	3.065	-	3.065
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit or Loss		32.939	-	32.939	24.167	-	24.167
16.6.1	Prior Periods Profit/Loss		-	-	-	-	-	-
16.6.2	Net Income or Loss for the Current Period		32.939	-	32.939	24.167	-	24.167
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2.810.107	215.318	3.025.425	1.684.438	294.318	1.978.756

The accompanying notes are an integral part of these financial statements.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## OFF-BALANCE SHEET ITEMS

### AS AT 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

STATEMENT OF OFF-BALANCE SHEET ITEMS		Audited Current Period 31 December 2016			Audited Prior Period 31 December 2015		
	Notes	TL	FC	TOTAL	TL	FC	TOTAL
<b>I. REVOCABLE FACTORING TRANSACTIONS</b>		<b>62.084</b>	<b>19.745</b>	<b>81.829</b>	<b>50.022</b>	<b>14.269</b>	<b>64.291</b>
<b>II. IRREVOCABLE FACTORING TRANSACTIONS</b>		<b>177.982</b>	<b>35.966</b>	<b>213.948</b>	<b>224.007</b>	<b>10.827</b>	<b>234.834</b>
<b>III. COLLATERALS RECEIVED</b>	<b>21</b>	<b>9.464.313</b>	<b>5.523.500</b>	<b>14.987.813</b>	<b>15.227.013</b>	<b>6.506.210</b>	<b>21.733.223</b>
<b>IV. COLLATERALS GIVEN</b>	<b>21</b>	<b>462.571</b>	<b>-</b>	<b>462.571</b>	<b>3.135</b>	<b>-</b>	<b>3.135</b>
<b>V. COMMITMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Irrevocable Commitments		-	-	-	-	-	-
5.2 Revocable Commitments		-	-	-	-	-	-
5.2.1 Lease Commitments		-	-	-	-	-	-
5.2.1.1 Financial Lease Commitments		-	-	-	-	-	-
5.2.1.2 Operational Lease Commitments		-	-	-	-	-	-
5.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>21</b>	<b>608.223</b>	<b>625.958</b>	<b>1.234.181</b>	<b>141.227</b>	<b>143.091</b>	<b>284.318</b>
6.1 Derivative Financial Instruments for Risk Management		-	-	-	-	-	-
6.1.1 Fair Value Hedges		-	-	-	-	-	-
6.1.2 Cash Flow Hedges		-	-	-	-	-	-
6.1.3 Net Foreign Investment Hedges		-	-	-	-	-	-
6.2 Trading Derivatives		608.223	625.958	1.234.181	141.227	143.091	284.318
6.2.1 Forward Foreign Currency Purchases/Sales		-	-	-	-	-	-
6.2.2 Swap Purchases/Sales		608.223	625.958	1.234.181	141.227	143.091	284.318
6.2.3 Put/Call Options		-	-	-	-	-	-
6.2.4 Futures Purchases/Sales		-	-	-	-	-	-
6.2.5 Others		-	-	-	-	-	-
<b>VII. ITEMS HELD IN CUSTODY</b>	<b>21</b>	<b>302.503</b>	<b>63.323</b>	<b>365.826</b>	<b>266.719</b>	<b>26.006</b>	<b>292.725</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>11.077.676</b>	<b>6.268.492</b>	<b>17.346.168</b>	<b>15.912.123</b>	<b>6.700.403</b>	<b>22.612.527</b>

The accompanying notes are an integral part of these financial statements.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INCOME STATEMENT	Notes	Audited Current Period	
		1 January- 31 December 2016	1 January- 31 December 2015
<b>I. OPERATING INCOME</b>	<b>24</b>	<b>173.420</b>	<b>134.490</b>
1.1 FACTORING INCOME		173.420	134.490
1.1.1 Factoring Interest Income		160.625	124.855
1.1.1.1 Discounted		39.953	46.447
1.1.1.2 Other		120.672	78.408
1.1.2 Factoring Commission Income		12.795	9.635
1.1.2.1 Discounted		2.783	2.950
1.1.2.2 Other		10.012	6.685
<b>INCOME ON FINANCING LOANS</b>		-	-
1.2 Interest Income on Financial Loans		-	-
1.3 Fees and Commission Income on Financial Loans		-	-
<b>LEASE INCOME</b>		-	-
1.4 Finance Lease Income		-	-
1.5 Operational Lease Income		-	-
1.6 Fees and Commission Income on Lease Operations		-	-
<b>II. FINANCING EXPENSES</b>	<b>25</b>	<b>(136.184)</b>	<b>(98.185)</b>
2.1 Interest Expense on Funds Borrowed		(103.132)	(81.996)
2.2 Interest Expense on Factoring Payables		-	-
2.3 Interest Expense on Financial Leases		-	-
2.4 Interest Expense on Debt Securities Issued		(29.411)	(14.214)
2.5 Other Interest Expenses		-	-
2.6 Fees and Commission Expenses		(3.641)	(1.975)
<b>III. GROSS PROFIT / LOSS (I+II)</b>		<b>37.236</b>	<b>36.305</b>
<b>IV. OPERATING EXPENSES (-)</b>	<b>26</b>	<b>(18.485)</b>	<b>(16.056)</b>
4.1 Personnel Expenses		(12.697)	(10.660)
4.2 Provision Expense for Employee Termination Indemnity		(99)	(76)
4.3 Research and Development Expenses		-	-
4.4 General Administrative Expenses		(5.689)	(5.320)
4.5 Other		-	-
<b>V. GROSS OPERATING PROFIT / LOSS (III+IV)</b>		<b>18.751</b>	<b>20.249</b>
<b>VI. OTHER OPERATING INCOME</b>	<b>27</b>	<b>274.688</b>	<b>133.315</b>
6.1 Interest Income on Banks		315	402
6.2 Interest Income on Reverse Repurchase Agreements		-	-
6.3 Interest Income on Securities		144	75
6.3.1 Interest Income on Trading Financial Assets		144	75
6.3.2 Interest Income on Financial Assets Valued at Fair Value Through Profit or Loss		-	-
6.3.3 Interest Income on Financial Assets Available-for-Sale		-	-
6.3.4 Interest Income on Investments Held to Maturity		-	-
6.4 Dividend Income		1.355	1.997
6.5 Trading Account Income		130.670	75.092
6.5.1 Derivatives		130.670	75.092
6.5.2 Others		-	-
6.6 Foreign Exchange Gains		139.390	51.352
6.7 Other		2.814	4.397
<b>VII. SPECIFIC PROVISIONS FOR NON-PERFORMING RECEIVABLES (-)</b>	<b>28</b>	<b>(9.058)</b>	<b>(6.971)</b>
<b>VIII. OTHER OPERATING EXPENSES (-)</b>	<b>29</b>	<b>(243.668)</b>	<b>(115.950)</b>
8.1 Impairment in Value of Securities		-	-
8.1.1 Impairment in Value of Financial Assets Designated at Fair Value Through Profit or Loss		-	-
8.1.2 Impairment in Value of Financial Assets Available-for-Sale		-	-
8.1.3 Impairment in Value of Investments Held to Maturity		-	-
8.2 Impairment in Value of Non Current Assets		-	-
8.2.1 Impairment in Value of Tangible Assets		-	-
8.2.2 Impairment in Value of Assets Held for Sale and Assets Related to Discontinued Operations		-	-
8.2.3 Impairment in Value of Goodwill		-	-
8.2.4 Impairment in Value of Other Intangible Assets		-	-
8.2.5 Impairment in Value of Subsidiaries, Associates and Joint-Ventures		-	-
8.3 Trading Account Losses from Financial Derivatives		(195.050)	(83.581)
8.4 Foreign Exchange Losses		(48.618)	(32.369)
8.5 Other		-	-
<b>IX. OPERATIONAL PROFIT/LOSS, NET (V+...+VIII)</b>		<b>40.713</b>	<b>30.643</b>
<b>X. INCOME RESULTED FROM MERGERS</b>		-	-
<b>XI. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XII. PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (IX+X+XI)</b>		<b>40.713</b>	<b>30.643</b>
<b>XIII. PROVISION FOR TAXES FROM CONTINUING OPERATIONS (+)</b>	<b>30</b>	<b>(7.774)</b>	<b>(6.476)</b>
13.1 Current Tax Charge		(12.610)	(6.364)
13.2 Deferred Tax Charge (-)		-	(112)
13.3 Deferred Tax Credit (+)		4.836	-
<b>XIV. NET PROFIT/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XII+XIII)</b>		<b>32.939</b>	<b>24.167</b>
<b>XV. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
15.1 Income from Assets Held for Sale		-	-
15.2 Income from Sale of Associates, Subsidiaries and Joint-Ventures		-	-
15.3 Other Income From Discontinued Operations		-	-
<b>XVI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
16.1 Expense From Assets Held for Sale		-	-
16.2 Expense from Sale of Associates, Subsidiaries and Joint-Ventures		-	-
16.3 Other expense from Discontinued Operations		-	-
<b>XVII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS</b>		-	-
<b>XVIII. PROVISION FOR TAXES FROM DISCONTINUED OPERATIONS (+)</b>		-	-
18.1 Current Tax Charge		-	-
18.2 Deferred Tax Charge (-)		-	-
18.3 Deferred Tax Credit (+)		-	-
<b>XIX. NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS</b>		-	-
<b>XX. NET PROFIT/LOSS</b>		<b>32.939</b>	<b>24.167</b>
<b>EARNINGS PER SHARE</b>	<b>30</b>	<b>0.00519</b>	<b>0.00381</b>
Earnings Per Share from Continuing Operations		0.00519	0.00381
Earnings Per Share from Discontinued Operations		-	-
<b>DILUTED EARNINGS PER SHARE</b>	<b>30</b>	<b>0.00519</b>	<b>0.00381</b>
Earnings Per Share from Continuing Operations		0.00519	0.00381
Earnings Per Share from Discontinued Operations		-	-

The accompanying notes are an integral part of these financial statements.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

PROFIT / LOSS AND OTHER COMPREHENSIVE INCOME		Audited Current Period 1 January- 31 December 2016	Audited Prior Period 1 January- 31 December 2015
<b>I.</b>	<b>NET PROFIT/LOSS</b>	<b>32.939</b>	<b>24.167</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>1.051</b>	<b>(512)</b>
2.1	Items that will never be Reclassified to Profit or Loss	(41)	(1)
2.1.1	Revaluation of Tangible Assets	-	-
2.1.2	Revaluation of Intangible Assets	-	-
2.1.3	Remeasurement of Reserve for Employee Benefits	(51)	(1)
2.1.4	Other Comprehensive Income that will never Reclassified to Profit or Loss	-	-
2.1.5	Related Tax	10	-
2.1.5.1	Current Tax Benefit/Charge	-	-
2.1.5.2	Deferred Tax Benefit/Charge (-)	10	-
<b>2.2</b>	<b>Items that are or may be Reclassified to Profit or Loss</b>	<b>1.092</b>	<b>(511)</b>
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Assets Held for Sales- Net Change in Fair Value	1.092	(511)
2.2.3	Cash Flow Hedges- Effective Portion of Changes in Fair Value	-	-
2.2.4	Net Investment Hedge Income/Losses	-	-
2.2.5	Other Comprehensive Income that are or may be Reclassified to Profit or Loss	-	-
2.2.6	Related Tax	-	-
2.2.6.1	Current Tax Benefit/Charge	-	-
2.2.6.2	Deferred Tax Benefit/Charge (-)	-	-
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>33.990</b>	<b>23.655</b>

The accompanying notes are an integral part of these financial statements.



# İŞFAKTÖRİNG ANONİM ŞİRKETİ

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

CHANGES IN EQUITY	Notes	Paid-in Capital	Capital Reserves	Share Premium	Share Cancellation	Share Profits	Other Capital Reserves	Accumulated other comprehensive income that will never be reclassified to profit or loss						Accumulated other comprehensive income that are or may be reclassified to profit or loss				Prior Period Profit/Loss	Net Current Period Profit/Loss	Total Equity
								1	2	3	4	5	6	Profit Reserves	Legal Reserves	Status Reserves	Extraordinary Reserves			
CHANGES IN EQUITY																				
I. Prior period (01.01 – 31.12.2015) (Audited)																				
II. Beginning balance (31.12.2014)		40.000	5.277	-	-	-	5.277	-	69	-	-	1.341	-	20.998	2.528	-	18.470	-	8.492	76.177
2.1. Correction Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		40.000	5.277	-	-	-	5.277	-	69	-	-	1.341	-	20.998	2.528	-	18.470	-	8.492	76.177
IV. Total Comprehensive Income		-	-	-	-	-	-	-	(1)	-	-	(511)	-	-	-	-	-	-	-	(512)
V. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Reserves From Inflation Adjustments To		23.500	-	-	-	-	-	-	-	-	-	-	-	(22.946)	-	-	(22.946)	-	(554)	(554)
VII. Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increases / Decreases due to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit for the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	7.938	397	-	7.541	-	(7.938)	24.167
12.1. Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2. Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	7.938	397	-	7.541	-	(7.938)	-
12.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (31.12.2015)		63.500	5.277	-	-	-	5.277	-	68	-	-	830	-	5.990	2.925	-	3.065	-	24.167	99.832
Current period (01.01 – 31.12.2016)																				
(Audited)																				
I. Beginning balance (31.12.2015)		63.500	-	-	-	-	5.277	-	68	-	-	830	-	5.990	2.925	-	3.065	-	24.167	99.832
II. Correction Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		63.500	5.277	-	-	-	5.277	-	68	-	-	830	-	5.990	2.925	-	3.065	-	24.167	99.832
IV. Total Comprehensive Income	17	-	-	-	-	-	-	-	(41)	-	-	1.092	-	-	-	-	-	-	-	1.051
V. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Reserves From Inflation Adjustments To		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increases / Decreases due to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit for the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	19.167	1.391	-	17.776	-	32.939	32.939
12.1. Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(24.167)
12.2. Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	19.167	1.391	-	17.776	-	(5.000)	(5.000)
12.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19.167)

1. Revaluation increase/decrease of property and equipment;
2. Employee benefits re-measuring income/loss;
3. Other (Other comprehensive income related with equity pick up investment portions and accumulated other comprehensive income components that will not be re-classified to profit/loss)
4. Foreign currency translation differences for foreign operations;
5. Net change in fair value of available-for-sale financial assets;
6. Other (Cash flow hedge income/ (losses), accumulated other comprehensive income components that may re-classified subsequently to profit/loss)

The accompanying notes are an integral part of these financial statements.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited Current Period 31 December 2016	Audited Prior Period 31 December 2015
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		19.825	30.044
1.1.1 Interests received/Lease income		161.811	122.284
1.1.2 Interests paid/Lease Payments		(132.543)	(96.210)
1.1.3 Lease Expenses		-	-
1.1.4 Dividends Received		751	1.393
1.1.5 Fee and Commissions Received		12.795	9.635
1.1.6 Other Income		130.670	75.092
1.1.7 Collections From Previously Written-Off Receivables	7	1.654	176
1.1.8 Payments to Personnel and Service Suppliers		(12.418)	(10.348)
1.1.9 Taxes Paid	18	(6.439)	(7.092)
1.1.10 Others		(136.456)	(64.886)
1.2 Changes in Operating Assets and Liabilities		82.754	(212.164)
1.2.1 Net (Increase) Decrease in Factoring Receivables		(1.053.839)	(522.464)
1.2.2 Net (Increase) Decrease in Other Assets		(4.170)	(8.102)
1.2.3 Net (Increase) Decrease in Factoring Payables		1.588	737
1.2.3 Net Increase (Decrease) in Lease Payables		-	-
1.2.4 Net Increase (Decrease) in Funds Borrowed		1.086.458	317.327
1.2.5 Net Increase (Decrease) in Matured Payables		-	-
1.2.6 Net Increase (Decrease) in Other Liabilities		52.717	338
<b>I. Net Cash From Operating activities</b>		<b>102.579</b>	<b>(182.120)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Joint-Ventures		-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3 Purchases of Tangible and Intangible Assets	9	(795)	(490)
2.4 Sales of Tangible and Intangible Assets		-	-
2.5 Cash Paid for Purchase of Financial Assets Available-for-Sale		-	-
2.6 Cash Obtained From Sale of Financial Assets Available-for-Sale		-	-
2.7 Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	-
2.8 Cash obtained from Sale of Held-to-Maturity Investment Securities		-	-
2.9 Others	10	-	-
<b>II. Net Cash Used in Investing Activities</b>		<b>(795)</b>	<b>(490)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash Obtained from Funds Borrowed and Debt Securities Issued		(99.501)	183.235
3.2 Cash Used for Repayment of Funds Borrowed and Debt Securities Issued		-	-
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Others		-	-
<b>III. Net Cash Generated from in Financing Activities</b>		<b>(99.501)</b>	<b>183.235</b>
<b>IV. Effect of Change in Foreign Exchange Rates on Cash and Cash Equivalents</b>		<b>905</b>	<b>722</b>
<b>V. Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>3.188</b>	<b>1.347</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Year</b>	<b>5</b>	<b>5.616</b>	<b>4.269</b>
<b>VII. Cash and Cash Equivalents at the End of the Year</b>	<b>5</b>	<b>8.804</b>	<b>5.616</b>

The accompanying notes are an integral part of these financial statements.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Current Year 31 December 2016	Current Year 31 December 2015
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT <sup>(*)</sup></b>		
1.1 PROFIT FOR THE YEAR	40.713	30.643
1.2 TAXES AND LEGAL DUTIES PAYABLE (-)	(7.774)	(6.476)
1.2.1 Corporate Tax (Income Tax)	(12.610)	(6.364)
1.2.2 Withholding Tax	-	-
1.2.3 Other Taxes and Duties <sup>(**)</sup>	4.836	(112)
<b>A. NET PROFIT FOR THE YEAR (1.1-1.2)</b>	<b>32.939</b>	<b>24.167</b>
1.3 ACCUMULATED LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	1.208
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>-</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	3.175
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Redeemed Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	1.825
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Redeemed Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	183
1.11 STATUS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	17.776
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>	<b>-</b>	<b>-</b>
2.1 DISTRIBUTION OF RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Privileged Shares	-	-
2.3.3 To Owners of Redeemed Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>	<b>-</b>	<b>-</b>
3.1 TO OWNERS OF ORDINARY SHARES (full TL) <sup>(***)</sup>	0,00519	0,00381
3.2 TO OWNERS OF ORDINARY SHARES (%)	0,519	0,381
3.3 TO OWNERS OF PRIVILEGED SHARES (full TL)	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>	<b>-</b>	<b>-</b>
4.1 TO OWNERS OF ORDINARY SHARES (TL)	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES (TL)	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(\*) As at the report date, the General Assembly Meeting has not been held; therefore, only net profit is presented in the profit distribution table above for 2016.

(\*\*) As per the Banking Regulation and Supervision Agency, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. The Company has deferred tax income TL 4.846 (31 December 2015: There is no deferred tax income).

(\*\*\*) Please see Note-31 "Earnings Per Share" for details.

The accompanying notes are an integral part of these financial statements.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Faktoring Finansman Hizmetleri A.Ş., was incorporated on 6 July 1993 in Turkey and started its operations in October 1993. Company's trade name was amended as İş Faktoring A.Ş. ("the Company") at the Ordinary General Assembly on 27 March 2013. The change in title has been registered in the Trade Registry Gazette dated 16 April 2013 and numbered 1353. The core business of the Company is factoring operations, both domestic and abroad. The Company maintains its operations in accordance with "Finance Lease, Factoring and Financing Companies Law" published on Official Gazette no. 28496 dated 13 December 2012 and "Regulation on Principles for Establishment and Operations of Finance Lease, Factoring and Financing Companies of Banking Regulation and Supervision Agency ("BRSA)".

The ultimate parent of the Company is Türkiye İş Bankası A.Ş.. The main shareholder of the Company is İş Finansal Kiralama A.Ş. with 78,23% shareholding. Türkiye Sınai Kalkınma Bankası A.Ş. is also shareholder of the Company with 21,75% shareholding.

As at 31 December 2016, the number of employees of the Company is 96 (31 December 2015: 91).

The head office of the Company is located at:

İş Kuleleri, Kule 1 Kat: 10 34330 4. Levent / İstanbul Türkiye

*Dividend payable:*

As at 31 December 2016, the Company have TL 5.000 dividend payable declared by the General Assembly (31 December 2015: None).

*Approval of the financial statements:*

The financial statements as of 31 December 2016 have been approved by the Board of Directors of the Company and authorized for issue at 27 January 2016. The General Assembly and/or regulatory authorities have the discretion of making changes in the financial statements after their issuance.

### 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

#### 2.1 Basis of the Presentation

The accompanying financial statements are prepared in accordance with "Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public" published on the Official Gazette no.28861 dated 24 December 2013 promulgated by Banking Regulation and Supervision Agency ("BRSA"), Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and the appendices and interpretations promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the statements and guidance published by BRSA on accounting and financial reporting principles (together referred to as "Reporting Standards").

The accompanying financial statements are prepared on the historical cost basis except for the financial instruments recognized at fair value. Historical cost determined by the amount paid for the assets is based on fair value.

Additional Paragraph for Convenience Translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

Functional and Reporting Currency

Functional currency of the Company, and the presentation currency for the financial statements is Turkish Lira ("TL").



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### Preparation of Financial Statements in Hyperinflationary Periods

The financial statements of the Company have been adjusted for the effects of inflation in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies" until 31 December 2004. By a circular issued on 28 April 2005, BRSA declared that the application of inflation accounting has been ceased to be applied for the companies operating in Turkey starting from 1 January 2005, since the provisions of hyperinflationary economy do not exist anymore.

### Comparative information and correction of prior periods' financial statements

The accompanying financial statements are presented comparatively to determine the trends in the financial statements of the Company. If the presentation and reclassification of the financial statement items change, the prior year financial statements are reclassified accordingly to conform the current year's presentation and the restatement is explained in the notes.

### Accounting estimates

The preparation of financial statements in accordance with reporting standards requires 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 recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant accounting estimates used are described in the following notes:

Note 7 – Factoring receivables, non-performing receivables

Note 17 – Employee benefits

Note 21 – Commitments and contingencies

## **2.2 Change in accounting Estimates and Errors**

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods.

Material accounting errors are adjusted retrospectively and prior periods' financial statements are restated.

## **2.3 Changes in Standards and Interpretation**

### **Standards and interpretations issued but not yet effective**

#### ***Standards issued but not yet effective and not early adopted***

The Company applied all of the relevant and required standards and related interpretations as at 31 December 2016.

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

#### *TFRS 9 – Financial instruments*

TFRS 9 – As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### TFRS 15 Revenue from Contracts with Customers

As issued in September 2016, the new standard replaces existing TFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under TFRS. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

***The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA***

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

### IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 -IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. Further, the new standard removes the 1 January 2015 effective date of IFRS 9. The new version of IFRS 9 issued after IFRS 9 (2013) introduces the mandatory effective date of 1 January 2018 for IFRS 9, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

### IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

### IFRS 16 Leases

On 13 January 2016, IASB published the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently change IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15-Revenue from Contracts with Customers. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

### IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The amendment clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### **Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative**

IAS 7 Statement of Cash Flows has been amended as part of the IASB's broader disclosure initiative to improve presentation and disclosure in financial statements. The amendments will require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for periods beginning on or after 1 January 2017, with earlier application permitted. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

### **Amendments to IAS 12 *Income Taxes*– Recognition of Deferred Tax Assets for Unrealized Losses**

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are effective for annual periods beginning on or after 1 January 2017. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

### **Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions**

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

### **IAS 40 – Transfers of Investment Property**

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management's intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

### **Improvements to IFRSs**

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments are effective as of 1 January 2018. Earlier application is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

### ***Annual Improvements to IFRSs 2014-2016 Cycle***

#### *IFRS 1 "First Time Adoption of International Financial Reporting Standards"*

IFRS 1 is amended to clarify that the deletion of short-term exemptions for first-time adopters related to disclosures for financial instruments, employee benefits and consolidated financial statements.

#### *IFRS 12 "Disclosure of Interests in Other Entities"*

The amendments clarify that the entity is not required to disclose summarized financial information for that subsidiary, joint venture or associate under the requirements of IFRS 12, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### IAS 28 "Investments in Associates and Joint Ventures"

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and valuation principles used to prepare the accompanying financial statements are as follows:

#### a. Revenue

Factoring revenue consists of factoring interest and commission income collected or accrued on advances given to the customers. Commission income is a certain percentage of the total amount of invoices subject to factoring. Factoring interest and commission income is recognised on accruals basis using effective interest methods.

Other interest income is accrued based on the effective interest which equals the estimated cash flows to net carrying value of the related asset. Dividend income from equity share investments is recognized when the shareholders have the right to receive the payment.

All income and expenses are accounted for on accrual basis.

#### b. Tangible Assets

Tangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TL units current at the 31 December 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after 31 December 2004 are carried at acquisition cost less accumulated depreciation and impairment losses.

Tangible assets are depreciated over the estimated useful lives of the related assets on a straight-line basis over the cost. The estimated useful lives, residual values and depreciation method are reviewed at each reporting date.

Leasehold improvements are depreciated in straight-line method, over shorter of their useful lives or tenancy.

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

Gains and losses on disposal of an item of tangible assets are determined by comparing the proceeds from disposal with the carrying amount of tangible assets, and are recognized net within other operating income/expense in the statement of profit or loss.

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

Descriptions	Years
Furniture and fixtures	5 years
Leasehold improvements	5 years

#### c. Intangible Assets

Intangible assets include computer software and licenses. Intangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TL units current at the 31 December 2004 less accumulated amortisation and impairment losses and intangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated amortisation and impairment losses. The estimated useful lives, residual values and amortization method of intangible assets other than goodwill are reviewed at each reporting date. Amortization is charged on a straight-line basis over their estimated useful lives. The intangible assets are comprised of computer software and licenses. The useful lives of intangible assets are 5 years.

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful lives. Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

### d. Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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.

In respect of other assets, impairment losses recognised in prior periods 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.

### e. Borrowing Costs

All borrowing costs are recorded in the profit or loss statement in the period in which they are incurred.

### f. Financial Instruments

#### Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: "financial assets as at fair value through profit or loss (FVTPL)", "held-to-maturity investments (HTM)", "available-for-sale (AFS) financial assets" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

#### Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated under this category upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or achieved more relevant accounting measurement. Derivatives are also categorized as held for trading unless they are designated as hedges.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized using effective interest method.

### Available for sale financial assets

Quoted equity investments and quoted certain debt securities held by the Company that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. The Company also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value cannot be reliably measured.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and presented under the marketable securities revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the marketable securities revaluation reserve is transferred to profit or loss.

Dividends on available-for-sale equity instruments are recognized in the profit or loss when the Company's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate valid at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss statement are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

### Factoring receivables and other receivables

Loans and receivables include factoring receivables and other receivables. Factoring receivables and other receivables are carried at fair value at initial recognition and they are carried at amortized cost subsequent to initial recognition, using the effective interest method.

Factoring transactions are accounted for at carrying amounts in subsequent reporting periods. The Company management believes that carrying amounts of factoring receivables approximate to their fair values since amortization is taken into account at initial recognition.

In accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 and the Communiqué No. 26588 on the "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" issued at 20 July 2007 by BRSA, special provision rate allocated for the factoring receivables considering their guarantees are as follows: 20%, at a minimum, for factoring receivables overdue more than 90 days not exceeding 180 days; 50%, at a minimum, for factoring receivables overdue more than 180 days not exceeding 360 days; and 100%, at a minimum, for factoring receivables overdue more than 1 year.

Other receivables that have fixed or determinable payments that are not quoted in an active market are also classified in this category. These receivables are measured at amortized cost using the effective interest method less any impairment.

### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are subject to impairment testing at each reporting date to determine whether there is any indicator of impairment for financial asset or financial asset group. An entity shall assess at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets. For the financial assets which are measured at amortized cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

The carrying amount of the financial asset is reduced by impairment loss directly for all financial assets with the exception of factoring receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Changes in allowance accounts are recognized in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed the amortized cost that would have been impaired.

Increase in fair value of available for sale equity instruments subsequent to impairment is recognized in directly in equity.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with maturities of three months or less than three months from date of acquisition and that are readily convertible to cash and are subject to an insignificant risk of changes in value.

### Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

### Fair Value Through Profit or Loss Financial Liabilities

At fair value through profit or loss are financial liabilities are initially recognized at fair value and are each reporting period revalued at fair value at the balance sheet date. Changes in fair value are recognized in the income statement. Net gains or losses recognized in the income statement incorporates any interest paid on the financial liability.

### Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on effective interest method.

The effective interest method that calculates the amortized cost of a financial liability and allocates interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

### g. Derivative financial instruments and hedge accounting

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivative financial instruments (primarily foreign currency forward and currency swap contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured at fair value at subsequent reporting dates. Although some of the derivative transactions provide economic hedging, since all necessary conditions for hedge accounting have not been met, the Company classifies these transactions as held for trading and therefore, changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### h. Effects of Changes in Exchange Rates

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

The foreign currency exchange rates used by the Company as at 31 December 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
USD	3,5192	2,9076
EUR	3,7099	3,1776
GBP	4,3189	4,3007
AUD	2,5366	2,1154

In preparation of the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### i. Earnings Per Share

In Turkey, companies can increase their share capitals by issue of "Bonus Shares" to their shareholders from their retained earnings. In computing earnings per share, such issues of "Bonus Shares" are treated as issued shares. Accordingly, the retrospective effect for those share issues is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

### j. Events after the Reporting Period

Events after the reporting period means the events occurred between the reporting date and the authorization date for the announcement of the financial statements. In accordance with TAS 10 "Events After the Reporting Date"; post-balance sheet events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

### k. Provisions, Contingent Liabilities and Contingent Assets

In accordance with the TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Company discloses the related issues in the accompanying notes. 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 if the time value of the money is significant to the provision.

Contingent assets are disclosed in the notes and not recognized unless they are realized.

### l. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### m. Segment Reporting

The Company provides factoring services only in Turkey. Furthermore, there are no business segments whose financial performance are reviewed by the Company's management separately. Hence, the Company has not disclosed segment reporting.

### n. Taxes on Income

Income tax expense or credit comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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 income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, investment incentives, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### o. Employee Benefits / Reserve for Employee Termination Benefits

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 recognized in the accompanying financial statements as accrued. The computation of the liability is based upon the retirement pay ceiling announced by the government.

In accordance with TAS 19 "Employee Benefits", the Company calculated the employee severance indemnities incurred due to retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the financial statements. The main estimates used are as follows:

	31 December 2016	31 December 2015
Discount rate	3,74%	4,38%
Expected rate of salary/limit increase	7,00%	6,15%
Probability of retirement	100%	100%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the retirement pay ceiling is revised semi annually, the ceiling amount of full TL 4.297,21 effective from 31 December 2016 has been taken into consideration in calculation of provision for employee termination benefits (retirement pay provision) (31 December 2015: full TL 3.828,37).

### p. Statement of Cash Flows

In the statement of cash flows, cash flows are reported as classifying according to operating, investing and financing activities.

Cash flows from operating activities reflect cash flows mainly generated from factoring operations of the Company.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Cash flows from investing activities express cash used in investing activities (direct investments and financial investments) and cash flows generated from investing activities of the Company.

Cash flows relating to financing activities express sources of financial activities and payment schedules of the Company.

### r. Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are reclassified as dividend payables by netting off from the retained earnings in the period in which they are approved and disclosed.

### s. Related Parties

In accordance with TAS 24 "Related Party Disclosures" shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

For the purpose of the accompanying financial statements, shareholders of the Company, the companies controlled by/associated with them, key management and the Board members of the Company are referred to as related parties (Note 8).

## 4. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Derivative Financial Liabilities Held For Trading:

Derivative financial instruments are measured at their fair values. Favorable fair value changes of derivative financial instruments are recognized under derivative financial assets held for trading and unfavorable fair value changes of derivative financial instruments are recognized under derivative financial liabilities held for trading.

As at 31 December 2016 and 31 December 2015, details of financial assets held for trading are as follows:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Mutual Funds (B Type Liquid Fund)	5.879	-	3.825	-
	<b>5.879</b>	<b>-</b>	<b>3.825</b>	<b>-</b>

As at 31 December 2016 and 31 December 2015, details of derivative financial assets held for trading are as follows:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Derivative financial assets held for trading	40	-	161	3
	<b>40</b>	<b>-</b>	<b>161</b>	<b>3</b>

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Derivative financial liabilities held for trading	23.637	-	393	-
	<b>23.637</b>	<b>-</b>	<b>393</b>	<b>-</b>

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 5. BANKS

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Demand deposits	1.575	7.229	875	3.235
Time deposits	-	-	-	1.506
	<b>1.575</b>	<b>7.229</b>	<b>875</b>	<b>4.741</b>

As at 31 December 2016, TL 7.211 portion of total foreign currency deposits (31 December 2015: TL 2.690) and TL 1.383 portion of total TL deposits (31 December 2015: TL 648) consist of accounts at the Company's ultimate shareholder, Türkiye İş Bankası A.Ş. The reconciliation of carrying value of cash and cash equivalents in the accompanying financial statements and the statement of cash flows is as follows:

	31 December 2016	31 December 2015
Demand deposits	8.804	4.110
Time deposits (Up to 3 months)	-	1.506
Cash and cash equivalents	8.804	5.616

As at 31 December 2016 and 31 December 2015, there is no blockage on cash and cash equivalent.

### 6. FINANCIAL ASSETS AVAILABLE FOR SALE

As at 31 December 2016 and 31 December 2015, details of financial assets available for sale are as follows:

Title of the investment	Core business	Incorporation and location	Voting right (%)	Ownership rate (%)		Carrying Amount	
				31 December 2016	31 December 2015	31 December 2016	31 December 2015
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	2,43	2,43	2,43	10.897	9.732
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,89	0,89	995	1.069
Unquoted investments:							
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	39	39
İş Net Elektronik Bilgi Üretim Dağ Tic. ve İletişim Hiz. A.Ş.	Inf. Comm. and Techn. Services	İstanbul	1,00	1,00	1,00	347	347
Efes Varlık Yönetim A.Ş.	Asset Management	İstanbul	5,00	5,00	5,00	1.000	1.000
TOTAL						13.278	12.187



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 7. FACTORING RECEIVABLES AND PAYABLES

Factoring receivables:

	31 December 2016	31 December 2015
Domestic factoring receivables	2.548.650	1.614.628
Export and import factoring receivables	436.237	329.783
Factoring interest income accrual	11.057	12.242
Unearned interest income	(11.228)	(10.876)
	2.984.716	1.945.777
Non-performing factoring receivables <sup>(*)</sup>	39.388	36.640
Allowance for non-performing factoring receivables <sup>(*)</sup>	(38.547)	(31.143)
	<b>2.985.557</b>	<b>1.951.274</b>

<sup>(\*)</sup> Classified in Receivables under Follow-up in the statement of financial position.

TL 606.684, Euro 83.038, USD 15.453 and GBP 3.232 of factoring receivables have variable rates (31 December 2015: TL 253.445, Euro 70.350, USD 46.309 and GBP 2.061) while TL 1.936.290, Euro 116.364, USD 221.604 and GBP 1.918 of factoring receivables have fixed rates (31 December 2015: TL 1.364.349, Euro 67.573, USD 133.553 and GBP 13.630).

As at 31 December 2016, the average interest rate applicable for the factoring receivables is; %13,67 for TL, %4,33 for USD, %4,27 for Euro and %5,94 for GBP (31 December 2015: 14,95% for TL, 4,58% for USD, 5,60% for Euro and 6,63% for GBP).

The Company has contractual sureties as collateral for factoring receivables.

The details of the factoring receivables based on types of factoring transactions are as follows:

	31 December 2016	31 December 2015
Domestic irrevocable	1.652.065	978.528
Domestic revocable	891.705	639.266
Foreign revocable	414.506	308.744
Foreign irrevocable	27.281	24.736
	<b>2.985.557</b>	<b>1.951.274</b>

Except for its non-performing receivables for which 100% allowance is provided, however less than 90 days, the Company has overdue factoring receivables as at the reporting date as restructured overdue and doubtful receivables TL 1.384 (31 December 2015: None).

The aging of non-performing factoring receivables is as follows:

	31 December 2016	31 December 2015
Between 90 – 180 days	861	4.097
Between 180 – 360 days	1.687	5.057
Over 360 days	36.840	27.486
	<b>39.388</b>	<b>36.640</b>

The Company has contractual sureties as collateral for the above non-performing factoring receivables.

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

The movement of allowance for non-performing factoring receivables is as follows:

	31 December 2016	31 December 2015
Allowance at the beginning of the period	(31.143)	(24.348)
Allowance set during the period (Note 28)	(9.058)	(6.971)
Collections (Note 27)	1.654	176
Allowance at the end of the period	(38.547)	(31.143)

Factoring Payables:

As at 31 December 2016 and 31 December 2015, details of factoring payables are as follows:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Factoring payables	3.388	350	1.498	652
	<b>3.388</b>	<b>350</b>	<b>1.498</b>	<b>652</b>

### 8. RELATED PARTIES

	31 December 2016	31 December 2015
<b>Factoring receivables</b>		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	19.900	29.600
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş.	13.606	10.134
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş.	-	1.112
	<b>33.506</b>	<b>40.846</b>

	31 December 2016	31 December 2015
<b>Payables</b>		
Türkiye İş Bankası A.Ş.	184	183
İş Net Elektronik Bilgi Üretim Dağ Tic. ve İletişim Hiz. A.Ş.	1	1
İş Merkezleri Yönetim ve İşletim A.Ş.	19	2
	<b>204</b>	<b>186</b>

	31 December 2016	31 December 2015
<b>Deposits</b>		
Türkiye İş Bankası A.Ş. Demand Deposits	8.594	3.338
Türkiye Sınai Kalkınma Bankası A.Ş.	6	4
İş Bankası AG Demand Deposits	-	541
	<b>8.600</b>	<b>3.883</b>

	31 December 2016	31 December 2015
<b>Derivatives Financial Liabilities</b>		
Türkiye Sınai Kalkınma Bankası A.Ş.	5.294	-
	<b>5.294</b>	<b>-</b>



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### Borrowings

As at 31 December 2016 and 31 December 2015, details of borrowings from related parties are as follows:

#### Türkiye İş Bankası A.Ş.

Currency	Interest Rate %	Maturity	31 December 2015
TL	12,50	11.03.2016	20.153
			<b>20.153</b>

#### Türkiye Sınai Kalkınma Bankası A.Ş.

Currency	Interest Rate %	Maturity	31 December 2016
EURO	0,90– 1,05	15.09.2017-15.09.2018	62.376
USD	0,35– 2,50	15.09.2017-15.09.2018	22.601
			<b>84.977</b>

Currency	Interest Rate %	Maturity	31 December 2016
TL	12,70—13,15	05.01.2016-14.01.2016	144.169
EURO	1,29	15.03.2017	17.126
USD	1,79	15.03.2017	7.241
			<b>168.536</b>

For the periods ended 31 December 2016 and 31 December 2015, income and expenses from related parties are as follows:  
Türkiye Sınai Kalkınma Bankası A.Ş.

Currency	Interest Rate %	Maturity	31 December 2016
Avro	1,80	Overdraft	6.337
			<b>6.337</b>

As at 31 December 2016 and 31 December 2015, details of Derivatives of financial instruments from Türkiye Sınai Kalkınma Bankası A.Ş are as follows:

Swap Transaction	31 December 2016		31 December 2015	
	Purchase	Sale	Purchase	Sale
Türkiye Sınai Kalkınma Bankası A.Ş.	208.525	211.152	48.874	48.848
	<b>208.525</b>	<b>211.152</b>	<b>48.874</b>	<b>48.848</b>

	31 December 2016	31 December 2015
<b>Time deposit interest income</b>		
Türkiye İş Bankası A.Ş.	309	1
Türkiye İş Bankası A.Ş. Bahreyn Branch	-	38
	<b>309</b>	<b>39</b>

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	31 December 2016	31 December 2015
<b>Factoring interest income</b>		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	3.226	2.296
Ortopro Tıbbi Aletler San. ve Tic. A.Ş.	800	914
Nevotek Inc.	52	-
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş.	35	10
	<b>4.113</b>	<b>3.220</b>

	31 December 2016	31 December 2015
<b>Factoring commission income</b>		
Şişecam Dış Tic.A.Ş.	128	79
Ortopro Tıbbi Aletler San. ve Tic. A.Ş.	88	75
	<b>216</b>	<b>154</b>

	31 December 2016	31 December 2015
<b>Dividend income</b>		
İş Yatırım Menkul Değerler A.Ş.	875	1.143
Efes Varlık Yönetim A.Ş.	380	100
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş.	100	60
İş Yatırım – Capital increase bonus issue	-	559
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	90
İş Net - Capital increase bonus issue	-	45
	<b>1.355</b>	<b>1.997</b>

As of December 31, 2016 amounts related to securities issued by the Company in its portfolio of related parties are as follows:

	31 December 2016	31 December 2015
<b>Finance costs</b>		
Türkiye İş Bankası A.Ş.	4.133	14.597
Türkiye Sınai Kalkınma Bankası A.Ş.	3.759	2.765
İşbank AG	45	219
	<b>7.937</b>	<b>17.581</b>

	31 December 2016	31 December 2015
<b>Commission expenses</b>		
İş Yatırım Menkul Değerler A.Ş.	977	493
Türkiye İş Bankası A.Ş.	453	530
Türkiye Sınai Kalkınma Bankası A.Ş.	7	-
İşbank AG	3	-
	<b>1.440</b>	<b>1.083</b>



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

As of December 31, 2016 the Company does not have any debt securities issued.

	31 December 2015	
<b>Debt Securities issued</b>		
	<b>Amount</b>	<b>Accrual</b>
Anadolu Anonim Türk Sigorta Şirketi	5.479	188
İş Girişim Sermaye Yatırım Ortaklığı A.Ş.	3.526	103
İş Yatırım Menkul Değerler A.Ş.	76	2
	<b>9.081</b>	<b>293</b>
		<b>9.374</b>
<b>Interest income on securities</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Türkiye İş Bankası A.Ş. (Mutual Fund Income)	144	75
	<b>144</b>	<b>75</b>
<b>Administrative expenses</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
İş Merkezleri Yönetim ve İşletim A.Ş.	457	149
Anadolu Anonim Türk Sigorta A.Ş.	342	289
Anadolu Hayat Emeklilik A.Ş.	125	15
İş Net Elektronik Bilgi Üretim Dağ Tic. ve İletişim Hiz. A.Ş.	67	75
Softtech Yazılım Teknolojileri Araştırma Geliştirme ve PazarlamaTicaret A.Ş.	27	-
Türkiye İş Bankası A.Ş.	19	266
	<b>1.037</b>	<b>794</b>
<b>Rent expenses</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Türkiye İş Bankası A.Ş.	1.762	1.415
	<b>1.762</b>	<b>1.415</b>
<b>Key management personnel compensation (*)</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Salaries and other short-term benefits (**)	2.806	2.429
	<b>2.806</b>	<b>2.429</b>

(\*) Key management consists of general manager, assistant general managers and members of the board of directors.

(\*\*) Consists of monetary benefits along with vehicle rentals and other associated expenses.

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 9. TANGIBLE ASSETS

	Furniture and Fixtures	Leasehold Improvements	Total
<b>Cost</b>			
Opening balance at 1 January 2016	1.165	187	1.352
Additions	332	12	344
Disposals	(14)	-	(14)
<b>Closing balance at 31 December 2016</b>	<b>1.483</b>	<b>199</b>	<b>1.682</b>
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2016	(724)	(68)	(792)
Depreciation for the year	(180)	(36)	(216)
Disposals	4	-	4
<b>Closing balance at 31 December 2016</b>	<b>(900)</b>	<b>(105)</b>	<b>(1.005)</b>
<b>Carrying amount at 31 December 2016</b>	<b>583</b>	<b>94</b>	<b>677</b>

	Furniture and Fixtures	Leasehold Improvements	Total
<b>Cost</b>			
Opening balance at 1 January 2015	945	165	1.110
Additions	223	22	245
Disposals	(3)	-	(3)
<b>Closing balance at 31 December 2015</b>	<b>1.165</b>	<b>187</b>	<b>1.352</b>
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2015	(521)	(32)	(553)
Depreciation for the year	(203)	(36)	(239)
Disposals	-	-	-
<b>Closing balance at 31 December 2015</b>	<b>(724)</b>	<b>(68)</b>	<b>(792)</b>
<b>Carrying amount at 31 December 2015</b>	<b>441</b>	<b>119</b>	<b>560</b>

### 10. INTANGIBLE ASSETS

	2016	2015
<b>Cost</b>		
Opening balance at 1 January	827	581
Additions	451	246
<b>Closing balance at the end of the year</b>	<b>1.278</b>	<b>827</b>
<b>Accumulated amortization</b>		
Opening balance at 1 January	(375)	(255)
Charge for year	(141)	(120)
<b>Closing balance at the end of the year</b>	<b>(516)</b>	<b>(375)</b>
<b>Carrying amount at the end of the year</b>	<b>762</b>	<b>452</b>



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 11. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2016 and 31 December 2015, details of deferred tax assets and deferred tax liabilities based on the temporary differences calculated by the prevailing tax rate are as follows:

Temporary differences subject to deferred tax:	2016	2015
Valuation differences on derivatives	23.597	229
Unearned interest income	11.228	10.876
Cash collected commission income and expense	1.540	1.131
Employee bonus accrual	783	580
Reserve for employee benefits	353	231
Unused vacation	278	324
Allowance for doubtful factoring receivables	111	111
Tax base differences in tangible and intangible assets	(542)	(369)
Other	116	115
	<b>37.464</b>	<b>13.228</b>

Deferred tax assets / (liabilities)	2016	2015
Valuation differences on derivatives	4.719	46
Unearned interest income	2.246	2.175
Cash collected commission income and expense	308	226
Employee bonus accrual	156	116
Reserve for employee benefits	71	46
Unused vacation	55	65
Allowance for doubtful factoring receivables	22	22
Tax base differences in tangible and intangible assets	(108)	(74)
Other	23	24
<b>Deferred tax assets (net)</b>	<b>7.492</b>	<b>2.646</b>

Movements of deferred tax assets movement for the years ended 31 December 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Opening balance at 1 January	2.646	2.758
Deferred tax benefit / (expense)	4.836	(112)
Other comprehensive income / (expense)	10	-
Closing balance	7.492	2.646

Tax rate used in computation of deferred tax assets and liabilities is 20% (31 December 2015: 20%).

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 12. PREPAID EXPENSES

As at 31 December 2016 and 31 December 2015, details of prepaid expenses are as follows:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Insurance expenses	642	-	163	-
Subscription fees	333	-	242	-
Guarantee letter comission	168	-	-	-
Commision expenses	158	-	394	-
Information technology expenses	154	-	6	-
Credit comission	12	-	-	-
	<b>1.467</b>	<b>-</b>	<b>805</b>	<b>-</b>

### 13. FUNDS BORROWED

As at 31 December 2016 and 31 December 2015, details of funds borrowed are as presented:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Short-term borrowings	2.458.497	94.375	1.296.696	268.593
Short-term portion of long-term borrowings	-	-	-	16.272
<b>Total short-term borrowings</b>	<b>2.458.497</b>	<b>94.375</b>	<b>1.296.696</b>	<b>284.865</b>
Long-term borrowings	-	119.821	-	8.095
<b>Total long-term borrowings</b>	<b>-</b>	<b>119.821</b>	<b>-</b>	<b>8.095</b>
<b>Total</b>	<b>2.458.497</b>	<b>214.196</b>	<b>1.296.696</b>	<b>292.960</b>



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

As at 31 December 2016 and 31 December 2015, details of borrowings based on types of currency are as follows:

Currency	Interest rate %	Original currency amount	31 December 2016
TL	9,50-17,50	-	2.445.000
USD	1,95-4,00	21.354	75.150
EUR	0,75-1,80	35.574	131.975
GBP	4,50	1.253	5.412
Australian Dollar	5,00	372	943
Credit interest rediscount			14.213
			<b>2.672.693</b>
Currency	Interest rate %	Original currency amount	31 December 2015
TL	11,80-16,25		1.288.050
USD	1,20-3,00	47.968	139.473
EUR	1,29-2,50	47.371	150.526
GBP	4,50	189	815
Interest accruals	-	-	10.792
<b>Total</b>			<b>1.589.656</b>

As at 31 December 2016 and 31 December 2015, interest rates are presented as compounded.

As at 31 December 2016, fixed interest funds borrowed are TL2.582.175 and floating interest funds borrowed are TL 90.518. (As at 31 December 2015, fixed interest funds borrowed are TL 1.565.289 and floating funds borrowed are TL 24.367).

As of December 31, 2016, letters of guarantee for the credits received amounted to TRY 400.000 and a guarantee letter of TRY 440.000.

Fair values of the funds borrowed are presented in Note 33.

### 14. DEBT SECURITIES ISSUED

As at 31 December 2016 and 31 December 2015, the details of debt securities issued are as followed:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Debt securities issued	182.101	-	281.602	-
	<b>182.101</b>	<b>-</b>	<b>281.602</b>	<b>-</b>

The details of bonds that were issued by the Company are as follows:

ISIN CODE	Date Issued	Nominal Value	Maturity Date	Sales Method	Coupon Period	Simple Interest Rate%
TRFISFA31716	27.09.2016	186.204	24.03.2017	Qualified Investor	Maturity Payment	10,30

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 15. OTHER PAYABLES

As at 31 December 2016 and 31 December 2015, details of other payables are as follows:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Payables to suppliers	778	497	320	164
	<b>778</b>	<b>497</b>	<b>320</b>	<b>164</b>

### 16. TAXES AND DUTIES PAYABLE

As at 31 December 2016 and 31 December 2015, details of taxes and duties payables are as follows:

	31 December 2016	31 December 2015
Banking and Insurance Transaction Tax payable	2.377	1.096
Premiums payable	336	159
Income tax payable	191	152
Other taxes and duties payable	15	5
	<b>2.919</b>	<b>1.412</b>

### 17. EMPLOYEE BENEFITS

As at 31 December 2016 and 31 December 2015, details of reserve for employee benefits are as follows:

	31 December 2016	31 December 2015
Employee bonus provision	783	580
Vacation pay liability	278	324
Reserve for employee severance indemnity	353	231
	<b>1.414</b>	<b>1.135</b>

Under the Turkish Labor Law, the companies are required to pay termination benefits to each employee who has qualified for such amount at the end of its employment contract. Also, employees who are entitled to retirement are required to be paid retirement pay in accordance with the requirements of Act no. 2422 dated 6 March 1981, Act no. 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code no. 506. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended on 23 May 2002. As the retirement pay ceiling is revised semi annually, the ceiling amount of TL full 4.297.21 effective from 31 December 2016 has been taken into consideration in calculation of provision for employee termination benefits(31 December 2015: 4.092,53 TL full).



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

TAS 19 – "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, as of 31 December 2016 and 31 December 2015, the following actuarial assumptions are used in the calculation of the total liability:

	31 December 2016	31 December 2015
Discount rate	3,74%	4.38%
Inflation rate	7,00%	6.15%
Probability of retirement	100%	100%

For the periods ended 31 December 2016 and 31 December 2015, movements in retirement pay provision are as follows:

	31 December 2016	31 December 2015
Balance at the beginning of the period	231	179
Interest cost	25	25
Service cost	74	51
Payment made during the period	(28)	(25)
Actuarial difference	51	1
<b>Balance at the end of the period</b>	<b>353</b>	<b>231</b>

Actuarial gains or losses are recognized in other comprehensive income.

The movements of the vacation pay liability during the periods ended 31 December 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Balance at the beginning of the period	324	237
Provision set during the period (net)	(46)	87
<b>Balance at the end of the period</b>	<b>278</b>	<b>324</b>

The movements of the employee bonus provision during the periods ended 31 December 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Balance at the beginning of the period	580	407
Provision set during the period (net)	783	580
Paid during during the period	(580)	(407)
<b>Balance at the end of the period</b>	<b>783</b>	<b>580</b>

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 18. CURRENT TAX LIABILITIES

As at 31 December 2016 and 31 December 2015, details of corporate tax provision and prepaid taxes are as follows:

	31 December 2016	31 December 2015
Current period corporate tax provision	12.610	6.364
Corporate taxes paid in advance during the year	(5.482)	(5.407)
<b>Corporate tax provision</b>	<b>7.128</b>	<b>957</b>

	31 December 2016	31 December 2015
Corporate tax provision at the beginning of the year	957	1.685
Total income tax expense	12.610	6.364
Corporate taxes paid during the year	(6.439)	(7.092)
<b>Corporate tax provision</b>	<b>7.128</b>	<b>957</b>

### 19. CAPITAL AND RESERVES

As at 31 December 2016, nominal share capital of the Company is TL 63.500 and the share capital of the Company consists of 6.350.000.000 issued shares with TL 0,01 nominal value each. Pursuant to General Assembly held on 22 March 2016, The Company's net profit for the period of 2015, which is TL 24.167 after computed TL 1.391 general legal reserves and TL 5000 dividend is payment and the remaining TL 17.776 as extraordinary reserves. These financial statements are prepared as the company's ordinary general assembly meeting has not been held as of date , only net period profit amount is indicated.

As at 31 December 2016 and 31 December 2015, shareholders and their ownership percentages are as follows:

Shareholders	(%)	31 December 2016	(%)	31 December 2015
İş Finansal Kiralama A.Ş.	78,2311	49.677	78,2311	49.677
Türkiye Sınai Kalkınma Bankası A.Ş.	21,7500	13.811	21,7500	13.811
Trakya Yatırım Holding A.Ş.	0,0063	4	0,0063	4
Camiş Yatırım Holding A.Ş.	0,0063	4	0,0063	4
TSKB Gayrimenkul Değerleme A.Ş.	0,0063	4	0,0063	4
<b>Total</b>	<b>100,0000</b>	<b>63.500</b>	<b>100,0000</b>	<b>63.500</b>

The Company does not have preferred shares.

### Capital Reserves

As at 31 December 2016 and 31 December 2015, details of capital reserves are as follows:

	31 December 2016	31 December 2015
Share capital inflation restatement differences	4.064	4.064
Bonus shares obtained from associates, subsidiaries and jointly controlled entities	1.213	1.213
<b>Total</b>	<b>5.277</b>	<b>5.277</b>

Bonus shares obtained from associates, subsidiaries and jointly controlled entities:

Bonus shares obtained from associates, subsidiaries and jointly controlled entities arise as a result of the capital increase of the associates, subsidiaries and jointly controlled entities from their capital reserves that are not stemmed from profit or loss.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### Marketable Securities Revaluation Reserve:

Marketable securities revaluation reserve arises as a result of valuation of available for sale financial assets at their fair values. In case of disposing a financial asset valued at fair value, a portion of the revaluation reserve in connection with the disposed asset is immediately recognized in profit or loss. If the revalued financial asset is permanently impaired, a portion of the revaluation fund in connection with the impaired financial asset is also recognized in profit or loss. As at 31 December 2016, the Company has presented TL 1.922 of difference gained from revaluation between cost and fair value of assets available for sale under equity (31 December 2015: TL 830).

### Gain/(Loss) on Remeasurement of Defined Benefit Plans

The Company recognizes actuarial gains / losses arising from remeasurement of defined benefit plans in other comprehensive income and other gains / losses arising from remeasurement of defined benefit plans at personnel expense in the statement of profit or loss. The Company recognizes gains or losses on the reimbursements or settlement of a defined benefit plan when the reimbursements or settlement occurs. The reimbursements or settlement of a defined benefit plan compromises any resulting change in the present value of the defined benefit obligation, any resulting change in the fair value of the plan assets and any related actuarial gains and losses and past service cost had not previously been recognized.

## 20. PROFIT RESERVES

	31 December 2016	31 December 2015
Legal reserves	4.316	2.925
Extraordinary reserves	20.841	3.065
<b>Total</b>	<b>25.157</b>	<b>5.990</b>

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 20% per annum, until the total reserve reaches 5% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. Legal reserves, if less than 50% of the paid-in capital, can only be used to net-off the losses.

## 21. COMMITMENTS AND CONTINGENCIES

As at 31 December 2016 and 31 December 2015, the details of guarantees taken by the Company are as follows:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Guarantee and Sureties	6.301.509	4.461.552	12.685.280	5.983.820
Finance Note	3.129.609	852.872	2.522.103	521.318
Intangible Pledge	19.560	-	12.565	-
Letter of Guarantee	10.765	1.393	7.065	1.072
Tangible Pledge	2.870	3.519	-	-
Guarantees given by correspondents	-	204.164	-	-
	<b>9.464.313</b>	<b>5.523.500</b>	<b>15.227.013</b>	<b>6.506.210</b>

As at 31 December 2016, TL 2.789 of letters of guarantee are given to courts (31 December 2015: TL 3.135).

As at 31 December 2016, does not have irrevocable commitments (31 December 2015: TL None).

As at the reporting date, the Company have TL 19.781 guarantees, pledges or mortgages given for the purpose of guaranteeing any third party payables (31 December 2015: None).

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

As at 31 December 2016, the details of derivative instruments of the Company are as follows:

31 December 2016		
	FC Amount	TL
Swap Purchase Transactions:		
TL	-	608.223
		<b>608.223</b>
Swap Sale Transactions:		
USD	141.500	497.967
EUR	34.500	127.991
		<b>625.958</b>
31 December 2015		
	FC Amount	TL
Swap Purchase Transactions:		
TL	-	141.227
EUR	320	1.016
		<b>142.243</b>
Swap Sale Transactions:		
USD	34.800	101.184
EUR	1.550	39.879
GBP	235	1.012
		<b>142.075</b>

As at 31 December 2016, the Company has TL 40 loss and TL 23.637 profit in relation to the fair value changes of derivative transactions designated at through profit or loss (31 December 2015: TL 393 loss and TL 164 profit).

31 December 2016 and 31 December 2015, the details of the Company's items held in custody are as follows:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Cheques	295.813	41.074	259.220	22.195
Notes	6.690	22.249	7.499	3.811
	<b>302.503</b>	<b>63.323</b>	<b>266.719</b>	<b>26.006</b>

## 22. SEGMENT REPORTING

None.

## 23. EVENTS AFTER THE REPORTING PERIOD

None.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 24. OPERATING INCOME

For the years ended 31 December 2016 and 31 December 2015, details of operating income are as follows:

	31 December 2016	31 December 2015
Interest income from factoring receivables	160.625	124.855
Fee and commission from factoring receivables	12.795	9.635
	<b>173.420</b>	<b>134.490</b>

### 25. FINANCE COSTS

For the years ended 31 December 2016 and 31 December 2015, details of financing expenses are as follows:

	31 December 2016	31 December 2015
Interest Expense	(103.132)	(81.996)
Interest Expense on Debt Securities Issued	(29.411)	(14.214)
Fees and Commission Expenses	(3.641)	(1.975)
	<b>(136.184)</b>	<b>(98.185)</b>

### 26. OPERATING EXPENSES

For the years ended 31 December 2016 and 31 December 2015, details of operating expenses are as follows:

	31 December 2016	31 December 2015
Personnel expenses	(12.697)	(10.573)
Office rent expenses	(1.844)	(1.626)
Vehicle expenses	(440)	(325)
Information technology expenses	(440)	(238)
Depreciation and amortisation expenses	(357)	(359)
Consultancy expenses	(329)	(790)
Severance pay expense	(99)	(76)
Attorney – Litigation expenses	(8)	(174)
Vacation Expense	-	(87)
Other administrative expenses	(2.271)	(1.808)
	<b>(18.485)</b>	<b>(16.056)</b>

### 27. OTHER OPERATING INCOME

For the years ended 31 December 2016 and 31 December 2015, details of other operating income are as follows:

	31 December 2016	31 December 2015
Gain on derivative transactions	130.670	75.092
Foreign exchange gains	139.390	51.427
Collections from non-performing receivables	1.654	176
Dividend income	1.355	1.997
Other interest income	315	402
Other	1.304	4.221
	<b>274.688</b>	<b>133.315</b>

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 28. SPESIFIC PROVISIONS FOR NON-PERFORMING RECEIVABLES

For the years ended 31 December 2016 and 31 December 2015, details of specific provision for non-performing receivables are as follows:

	31 December 2015	31 December 2015
Impairment losses on factoring receivables	(9.058)	(6.971)
	<b>(9.058)</b>	<b>(6.971)</b>

### 29. OTHER OPERATING EXPENSES

For the years ended 31 December 2016 and 31 December 2015, details of other operating expenses are as follows:

	31 December 2016	31 December 2015
Losses from derivative financial transactions	(195.050)	(83.581)
Foreign exchange losses	(48.618)	(32.369)
	<b>(243.668)</b>	<b>(115.950)</b>

### 30. TAXATION

For the years ended 31 December 2016 and 31 December 2015, details of income tax expense are as follows:

	31 December 2016	31 December 2015
Current tax charge	(12.610)	(6.364)
Deferred tax income / (expense)	4.836	(112)
	<b>(7.774)</b>	<b>(6.476)</b>

The reported income tax expenses for the year is different than the amounts computed by applying the statutory tax rate of the Company to profit before income tax of the Company, as shown in the following reconciliation:

	%	2016	%	2015
Net profit for the period		32.939		24.167
Total tax income		7.774		6.476
<b>Profit before tax</b>		<b>40.713</b>		<b>30.643</b>
Income tax using the Company's tax rate	20,00	8.143	20,00	6.128
Non deductible expenses	18,94	7.710	15,51	4.140
Tax exempt income	(19,84)	(8.079)	(12,37)	(3.792)
<b>Total income tax expense</b>	<b>19,10</b>	<b>7.774</b>	<b>23,14</b>	<b>6.476</b>



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### Corporate Tax

The Company is subject to the Turkish corporate taxes. Allowance is made in the accompanying financial statements for the estimated charge based on the Company's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

As at 31 December 2016, corporate income tax rate is 20% (31 December 2015: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2016 is 20% (2015: 20%). Under the Turkish taxation system, tax losses can be carried forward up to five years. Tax losses can not be carried back to offset profit from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 25 April of the following year (between 1st and 25th of the following 4. month of the tax year for the tax responsible who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% period between 24 April 2003 and 22 July 2006. This rate was changed to 15% with the cabinet decision numbered 2006/10731 commencing from 22 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

### Transfer Pricing

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, 18 November 2007 dated, on disguised profit distribution via Transfer Pricing 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.

## **31. EARNINGS PER SHARE**

Earnings per share are calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Earnings per share calculations were made according to distributable net profit of issued shares dividend by the weighted average number.

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

The weighted average number of shares of the Company and earnings per share for the periods ended 31 December 2016 and 31 December 2015 are as follows:

	1 January- 31 December 2016	1 January- 31 December 2015
Weighted average number of outstanding shares <sup>(*)</sup>	6.350.000.000	6.350.000.000
Net profit for the period (TL)	32.939	24.167
Basic earnings per share (full Kurus)	0,519	0,381

<sup>(\*)</sup>As at 31 December 2016, the share capital of the Company consists of 6.350.000.000 shares having Kurus 1 nominal price.

	31 December 2016	31 December 2015
Number of shares at beginning of the period	6.350.000.000	4.000.000.000
Capital increase <sup>(*)</sup>	-	2.350.000.000
<b>Number of shares at end of the period</b>	<b>6.350.000.000</b>	<b>6.350.000.000</b>

<sup>(\*)</sup> Capital increase has been made through internal resources.

### 32. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED TO BE EXPLAINED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

### 33. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

#### (a) Capital risk management

The Company manages its capital by sustaining its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

Although there is no change in the capital risk management strategy in 2016, the debt/equity ratio is 5% as at 31 December 2016 (31 December 2015: 5%). As at 31 December 2016 and 31 December 2015, the leverage ratios are as follows:

	31 December 2016	31 December 2015
Funds borrowed	2.672.693	1.589.656
Debt securities issued (Net)	182.101	281.602
Factoring payables	3.738	2.150
<b>Total debt</b>	<b>2.858.532</b>	<b>1.873.408</b>
Banks (-)	(8.804)	(5.616)
<b>Net debt</b>	<b>2.849.728</b>	<b>1.867.792</b>
<b>Total equity</b>	<b>128.822</b>	<b>99.832</b>
<b>Equity / Debt Ratio</b>	<b>5%</b>	<b>5%</b>



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### (b) Categories of financial instruments

	31 December 2016	31 December 2015
<b>Financial assets:</b>		
Factoring receivables and non-performing factoring receivables	2.985.557	1.951.274
Financial assets available for sale	13.278	12.187
Banks	8.804	5.616
Financial assets at fair value through profit or loss:	5.919	3.989
- Financial assets held for trading	5.879	3.825
- Derivative financial assets	40	164
<b>Financial Liabilities:</b>		
Funds borrowed	(2.672.693)	(1.589.656)
Debt securities issued (Net)	(182.101)	(281.602)
Factoring payables	(3.738)	(2.150)
Other payables and other liabilities	(1.698)	(1.135)
Financial assets at fair value through profit or loss:	(23.637)	(393)
-Derivative financial liabilities	(23.637)	(393)
Other payables	(1.275)	(484)

### (c) Financial risk management objectives

The Company management is responsible for coordinating access to domestic and international markets, monitoring and managing the financial risks relating to the operations of the Company. Such risks include market risk (including currency risk, fair value interest rate risk and price risk), liquidity risk and credit risk.

### (d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates (refer to section e), interest rates (refer to section f) and equity prices will affect the Company's income or the value of its holdings of financial instruments. At the Company level, market risk exposures are measured by sensitivity analysis.

The Company uses derivative instruments to minimize the effects of such risks and it also uses such instruments for hedging. The Company does not enter into or trade any financial instruments (including derivative financial instruments) for speculative purposes.

There has been no change in the Company's exposure to market risks or the method it uses to manage and measure such risks.

### (e) Currency risk management

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Company manages its foreign currency risk arising from its operations and cash flows of financial contracts by monitoring in a timely manner.

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

As at 31 December 2016 and 31 December 2015, details of foreign currency denominated assets and liabilities are as follows:

31 December 2016	USD (000)	EUR (000)	GBP (000)	AUD (000)	TL
Banks	1.144	372	422	-	7.229
Factoring receivables (*)	163.854	71.476	1.257	384	848.204
Other (**)	55	19	-	-	266
<b>Total assets</b>	<b>165.053</b>	<b>71.867</b>	<b>1679</b>	<b>384</b>	<b>855.699</b>
Factoring payables(***)	23	74	-	-	355
Funds borrowed	21.503	35.625	1.253	372	214.196
Other payables (****)	283	101	16	1	1.442
<b>Total liabilities</b>	<b>21.809</b>	<b>35.800</b>	<b>1.269</b>	<b>373</b>	<b>215.993</b>
<b>Balance sheet position</b>	<b>143.244</b>	<b>36.067</b>	<b>410</b>	<b>11</b>	<b>639.706</b>
<b>Off balance sheet position</b>	<b>(141.500)</b>	<b>(34.500)</b>	<b>-</b>	<b>-</b>	<b>(625.958)</b>
<b>Net foreign currency position</b>	<b>1.744</b>	<b>1.567</b>	<b>410</b>	<b>11</b>	<b>13.748</b>

(\*) Foreign currency indexed factoring receivables amounting to USD, 96.492 Thousand, Euro 17.727 Thousand and GBP 64 Thousand (Total: TL 405.620 TL) are presented in TL column in the accompanying financial statements as at 31 December 2016.

(\*\*) Foreign currency indexed other amounting to USD 18 Thousand and Euro 15 Thousand (Total: TL 121 Thousand) are presented in TL column in the accompanying financial statements as at 31 December 2016.

(\*\*\*) Foreign currency indexed funds borrowed amounting to Euro 1 Thousand (Total: TL 5 Thousand) are presented in TP column in the accompanying financial statements as at 31 December 2016.

(\*\*\*\*) Foreign currency indexed funds other payables amounting to USD 181 Thousand and 9 Euro Thousand (Total: TL 670 Thousand) are presented in TL column in the accompanying financial statements as at 31 December 2016.

31 December 2015	USD (000)	EUR (000)	GBP (000)	AUD (000)	TL
Banks	688	806	41	-	4.741
Factoring receivables (*)	82.999	57.801	3.649	2	440.694
Other (**)	17	27	-	-	136
<b>Total assets</b>	<b>83.704</b>	<b>58.634</b>	<b>3.690</b>	<b>2</b>	<b>445.571</b>
Factoring payables	57	137	12	-	652
Other payables	48.381	47.669	190	-	292.960
Funds borrowed (***)	103	120	17	1	759
<b>Total liabilities</b>	<b>48.541</b>	<b>47.926</b>	<b>219</b>	<b>1</b>	<b>294.371</b>
<b>Balance sheet position</b>	<b>35.163</b>	<b>10.708</b>	<b>3.471</b>	<b>1</b>	<b>151.200</b>
<b>Off balance sheet position</b>	<b>34.800</b>	<b>12.230</b>	<b>235</b>	<b>-</b>	<b>141.059</b>
<b>Net foreign currency position</b>	<b>363</b>	<b>(1.522)</b>	<b>3.236</b>	<b>1</b>	<b>10.141</b>

(\*) Foreign currency indexed factoring receivables amounting to USD, 21.140 Thousand and Euro 14.397 Thousand (Total: TL 107.214) are presented in TL column in the accompanying financial statements as at 31 December 2015.

(\*\*) Foreign currency indexed other amounting to USD 17 Thousand and Euro 5 Thousand (Total: TL 65 Thousand) are presented in TL column in the accompanying financial statements as at 31 December 2016.

(\*\*\*) Foreign currency indexed funds borrowed amounting to USD 17 Thousand and Euro 1 Thousand (Total: TL 53 Thousand) are presented in TP column in the accompanying financial statements as at 31 December 2015.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### Foreign currency sensitivity

The Company is mainly exposed to USD and Euro exchange rate risks. The table below indicates the sensitivity of the Company to USD and Euro when there is a 15% of change in such exchange rates. The Company uses 15% of rate change when it reports its foreign currency risk to the top management and this rate represents the top management's expectation on the exchange rate fluctuations. Sensitivity analysis made in relation to the Company's exposure to foreign currency at the reporting period is determined based on the fluctuations at the beginning of the fiscal year and the analysis are fixed during the reporting period. Positive amount refers to an increase in the net profit.

31 December 2016	Profit / (Loss)		Equity <sup>(*)</sup>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
15% change of the USD against TL				
1- Net USD asset/liability	75.616	(75.616)	75.616	(75.616)
2- Hedged portion of TL against USD risk (-)	(74.695)	74.695	(74.695)	74.695
<b>3- Net effect of USD (1+ 2)</b>	<b>921</b>	<b>(921)</b>	<b>921</b>	<b>(921)</b>
15% change of the Euro against TL				
4- Net Euro asset/liability	20.071	(20.071)	20.071	(20.071)
5- Hedged portion of TL against Euro risk (-)	(19.199)	19.199	(19.199)	19.199
<b>6- Net effect of Euro (4+5)</b>	<b>872</b>	<b>(872)</b>	<b>872</b>	<b>(872)</b>
15% change of other currencies against TL				
7-Net other currencies asset/liability	270	(270)	270	(270)
8-Hedged portion of TL against other currency risk (-)	-	-	-	-
<b>9-Net effect of other currencies (7+8)</b>	<b>270</b>	<b>(270)</b>	<b>270</b>	<b>(270)</b>
<b>TOTAL (3+6+9)</b>	<b>2.062</b>	<b>(2.062)</b>	<b>2.062</b>	<b>(2.062)</b>

<sup>(\*)</sup> Includes profit/loss effect.

31 December 2015	Profit / (Loss)		Equity <sup>(*)</sup>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
15% change of the USD against TL				
1- Net USD asset/liability	15.336	(15.336)	15.336	(15.336)
2- Hedged portion of TL against USD risk (-)	(15.178)	15.178	(15.178)	15.178
<b>3- Net effect of USD (1+ 2)</b>	<b>158</b>	<b>(158)</b>	<b>158</b>	<b>(158)</b>
15% change of the Euro against TL				
4- Net Euro asset/liability	5.104	(5.104)	5.104	(5.104)
5- Hedged portion of TL against Euro risk (-)	(5.829)	5.829	(5.829)	5.829
<b>6- Net effect of Euro (4+5)</b>	<b>(725)</b>	<b>725</b>	<b>(725)</b>	<b>725</b>
15% change of other currencies against TL				
7-Net other currencies asset/liability	2.240	(2.240)	2.240	(2.240)
8-Hedged portion of TL against other currency risk (-)	(152)	152	(152)	152
<b>9-Net effect of other currencies (7+8)</b>	<b>2.088</b>	<b>(2.088)</b>	<b>2.088</b>	<b>(2.088)</b>
<b>TOTAL (3+6+9)</b>	<b>1.521</b>	<b>(1.521)</b>	<b>1.521</b>	<b>(1.521)</b>

<sup>(\*)</sup> Includes profit/loss effect.

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### (f) Interest risk management

The Company is exposed to interest rate risk as the Company borrows funds at both fixed and variable rates. Such risk is managed by making a proper classification between fixed and variable rate liabilities.

#### Interest rate sensitivity

The interest rate sensitivity analysis below is based on the Company's exposure to interest rate risk at the reporting date and estimated interest rate fluctuations at the beginning of the fiscal year, and is fixed during the reporting period. The Company management makes its sensitivity analysis based on a 100 base point interest rate fluctuation scenario. This rate is also used in reporting to the top management of the Company.

As at 31 December 2016 and 31 December 2015, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

<b>Interest Position Table</b>		
	<b>31 December 2016</b>	<b>31 December 2015</b>
<i>Fixed rate instruments</i>		
Financial assets:		
Banks	8.804	1.506
Factoring receivables	2.277.150	1.573.613
Financial liabilities:		
Funds borrowed	2.582.175	1.565.289
Debt securities issued	182.101	281.602
<i>Variable rate instruments</i>		
Financial assets:		
Factoring receivables	708.407	372.164
Financial liabilities:		
Funds borrowed	90.518	24.367

If interest rates were 100 base points higher at the reporting date and all other variables were fixed:

- Interest income from variable rate factoring contracts would increase by TL 7.084 (31 December 2015: TL 3.722).
- Interest expense from variable rate funds borrowed (borrowings) would not change (31 December 2015: did not change).

### (g) Other price risks

The Company is exposed to equity share price risks because of equity investments. Equity securities are held especially for strategic purposes rather than trading purposes. These investments are not traded by the Company.

#### Equity price sensitivity

Sensitivity analysis below is determined based on the equity share price risks exposed as at the reporting date.

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

During the reporting period, all other variables are held constant and the data in the valuation method are 15% higher/ (lower):

Traded in the İstanbul stock exchange and shown in the accompanying financial table below are the securities available for sale and shares measured by market values. Due to the fluctuations in the index one can see changes in the fair value of the companies' equity (excluding tax) being a TL 164 increase / (decrease) (31 December 2015: TL 464).

### (h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure to credit risks and credit ratings of its counterparties are monitored periodically. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board of Directors.

Factoring receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Sectoral allocation of factoring receivables is as follows:

	31 December 2016 (%)	31 December 2015 (%)
Motor vehicles	24,68	24,83
Machine and equipment	14,92	14,20
Forestry products	11,14	9,26
Energy, gas, water and petroleum resources	6,65	7,54
Construction	5,63	7,12
Metal industry	4,45	5,39
Food and beverages	4,25	4,43
Textiles	3,57	4,24
Chemical, plastic and pharmacy	2,93	2,90
Health	1,86	2,73
Logistic	1,37	0,97
Glass, Cement	0,06	0,66
Tourism	-	0,14
Other	18,49	15,59
	<b>100,00</b>	<b>100,00</b>

As at 31 December 2016, approximately 17% of factoring receivables consists of receivables from a risk group amounting to TL 498.613 (As at 31 December 2015, approximately 25% of factoring receivables consists of receivables from a risk group amounting to TL 483.868). The Company is exposed to a concentration risk because of higher proportion of receivables from that risk group.

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

As at 31 December 2016, exposure to credit risk based on categories of financial instruments is as follows:

31 December 2016	Factoring Receivables			Financial assets at fair value through profit or loss
	Related party	Other	Cash at banks	
Exposure to maximum credit risk as at reporting date (*)	33.506	2.952.051	8.804	5.919
- The portion of maximum risk covered by guarantee	-	1.190.099	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	33.506	2.930.315	8.804	5.919
- The portion covered by guarantee	-	1.180.419	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	13.752	-	-
- The portion covered by guarantee	-	9.680	-	-
D. Net carrying value of impaired assets	-	841	-	-
- Overdue (gross carrying value)	-	39.388	-	-
- Impairment (-)	-	(38.547)	-	-
- Covered portion of net carrying value (with letter of guarantee etc) (**)	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Covered portion of net carrying value (with letter of guarantee etc) (**)	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-

(\*) Credit enhancing items such as; guarantees received, are not taken into account in the calculation.

(\*\*) Includes collaterals for the assets impaired but not overdue.



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

As at 31 December 2015, details of exposure to credit risk based on categories of financial instruments are as follows:

31 December 2015	Factoring Receivables			Financial assets at fair value through profit or loss
	Related party	Other	Cash at banks	
Exposure to maximum credit risk as at reporting date <sup>(*)</sup>	40.846	1.904.391	5.616	3.989
- The portion of maximum risk covered by guarantee	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	40.846	1.904.711	5.616	3.989
- The portion covered by guarantee	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	220	-	-
- The portion covered by guarantee	-	-	-	-
D. Net carrying value of impaired assets	-	5.497	-	-
- Overdue (gross carrying value)	-	36.640	-	-
- Impairment (-)	-	(31.143)	-	-
- Covered portion of net carrying value (with letter of guarantee etc) <sup>(**)</sup>	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Covered portion of net carrying value (with letter of guarantee etc) <sup>(**)</sup>	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-

<sup>(\*)</sup> Credit enhancing items such as; guarantees received, are not taken into account in the calculation.

<sup>(\*\*)</sup> Includes collaterals for the assets impaired but not overdue.

# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### (i) Liquidity risk management

The Company management has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages its liquidity risk by maintaining adequate reserves and reserve borrowing facilities by constantly monitoring forecasts and actual cash flows and matching the maturity profile of financial assets and liabilities.

#### Liquidity risk table

The following table details the Company's expected maturity for its non-derivative financial assets and liabilities. The tables below have been prepared based on the earliest dates for collections and disbursements of the Company's assets and liabilities. Interest amounts to be collected and disbursed on the Company's assets and liabilities have also been included in the table below:

#### 31 December 2016

Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial assets	5.879	5.879	5.879			
Banks	8.804	8.804	8.804			
Factoring receivables	2.984.716	3.059.025	2.031.398	975.336	52.291	
	<b>2.999.399</b>	<b>3.073.708</b>	<b>2.046.081</b>	<b>975.336</b>	<b>52.291</b>	-
Non-derivative financial liabilities						
Factoring payables	3.738	3.738	3.738	-	-	
Funds borrowed	2.672.693	2.691.363	2.498.674	171.743	20.946	
Debt securities issued	182.101	186.204	186.204			
	<b>2.858.532</b>	<b>2.881.305</b>	<b>2.688.616</b>	<b>171.143</b>	<b>20.946</b>	-

The Company makes payments based on contractual maturities.

#### 31 December 2015

Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial assets						
Banks	5.616	5.616	5.616	-	-	
Factoring receivables	1.945.777	1.981.127	1.396.652	560.255	24.220	
	1.951.393	1.986.743	1.402.268	560.255	24.220	
Non-derivative financial liabilities						
Factoring payables	2.150	2.150	2.150	-	-	
Funds borrowed	1.589.656	1.596.845	1.340.113	231.916	24.816	
Debt securities issued	281.602	293.220	75.223	217.997	-	
	<b>1.873.408</b>	<b>1.892.215</b>	<b>1.417.486</b>	<b>449.913</b>	<b>24.816</b>	-



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

The Company makes payments based on contractual maturities.

The following table details the maturities of derivative financial assets and liabilities as at 31 December 2016 and 31 December 2015.

### 31 December 2016

Contractual Maturities	Net Cash Outflow	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Derivative cash inflows	625.958	608.223	608.223	-	-	-
Derivative cash outflows	598.178	625.958	625.958	-	-	-

### 31 December 2015

Contractual Maturities	Net Cash Outflow	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Derivative cash inflows	143.091	141.227	141.227	-	-	-
Derivative cash outflows	141.023	143.091	143.091	-	-	-

#### (j) Fair value of financial instruments

The Company management estimates that the carrying amount of the financial assets and liabilities approximate to their fair value. The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange. The financial assets and liabilities, such as factoring receivables, cash at banks and short-term bank borrowings in TL which are recognized by discounted amount of estimated future cash flows, are considered to approximate their respective carrying values due to their short-term nature. The fair value prices of debt securities issued are determined on the basis of their prices in the market they are traded. The fair value level of debt securities issued is level 1, whereas level of fair value of other financial instruments is Level 2.

# İŞFAKTÖRİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

The table below refers to the comparison of carrying amounts and fair values of financial instruments which are carried at other than their fair value in the financial statements.

<b>31 December 2016</b>	<b>Financial assets and liabilities held for trading</b>	<b>Financial assets at amortized cost</b>	<b>Loans and receivables</b>	<b>Financial liabilities at amortized cost</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Note</b>
Financial Assets							
Banks	-	8.804	-	-	8.804	8.804	5
Financial assets at fair value through profit or loss	-	-	-	-	-	-	4
- Financial assets held for trading	5.879	-	-	-	5.879	5.879	
- Derivative financial assets held for trading	40	-	-	-	40	40	4
Factoring receivables and non-performing factoring receivables	-	-	2.985.557	-	2.985.557	2.985.557	7
Financial liabilities							
Derivative financial liabilities held for trading	23.637	-	-	-	23.637	23.637	4
Factoring payables	-	-	-	3.738	3.738	3.738	7
Other payables	-	-	-	1.275	1.275	1.275	15
Funds borrowed	-	-	-	2.672.693	2.672.693	2.672.693	13
Debt securities issued	-	-	-	182.101	182.101	180.193	14
<b>31 December 2015</b>							
Financial Assets							
Banks	-	5.616	-	-	5.616	5.616	5
Financial assets at fair value through profit or loss	-	-	-	-	-	-	4
- Financial assets held for trading	3.825	-	-	-	3.825	3.825	
- Derivative financial assets held for trading	164	-	-	-	164	164	4
Factoring receivables and non-performing factoring receivables	-	-	1.951.274	-	1.951.274	1.951.274	7
Financial liabilities							
Derivative financial liabilities held for trading	393	-	-	-	393	393	4
Factoring payables	-	-	-	2.150	2.150	2.150	7
Other payables	-	-	-	484	484	484	15
Funds borrowed	-	-	-	1.589.656	1.589.656	1.589.656	13
Debt securities issued	-	-	-	281.652	281.652	279.330	14



# İŞ FAKTORİNG ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### (k) 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 2016	Level 1	Level 2	Level 3	Total
Financial assets held for trading	5.879	-	-	5.879
Derivative financial assets held for trading	-	40	-	40
Available-for-sale financial assets <sup>(*)</sup>	11.892	-	-	11.892
Total financial assets carried at fair value	17.771	40	-	17.811
Derivative financial liabilities held for trading	-	23.637	-	23.637
<b>Total financial liabilities carried at fair value</b>	<b>-</b>	<b>23.637</b>	<b>-</b>	<b>23.637</b>
31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets held for trading	3.825	-	-	3.825
Derivative financial assets held for trading	-	164	-	164
Available-for-sale financial assets <sup>(*)</sup>	10.801	-	-	10.801
Total financial assets carried at fair value	14.626	164	-	14.790
<b>Derivative financial liabilities held for trading</b>	<b>-</b>	<b>393</b>	<b>-</b>	<b>393</b>
<b>Total financial liabilities carried at fair value</b>	<b>-</b>	<b>393</b>	<b>-</b>	<b>393</b>

<sup>(\*)</sup> As at 31 December 2016, securities that are not publicly traded amounting to TL 1.386 have been measured at cost (31 December 2015: TL 1.386)

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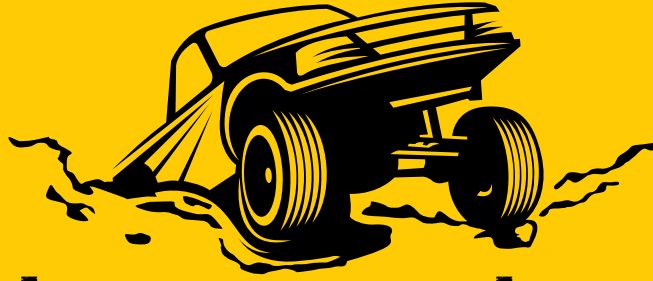












# İŞ FAKTORİNG TEAM

## DRIVER

ERTUĞRUL BOZGEDİK

CHAIRMAN

## CO-DRIVER

A. ERDAL ARAL

GENERAL MANAGER

## TEAM MEMBERS

ABDURRAHMAN BALI  
AHMET YENİ  
ANIL YAĞBAKAN  
ASLI BALAT  
AYÇA ÖZDEM  
AYFER ÖZCAN  
AYSUN KOYUNCU  
AYŞE ASLIHAN DEMİRCAN  
AYŞE ESRA POYRAZ  
AZRA DENİZ KIZILKAYA  
BAHAR KABLAN  
BATUHAN ERENTÜRK  
BERFU ECE KEÇELİ  
BURAK ALPSÖLEY  
BURCU AKTUĞLU GÜLTEKİN  
BURCU ÖZER  
BURCU ZEYBEK  
CAN PEYNİRCİOĞLU  
CAN TUNALI  
CANAN KESKİN  
CANAN ÖZTÜRK  
CANER ATASEVEN  
ÇİĞDEM FIRAT  
DENİZ YILDIZ ŞİŞMAN  
DİDEM ŞENKAL  
DİLEK İNAN  
DİLEK TOPAL  
DOĞUKAN PEKEL  
DUYGU KOÇ  
EMRE GÜLBAŞAR  
EMRE KÖMÜR  
ERCAN FURAT

ERDAL SADIKOĞULLARI  
ERDEM TOKATLI  
ERDEM YILMAZ  
ERMAN PEKER  
EZGİ ASLAN KÜLAHİ  
FATİH AKTAŞ  
FATMA ASUMAN AKDOĞAN  
FATMA TEMİZ  
FERHAN ENGİN  
FİLİZ KAHRIMAN  
GAMZE AVCU  
GİZEM BİRİNCİ  
GÖKÇEN YAZICIOĞLU MARAŞ  
GÖKHAN KANBUR  
GÖRKEM AKGÜN  
GÜLAY KARADENİZ AKBAL  
GÜLÇİN FATMA ÇABUK DAĞLI  
GÜRKAN SERİN  
HALİL ÇAM  
HANDAN ÇELİK  
HANDE ÇELİK  
HEDİYE AYBÜKE ÖZTÜRK  
HÜSEYİN ÇALIŞKAN  
IŞIL BALKANLI  
İMREN ÖZDEMİR  
İZLEM ELVAN  
KAHRAMAN ULUÇAY  
KEREM CAN ZİPÇİ  
KÜBRA GENCAY  
KÜBRA TOKLU  
MEHMET ÖMER ULUSOY  
MEHMET SONER KARA

METİN UĞUR  
MUHAMMED AKAR  
MURAT TAYSUNG  
MUZAFFER ARMAĞAN SARAÇOĞLU  
ÖMER KILIÇOĞLU  
ÖZLEM AYKOL  
ÖZLEM SARIKAYA  
ÖZLEN AYNA  
PELİN DEMİRCİOĞLU  
PINAR İZ  
RAHŞAN FERDA BİNZET  
RUŞEN DÖNMEZ  
SABRİYE İPEK ÇALIŞDIRMAK  
SAMİ ÇELİK  
SEDA GÖKSEL TÜMER  
SEDA TUĞUT  
SELİN ALPER  
SEMRA ATALAY  
SERHAT OKCU  
SERKAN ÖNEM  
SİNEM ŞENER  
SUNA REÇEL  
ŞEYDA SÜZEN  
TEKİN YOLÇU  
TUĞBA IŞILGA  
TUĞBA KARATAŞ  
VOLKAN DİKER  
VOLKAN GENÇAY  
YELİZ KIRIK  
YUSUF YETİŞEN  
ZEYNEP KARACA



