

# **FİNANSAL KURUMLAR BİRLİĐİ**

**1 January-31 December 2022**

**Financial Statements, Notes, and Independent Auditors' Report**

*(Convenience Translation into English Of Independent Auditor's Report Originally Issued In Turkish)*

**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S  
REPORT ORIGINALLY ISSUED IN TURKISH**

**Finansal Kurumlar Birliği  
To the Board of Directors**

**A. Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Finansal Kurumlar Birliği (“the Association”) which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards (“TAS”).

**Basis for Opinion**

We conducted our audit in accordance with standards on auditing issued by the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics published by the Public Oversight Accounting and Auditing Standards Authority. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

It was decided that we did not have a key audit matter to report in our report.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TAS, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.).

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **B. Reports on Independent Auditor’s Responsibilities Arising from Other Regulatory Requirement**

1) Pursuant to subparagraph 4, Article 402 of “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 2022 is not in compliance with the code and provisions of the Company’s articles of association in relation to financial reporting.

2) Pursuant to subparagraph 4, Article 402 of “TCC”, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Zekeriya Çelik is the auditor responsible for conducting and finalizing this independent audit.

Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.  
(Associate member of PRAXITY AISBL)

Zekeriya Çelik  
Sorumlu Denetçi, YMM

27 Mart 2023, İstanbul

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**FİNANSAL KURUMLAR BİRLİĞİ**  
**STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2022**  
(Currency in Turkish Lira (“TL”) unless otherwise stated)

<b>ASSETS</b>		<i>Audited</i> <b>31 December 2022</b>	<i>Audited</i> <b>31 December 2021</b>
<b>Current Assets</b>		<b>19.915.253</b>	<b>13.077.780</b>
Cash and Cash Equivalents	4	19.630.110	13.041.837
Trade Receivables	6	15.000	--
Other Receivables	7	15.000	--
Prepaid Expenses	8	255.143	--
Other Current Assets	13	--	35.943
<b>Non-Current Assets</b>		<b>9.961.496</b>	<b>10.780.203</b>
Subsidiaries	5	8.593.186	8.593.186
Tangible Assets	11	1.368.310	2.187.017
<b>TOTAL ASSETS</b>		<b>29.876.749</b>	<b>23.857.983</b>

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

**FİNANSAL KURUMLAR BİRLİĞİ**  
**STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2022**  
(Currency in Turkish Lira (“TL”) unless otherwise stated)

<b>LIABILITIES</b>	<b>Note</b>	<i>Audited</i> <b>31 December 2022</b>	<i>Audited</i> <b>31 December 2021</b>
<b>Current Liabilities</b>		<b>8.737.328</b>	<b>4.968.912</b>
Short Term Lease Liabilities	10	1.075.878	945.715
Trade Payables	6	321.644	117.828
Employee Benefit Obligations	14	588.184	409.042
Other Payables	7	50.110	--
Deferred Income	8	5.807.878	3.156.817
Short Term Provisions for Employee Benefits	15	837.003	306.346
Other Liabilities	9	56.631	33.164
<b>Non-Current Liabilities</b>		<b>1.563.573</b>	<b>2.146.530</b>
Long Term Lease Liabilities	10	--	1.509.052
Provision for Employee Termination Benefits	16	1.563.573	637.478
<b>Equity</b>		<b>19.575.848</b>	<b>16.742.541</b>
Other Comprehensive Income Items not to be Reclassified to Profit or Loss			
-Actuarial loss arising from employee benefits	16	(1.162.100)	(375.927)
Retained Earnings		17.118.468	12.106.492
Net Profit for the Year		3.619.480	5.011.976
<b>TOTAL LIABILITIES</b>		<b>29.876.749</b>	<b>23.857.983</b>

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

**FİNANSAL KURUMLAR BİRLİĞİ**  
**PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(Currency in Turkish Lira (“TL”) unless otherwise stated)

	Not	<i>Audited</i> 1 January- 31 December 2022	<i>Audited</i> 1 January- 31 December 2021
<b>Profit or Loss</b>			
Sales	17	18.072.573	15.760.133
Cost of Sales (-)	--	--	--
<b>Gross Profit</b>		<b>18.072.573</b>	<b>15.760.133</b>
General Administrative Expenses (-)	18	(19.223.334)	(12.137.714)
Other Operating Income	19	282.242	56.308
Other Operating Expense (-)	19	(64.655)	(12.000)
<b>Operating Profit</b>		<b>(933.174)</b>	<b>3.666.727</b>
Income from Investing Activities	20	4.928.944	1.779.699
<b>Operating Profit Before Financial Expenses</b>		<b>3.995.770</b>	<b>5.446.426</b>
Financing Expenses (-)	21	(376.290)	(434.450)
<b>Profit for the year</b>		<b>3.619.480</b>	<b>5.011.976</b>
<b>Other Comprehensive Income / (Expense)</b>			
<b>Other comprehensive income items not to be reclassified to profit or loss</b>			
– Actuarial Loss from Employee Benefits	16	(786.173)	(244.885)
<b>Other Comprehensive Income / (Expense)</b>		<b>(786.173)</b>	<b>(244.885)</b>
<b>Total Comprehensive Income</b>		<b>2.833.307</b>	<b>4.767.091</b>

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



**FİNANSAL KURUMLAR BİRLİĞİ****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022**

(Currency in Turkish Lira (“TL”) unless otherwise stated)

	<b>Acturial Gain / Loss</b>	<b>Retained Earnings</b>	<b>Net profit for the Year</b>	<b>Total Equity</b>
<b>Balance as of 1 January 2021</b>	<b>(131.042)</b>	<b>9.574.057</b>	<b>2.532.435</b>	<b>11.975.450</b>
Transfers	--	2.532.435	(2.532.435)	--
Net profit for the period	(244.885)	--	5.011.976	<b>4.767.091</b>
<b>Balance as of 31 December 2021</b>	<b>(375.927)</b>	<b>12.106.492</b>	<b>5.011.976</b>	<b>16.742.541</b>
<b>Balance as of 1 January 2022</b>	<b>(375.927)</b>	<b>12.106.492</b>	<b>5.011.976</b>	<b>16.742.541</b>
Transfers	--	5.011.976	(5.011.976)	--
Net profit for the period	(786.173)	--	3.619.480	<b>2.833.307</b>
<b>Balance as of 31 December 2022</b>	<b>(1.162.100)</b>	<b>17.118.468</b>	<b>3.619.480</b>	<b>19.575.848</b>

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

**FİNANSAL KURUMLAR BİRLİĞİ**

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2022**

(Currency in Turkish Lira (“TL”) unless otherwise stated)

	Note	Audited 1 Jan.- 31 Dec.2022	Audited 1 Jan.- 31 Dec. 2021
<b>A. Cash Flows From (Used In) Operating Activities</b>		<b>4.969.959</b>	<b>4.952.096</b>
Profit for The Year		3.619.480	5.011.976
<b>Adjustments to Reconcile Profit for The Period</b>		<b>1.350.479</b>	<b>(59.880)</b>
Adjustments for Depreciation and Amortisation Expense	11-12	1.133.764	1.383.683
Adjustments for Provisions	15-16	670.579	127.714
Adjustments for Impairment Loss	5	(199.275)	(12.000)
Adjustments for Interest Income	20	(3.464.601)	(1.779.699)
Adjustments for Interest Loss	21	376.290	428.180
Adjustments for Decrease (Increase) In Trade Accounts Receivable	6	(15.000)	209.927
Adjustments for Decrease (Increase) In Other Receivables Related with	7	(15.000)	--
Adjustments for Decrease (Increase) In Trade Accounts	6	179.142	(63.512)
Adjustments for Decrease (Increase) In Other Accounts	7	50.792	--
Adjustments for Prepaid Expenses	8	(255.143)	--
Adjustments for Deferred Income	8	2.651.061	(380.683)
Adjustments for Employee Benefits	14	179.142	(32.888)
Adjustments for Decrease (Increase) In Other Current Assets	13	35.943	80.362
Adjustments for Decrease (Increase) In Other Current Liabilities	9	22.785	(20.964)
<b>B. Cash Flows From (Used In) Investing Activities</b>		<b>3.262.946</b>	<b>1.463.457</b>
Purchase of Property, Plant and Equipment and Intangible Assets	11-12	(315.057)	(255.507)
Cash Inflows From Financial Investments	20	3.575.148	1.718.964
<b>C. Cash Flows From (Used In) Financial Activities</b>		<b>(1.755.179)</b>	<b>(1.591.042)</b>
Cash Outflows Related to Lease Obligations (-)	10	(1.755.179)	(1.591.042)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>6.477.726</b>	<b>4.824.511</b>
<b>D. Cash and Cash Equivalents at The Beginning of The Period</b>	<b>4</b>	<b>12.897.186</b>	<b>8.072.397</b>
<b>Cash and Cash Equivalents at The End of The Period(A+B+C+D)</b>	<b>4</b>	<b>19.374.912</b>	<b>12.897.186</b>

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

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022

(All amounts expressed in Turkish Lira ("TL")).

### NOTE 1- THE ASSOCIATION'S ORGANIZATION AND NATURE OF ACTIVITIES

The Association's Organization:

The associations which undertook similar activities before the Law No.6361, Finansal Kiralama Derneği ("Leasing Association"), Faktoring Derneği ("Factoring Association") and Tüketici Finansmanı Şirketleri Derneği ("Consumer Financing Companies Association") were decided to liquidate since they are not required after the foundation of the Finansal Kurumlar Birliği ("The Association").

According to Article 40 of the Financial Leasing, Factoring and Financing Companies Law No. 6361, The Association is a professional organization that has a legal entity and is a public institution with publication of the Association Status ("Status") in the Official Gazette on 25 July 2013. In accordance with the relevant articles of Law No. 7292, which came into force after being published in the Official Gazette dated 7 March 2021, the name of Law No. 6361 was changed to "Financial Leasing, Factoring, Financing and Savings Financing Companies Law", and the title of the Association was changed to "Association of Financial Institutions".

With the General Assembly meeting held on 5 July 2019, the new term Board of Directors was elected for 3 years and took over. As a result of the amendment to Law No.7292, the Board of Directors will be elected for 2 years in the elections in 2022.

According to the law provisions, all financial leasing, factoring and financing companies that operate in Turkey, as of the date they receive permission to operate, have to join the Association within one month, comply with the provisions of the Status, and must implement the decisions taken by the Association's competent bodies.

Finansal Kurumlar Birliği "The Association of Financial Leasing, Factoring and Financing Companies" ("the Association") is operating in Turkey and located in Esentepe Mahallesi, Büyükdere Caddesi, Bahar Sokak, No:13 River Plaza Kat:18 Ofis No: 48-49 34394 Şişli, İstanbul, Turkey. As of the balance sheet date the number of personnel of the Association is 16 (31 December 2021: 16).

#### **Subject of activity:**

Association is a professional organization that has a legal personality established in accordance with the Law and is a public institution.

Within the framework of free market economy and full competition principles and in line with regulation principles and rules of the industry, the aim of the Association is to defend the rights and interests of the companies, to work for the sectors' growth, trusted work and the development of relevant professions, and for raising the competitiveness.

The Association performs the following tasks to accomplish this aim:

- a) Create policies for the development of sectors and relevant professions and take decisions,
- b) Determine the professional principles and standards that companies have to comply,
- c) To provide the companies to work in the unity, dignity and discipline that the profession requires according to the needs of the economy, by determining the principles and ethics of the profession,
- d) Inform the companies about the decisions taken by relevant legislation and by the Agency and the IT leases,
- e) Take the necessary measures to protect the competitive environment,

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira ("TL")).

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### NOTE 1- THE ASSOCIATION'S ORGANIZATION AND NATURE OF ACTIVITIES

(Continued)

#### Subject of activity (Continued)

- f) Transfer the information which is collected through the economy, the financial sector and domestic and international developments in their system by monitoring; to its members and relevant persons,
- g) Monitor domestic and international developments in the economy, in the financial sector, and in their system; transfer the information collected to its members and relevant people,
- h) Giving advices to official authorities and organizations about the issues of the companies and sectors,
- i) Take decisions that will strengthen professional solidarity relations between the companies,
- j) Ensure the cooperation on joint projects between the members,
- k) Collect the companies' and sectors' non confidential statistics and announce to public,
- l) Follow up the regulations related to the sectors and to publicize these regulations to companies,
- m) Identify the principles to be followed in advertisements and announcements of the companies under the relevant legislation,
- n) Follow up the implementation of the decisions and measures and decide to administrative penalty about the companies do not exactly comply with these totally and on time, within the context of the law,
- o) Organize seminars symposiums, conferences and such education programs on issues related to industry,
- p) Litigate about the common interests of the companies according to the Board of Directors' decision,
- q) Take the measures which are required to be taken by the Agency,
- r) Determine the principles and procedures related to the registration of lease contracts to the special registry, by taking the relevant opinion of the Board,
- s) consolidate the information about the assigned receivables including the invoice information of the factoring companies and banks with approval of the Association under the consideration of the Risk Center, determine the procedures and principles about sharing the information,
- t) Impose disciplinary penalties in accordance with the law, relevant legislation and this Status and to make arrangements in this regard,
- u) Become a member or to participate as a shareholder in national or international financial, economic and professional institutions, organizations or partnerships within the framework of the relevant legislation,
- v) Represent the Association in institutions or organizations of which the Association is a member and a shareholder,
- w) Ensure the flow of information between the members and the Association, and vice versa, within the requested framework,

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira (“TL”).)

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### NOTE 1- THE ASSOCIATION’S ORGANIZATION AND NATURE OF ACTIVITIES

(Continued)

#### Subject of activity (Continued)

- x) Undertake activities to resolve the conflict between the parties by evaluating the complaints made about the members who have been submitted to the Association through all kinds of channels, including the complaints platform,
- y) Carry out other tasks given by the legislation.

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### **2.1 Basis of Presentation**

The financial statements and disclosures have been prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) promulgated by the Public Oversight Accounting and Auditing Standards Authority (POA).

The Association maintain their books of accounts and prepare their statutory financial statements on the basis of Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of the Republic of Turkey. These financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Accounting Standards and the format specified in the Guidelines for Use issued by POA.

The financial statements have been prepared on a historical cost basis.

#### **2.2 Functional and Presentation Currency**

Functional and presentation currency of the Association is Turkish Lira (“TL”).

#### **2.3 Correction of Financial Statements During the Hyperinflationary Periods**

TAS 29 “Financial Reporting in Hyperinflationary Economies” is not applied to the financial statements since 1 January 2005.

#### **2.4 Going Concern**

The financial statements have been prepared assuming that the Association will continue as a going concern on the basis that the entities will be able to realize their assets and discharge its liabilities in the normal course of business.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022

(All amounts expressed in Turkish Lira (“TL”).)

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.5 New and Revised Turkish Accounting Standards

The accounting policies adopted in preparation of the financial statements as at December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Association’s financial position and performance have been disclosed in the related paragraphs.

**a) The new standards, amendments and interpretations which are effective as at January 1, 2022 are as follows:**

#### **Amendments to TFRS 3 - Reference to the Conceptual Framework**

In July 2020, POA issued Reference to the Conceptual Framework, which made amendments to TFRS 3 Business Combinations. The amendments updated TFRS 3 by replacing a reference to an old version of the Board’s Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The Association’s shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendment has no impact on the consolidated financial position and performance of the Group.

#### **Amendments to TAS 37 - Onerous Contracts - Cost of Fulfilling a Contract**

In July 2020, POA issued Onerous Contracts - Cost of Fulfilling a Contract, which made amendments to July 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendment has no impact on the consolidated financial position and performance of the Association.

#### **Amendments to TAS 16 - Property, Plant and Equipment Proceeds before Intended Use**

In July 2020, POA issued Property, Plant and Equipment - Proceeds before Intended Use, which made amendments to TAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The Association shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendment has no impact on the consolidated financial position and performance of the Association.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022

(All amounts expressed in Turkish Lira (“TL”).)

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.5 New and Revised Turkish Accounting Standards (Continued)

##### Annual Improvements to TFRS 2018–2020

IASB issued Annual Improvements to TFRSs - 2018–2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. These improvements to TFRSs have no impact on the consolidated financial position and performance of the Association.

**a) The new standards, amendments and interpretations which are effective as at January 1, 2022 are as follows: (Continued)**

##### *TFRS 1 First-time Adoption of International Financial Reporting Standards*

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of TFRS later than its parent – i.e. if a subsidiary adopts TFRS later than its parent and applies TFRS D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent’s date of transition to TFRS. This amendment will ease transition to TFRS for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

##### *TFRS 9 Financial Instruments*

This amendment clarifies that in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

##### *TAS 41 Agriculture*

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

**b) Standards Issued But Not Yet Effective and Not Early Adopted as of 31 December 2022**

##### **TFRS 17 – Insurance Contracts**

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a “classification overlay” to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17. The Group does not expect that application of TFRS 17 will have significant impact on its consolidated financial statements.

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.5 New and Revised Turkish Accounting Standards (Continued)**

**Amendments to TAS 1 - Classification of Liabilities as Current or Non-current**

On January 15, 2021, POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Association is assessing the potential impact on its consolidated financial statements resulting from the amendments of TAS 1.

**b) Standards Issued But Not Yet Effective and Not Early Adopted as of 31 December 2022 (Continued)**

**Amendments to TAS 1 - Disclosure of Accounting Policies**

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term ‘significant’ in TFRS, POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in TFRS and is widely understood by the users of financial statements, according to POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. The Association is assessing the potential impact on its consolidated financial statements resulting from the amendments of TAS 1.

**Amendments to TAS 8 - Definition of Accounting Estimates**

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The Association is assessing the potential impact on its consolidated financial statements resulting from the amendments of TAS 8.



**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.5 New and Revised Turkish Accounting Standards (Continued)**

**Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities Arising From a Single Transaction**

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The Association is assessing the potential impact on its consolidated financial statements resulting from the amendments of TAS 12.

**b) Standards Issued But Not Yet Effective and Not Early Adopted as of 31 December 2022 (Continued)**

**Amendments to TAS 1 – Non-Current Liabilities with Covenants**

On December 20, 2022, POA issued amendments to TAS 1 Non-Current Liabilities with Covenants. The amendments set out in ‘Non-current Liabilities with Covenants (Amendments to TAS 1)’ state that at the reporting date, the entity doesn’t need to consider covenants to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements. With these changes, aims to help investors understand the risk that such debt could become repayable early and therefore, has improved the information being provided on the long-term debt.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The Association is assessing the potential impact on its consolidated financial statements resulting from the amendments.

**Amendments to IFRS 16 -Lease Liability in a Sale and Leaseback**

On 20 December 2022, the POA issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024. The Association is assessing the potential impact on its financial statements resulting from the amendments.

**Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Association is assessing the potential impact on its consolidated financial statements resulting from the amendments.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira (“TL”)).

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.6 Changes in Accounting Estimates and Corrections of Errors

The effect of a change in accounting policy is applied retrospectively. Adjustments relating to prior periods are made to the opening balance of retained earnings. The effect of a change in accounting policy should be applied prospectively only when the amount of the adjustment to the opening balance of retained earnings cannot be reasonably determined. The effect of a change in an accounting estimate should be included in the determination of net profit or loss in the period of the change, if the change affects the period only; or the period of the change and future periods, if the change affects both.

The Association reclassified the balance amounting to TL 1.779.699 in the financing income account in the financial statements as of 31 December 2021 to the investing activities account. The relevant classification did not have an impact on the profit or loss statement.

#### 2.7 Offsetting

Financial assets and liabilities are offset and the net amount reported in the financial position statement when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### 2.8 Summary of Significant Accounting Policies

The significant accounting policies implemented during the preparation of the accompanying financial statements are as follows:

##### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at banks and on hand and cash in transit. Cash and cash equivalents consist of short-term highly liquid investments including time deposits generally having original maturities of three months or less. Foreign currency bank deposits valued at the end of period rate.

##### **Trade Receivables**

Trade receivables that are created by the Association by way of providing goods or services directly to a debtor are recorded at invoice values after deducting provision for doubtful trade receivables carried at amortized cost. Finance cost imputed in trade receivables is computed by discounting the receivables at the current market rate of return for government bonds quoted in an organized stock exchange or for a similar financial asset with appropriate due dates and is reflected in the financial statements. Short term trade receivables with no stated interest rate are measured at invoice amount unless the effect of imputing interest accrual is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Association will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. Credit risk provision is made based on the best estimates of the Management about the market conditions. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

##### **Trade Payables**

Trade payables are carried at amortized values which reflect the fair value of goods and services purchased

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira (“TL”).)

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Property, Plant and Equipment

The tangible assets are shown as cost of purchasing value less accumulated depletion and permanent depreciation. The historical cost of the tangible asset consists of the purchase price and non-refundable taxes and expenses to make the tangible asset available. The costs of tangible assets in except for land, landed property and construction in progress, are subjected to pro rata depreciation using straight-line method of depreciation based on their expected useful lives. The expected useful life, residual value and method of depreciation are reviewed each and every year for the possible effects of the changes that may occur in the estimations and accounted prospectively in case of a change in the estimations. The estimated useful lives of such assets, are stated as follows:

	<b>Useful lives</b>
Furniture and fixtures	4–15 years

Profits or losses from sales of property, plant and equipment are included in the other operating income and expense accounts respectively. The tangible assets purchased prior to 1 January 2005 are carried from the costs adjusted according to the effects of inflation costs adjusted according to the effects of inflation.

##### Intangible Assets

Intangible assets are assets consisting of primary rights and computer software, and they were first valued at the purchase price. Intangible assets are capitalized to obtain economic benefits in the future and to be able to accurately determine the cost. In the first records, there are intangible assets, accumulated amortization, and cost. Intangible assets are subject to linear depreciation at estimated rates.

##### Impairment of Assets

The Association assesses whether there is any indication of impairment in relation to an asset at each balance sheet date. If there is any such indication, the recoverable amount of that asset is estimated. Impairment occurs if the book value of the said asset or any cash generating unit pertaining to that asset is higher than the amount to be recovered through use or sale. The recoverable amount is found by selecting the higher of its fair value less costs to sell and its value in use. Value in use is the estimated present value of the future cash flows expected to be derived from an asset after its continuous use and disposal at the end of its useful life. Impairment losses are recognized in the statement of profit or loss.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira (“TL”).)

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Revenue

##### Expense share and member entry fee

Association member entry fee incomes consist of the Association member entry fees to be given to the operators for once to be allocated to the Association budget and the bonuses to be determined by the Association Board of Directors.

Cost participation shares consist of participation fees for the Union and sector expenses, the amount of which is determined by the Board of Directors of the Association after the budgets to be made and approved by the General Assembly.

Revenue is recognized on an accrual basis at fair value of the consideration received upon the provision of the service, the transfer of risks and benefits related to the service, the ability to reliably determine the amount of income and the probable flows of economic benefits related to the transaction to the Association.

##### Foreign Currency Transactions

The foreign currency transactions realized within the year are converted over the foreign exchange rates valid at the dates of transactions. The monetary assets and liabilities depending on foreign exchange are converted into Turkish Lira over the exchange rates valid at the end of the period. The exchange difference arising out of the conversions of monetary assets and liabilities depending on foreign exchange are reflected into the statement of income at the period their income or losses are realized.

##### Events After the Balance Sheet Date

The events after the date of the Financial statement include all events that occurred between the date of the Financial statement and the date of authorization for the publication of the Financial statement; even if they took place after an announcement on the income for the period or a public disclosure of other selected financial information.

If events that require the adjustment occur after the date of the financial statement, the Association corrects the amounts recognized in the financial statements in compliance with this new situation.

##### Provisions, Contingent Assets and Liabilities

In order for any amount of provisions to be recognized in the financial statements, the Company is to have a present legal or constructive obligation as a result of past events, it should be probable that an outflow of resources with economic benefits will be required to fulfill this obligation, and a reliable estimate of the amount of the said liability can be made. If the said criteria did not occur, then the Company discloses the said matters in the relevant notes. Contingent assets are not recognized until they are realized and only disclosed in the notes.

Contingent assets are continuously assessed in order for the true representation of the related developments in the financial statements. In the event that the inflow of economic benefit into the operation is almost certain, the relevant asset and the income related thereto are reflected into the financial statements of the term that the change occurred. In the event that the inflow of economic benefit becomes probable, the operation displays the said contingent asset in the notes of the financial statement.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira (“TL”).)

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### **Employee Benefits**

Payments to defined contribution retirement benefit plans are charged as an expense in the year in which the contributions relate to. Payments made to the Social Security Institution of Turkey and Turkish Republic Retirement Fund are dealt with as payments to defined contribution plans where the Group’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense in the period to which the employees’ service relates. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for any unrecognized past service cost. There is no funding requirement for defined benefit plans. The Group recognizes actuarial gains and losses in the statement of other comprehensive income.

##### **Related Parties**

Within the scope of this report, the Company shareholders, affiliates, subsidiaries and other entities than subsidiaries that the Company shareholders are in a capital or administrative relationship directly or indirectly, The Company or administrative personnel such as the member of The Company’s board of directors, general manager, etc., authorized and responsible for planning, performance and auditing of the Company operations directly or indirectly, close family members of these persons and companies under direct or indirect control of these persons are considered as the related parties. Transactions with related parties are disclosed in the notes to the financial statement.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira (“TL”).)

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### **Statement of Cash Flows**

In the statement of cash flows, cash flows in relation to the period are reported as classified on the basis of operating activities, investment activities and financing activities. The cash and cash equivalents in the statement of cash flows include the cash and bank deposits.

##### **Leases**

###### *As a leasee*

At the beginning of a contract, the Group evaluates whether the contract is a lease or whether it contains a lease. If the contract delegates the right to control the use of the asset defined for a price, for a certain period, this contract is a lease or includes a lease.

###### *Right of use asset*

The right of use asset is initially recognized at cost comprising of amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Group and Costs incurred by the Group in the restoration of the underlying asset to the extent required by the terms and conditions of the lease. The Group applies the depreciation provisions of TAS 16, “Property, Plant and Equipment while depreciating the right of use.

###### *Rent obligations.*

At the commencement date, The Association measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined.

###### *As a lessor*

the rental income acquired is charged to the statement of profit or loss on a straight-line method basis over the period of the lease.

##### **Operating Segments**

The Association has a single segment of activity due to the nature of the Association's products, services and processes, and the similarity of the methods used to provide the services. Segment reporting is not required.

## **FİNANSAL KURUMLAR BİRLİĞİ**

### **NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022** (All amounts expressed in Turkish Lira (“TL”).)

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#### **NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

##### **2.9 Critical Accounting Estimates and Assumptions**

The critical accounting estimates that have significant effect on the book values of the assets and liabilities are as follows:

##### **Useful life:**

Tangible and intangible assets are subjected to amortization and depreciation throughout their estimated useful lives.

##### **Employment termination benefits:**

The provision for employment termination benefits is reduced to its value at the balance sheet date by calculating the personnel turnover rate based on the past year experiences and expectations.

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira (“TL”).)

#### NOTE 3 – RELATED PARTIES DISCLOSURES

- As of 31 December 2022, he has receivables from Birlik Economic Enterprise, which is a subsidiary, amounting to TL 15,000.
- As of 31 December 2022, it has payables amounting to TL 50.110 to its subsidiary Trade Finance Economic Enterprise.
- There are no transactions with related parties for the years ended 31 December 2022 and 31 December 2021.
- As of 31 December 2022 and 31 December 2021, there are no benefits provided to senior management from related parties.

#### NOTE 4 – CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Association as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Cash	1.809	1.829
Banks		
- Time deposits	17.969.987	13.036.179
- Demand deposits	1.658.314	3.829
	<b>19.630.110</b>	<b>13.041.837</b>

  

	31 December 2022	31 December 2021
Cash and cash equivalents	19.630.110	13.041.837
Interest accruals (-)	255.198	144.651
Cash and cash equivalents in the statement of cash flows	<b>19.374.912</b>	<b>12.897.186</b>

The cash and cash equivalents of the Association as of 31 December 2022 and 2021 are as follows:

#### 31 December 2022

	Interest Rate	Maturity Rate	Currency Amount	Amount (TL)
Time Deposits (TL)	% 13- % 26	Ocak 2023	17.969.987	17.969.987
				<b>17.969.987</b>

#### 31 December 2021

	Interest Rate	Maturity Rate	Currency Amount	Amount (TL)
Time Deposits (TL)	%7.50 -% 17	Ocak 2022	13.036.179	13.036.179
				<b>13.036.179</b>



## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira ("TL")).

#### NOTE 5 – FINANCIAL INVESTMENTS

It is dated January 7, 2014. 2014/2. In accordance with the resolutions of the Board of Directors numbered 2014/3 and 2014/4, it has been decided to establish economic enterprises in accordance with the provisions of the Law in order to help achieve the objectives of the Association of Financial Institutions and to provide continuous income to the Union. The activities of the economic enterprises are as follows;

- To make the necessary investments for the establishment of the system related to the registration procedures specified in the 21st and 22nd articles of the relevant law and to operate in line with these purposes.
- Factoring companies and banks in Article 43 of the relevant law, titled "Central Invoice Recording". To make the necessary investments for the establishment of a system that will collect the information about the receivables they have taken over, including the invoice information.
- Financial Leasing in Turkey. To carry out activities for the development and expansion of Factoring and Financing Companies transactions.

The financial investments of the Association as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
<b>Subsidiaries and financial investments</b>		
JCR Avrasya Derecelendirme A.Ş.(*)	5.788.186	5.788.186
Birleşik İpotek Finansmanı A.Ş.(**)	2.500.000	2.500.000
Finansal Kiralama İktisadi İşletmesi (***)	100.000	100.000
Ticaret Finansmanı İktisadi İşletmesi (***)	100.000	100.000
Birlik İktisadi İşletmesi (***)	105.000	105.000
	<b>8.593.186</b>	<b>8.593.186</b>

(\* ) The Association has purchased 59,999 shares with a nominal value of 59,999 TL, representing 6% of the capital of JCR Avrasya Rating A.Ş., for 5,788,186 TL.

(\*\* ) Birlik has purchased 2,500,000 shares of Group B with a nominal value of 2,500,000 TL, representing 5% of the capital of Birleşik İpotek Finansmanı A.Ş. for a price of 2,500,000 TL.

(\*\*\*) Related businesses are subsidiaries of the Union, and the share rate of the Union in businesses is 100%.

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira ("TL")).

#### -NOTE 6 – TRADE RECEIVABLES AND PAYABLES

The trade receivables and payables of the Association as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
<b>Trade receivables</b>		
Trade receivables	15.000	--
Doubtful receivables	420.318	619.593
Provision for doubtful receivables (-)	(420.318)	(619.593)
	<b>15.000</b>	<b>--</b>

The movement table for doubtful trade receivables for 2022 and 2021 is as follows :

	31 December 2022	31 December 2021
<b>Opening balance 1 January</b>	619.593	607.593
Provision on the current period	64.655	12.000
Collected in the period	(263.930)	--
<b>Closing balance as of 31 December 2022</b>	<b>420.318</b>	<b>619.593</b>

The movement table for doubtful trade payables for 2022 and 2021 is as follows :

	31 December 2022	31 December 2021
<b>Trade payables</b>		
Trade payables (*)	321.644	117.828
	<b>321.644</b>	<b>117.828</b>

(\*) Payables to vendors, consulting building common expense contribution. technical services. consists of balances due to vendors related to corporate communication etc. expenses. Average maturity of trade payables is less than 30 days

#### NOT 7 – OTHER RECEIVABLES AND PAYABLES

As of 31 December 2022, the Association has other short-term receivables amounting to TL 15,000.

As of 31 December 2022, the Association has other payables amounting to TL 50.110, and TL 50.110 of the related payables consists of the payables of its subsidiaries (Note 3).

#### NOT 8 – PREPAID EXPENSES AND DEFERRED INCOME

As of 31 December 2022, the Association has prepaid expenses amounting to TL 255.143, TL 165.153 of the related amount is for information technology service purchases the debt 56.763 TL is from business and personal advances and the remaining amount is TL 33,227 from insurance policy , rent payments.

#### Deferred Income

As of 31 December 2022, the portion of the fees and expense participation shares collected from the members for the 1 January - 31 December 2022 period was recorded as income, and 5.807.878 TL belonging to the next year was accounted as deferred income (31 December 2021: 3.156.817 TL).

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira (“TL”).)

#### NOTE 9 – OTHER LIABILITIES

The other liabilities of the Association as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
<b>Other liabilities</b>		
VAT payables	56.631	22.605
Payables to personnel	--	8.163
Other debts	--	2.396
	<b>56.631</b>	<b>33.164</b>

#### NOTE 10 – FINANCIAL BORROWINGS

The financial borrowings of the Association as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
<b>Short term lease liabilities</b>		
Lease liabilities	1.075.878	945.715
	<b>1.075.878</b>	<b>945.715</b>

	31 December 2022	31 December 2021
<b>Long term lease liabilities</b>		
Lease liabilities	--	1.509.052
	--	<b>1.509.052</b>

The Association reports its real estate rents in liabilities under “financial borrowings” within the scope of TFRS 16 as “liability arising from lease transactions”.

The lease contract subject to TFRS 16 calculations is 5 years between 1.1.2019 - 31.12.2023 and has the right to terminate with 4 months' notice. Calculations made for the remaining 2 years as of the end of 31 December 2021 are included in the reporting.

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022

(All amounts expressed in Turkish Lira (“TL”).)

#### NOTE 11 – TANGIBLE ASSETS

Movements in tangible assets and related accumulated depreciation for the periods ending on 31 December 2022 and 2021 are as follows:

	1 January 2022	Additions	Disposals	31 December 2022
<b>Cost</b>				
Furniture and fixtures	780.946	315.057	--	1.096.003
Right-of-use assets	4.498.151	--	--	4.498.151
Leasehold improvements	1.420.231	--	--	1.420.231
	<b>6.699.328</b>	<b>315.057</b>	--	<b>7.014.385</b>
<b>Accumulated depreciation</b>				
Furniture and fixtures	535.161	163.148	--	698.309
Right-of-use assets	2.556.919	970.616	--	3.527.535
Leasehold improvements	1.420.231	--	--	1.420.231
	<b>4.512.311</b>	<b>1.133.764</b>	--	<b>5.646.075</b>
<b>Net book value</b>	<b>2.187.017</b>			<b>1.368.310</b>

**FİNANSAL KURUMLAR BİRLİĞİ****NOTES TO FINANCIAL STATEMENT****FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022**

(All amounts expressed in Turkish Lira ("TL")).

**NOTE 11 - TANGIBLE ASSETS (Continued)**

	<b>1 January 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2021</b>
<b>Cost</b>				
Furniture and fixtures	525.439	255.507	--	780.945
Right-of-use assets	4.498.151	--	--	4.498.151
Leasehold improvements	1.420.231	--	--	1.420.231
	<b>6.443.821</b>	<b>255.507</b>	--	<b>6.699.327</b>
<b>Accumulated depreciation</b>				
Furniture and fixtures	423.795	111.366	--	535.161
Right-of-use assets	1.284.324	1.272.595	--	2.556.919
Leasehold improvements	1.420.231	--	--	1.420.231
	<b>3.128.350</b>	<b>1.383.961</b>	--	<b>4.512.311</b>
<b>Net book valuee</b>	<b>3.315.471</b>			<b>2.187.017</b>

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022

(All amounts expressed in Turkish Lira ("TL")).

#### NOT 12 – INTANGIBLE ASSETS

Movements in intangible assets and related accumulated depreciation for the periods ending on 31 December 2022 and 2021 are as follows:

	1 January 2021	Addition	31 December 2021	Addition	31 December 2022
<b>Costs</b>					
Rights	206.044	--	206.044	--	<b>206.044</b>
	<b>206.044</b>		<b>206.044</b>		<b>206.044</b>
<b>Accumulated Depreciation</b>					
Rights	206.044	--	206.044	--	206.044
	<b>206.044</b>		<b>206.044</b>		<b>206.044</b>
<b>Net book value</b>	<b>--</b>		<b>--</b>		<b>--</b>

#### NOTE 13 – OTHER CURRENT ASSETS

As of 31 December 2022, the Association has no other current assets (31 December 2021: 35.943 TL).

#### NOTE 14 – EMPLOYEE BENEFITS

As of 31 December 2022 and 2021, the debts of the Association within the scope of employee benefits are as follows;

	31 December 2022	31 December 2021
Due to personnel	26.478	--
Taxes and funds payable for personnel	561.706	409.042
	<b>588.184</b>	<b>409.042</b>

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira (“TL”).)

#### NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December the movement of the provision for unused vacation is as follows:

##### 15.1 Short term debt provisions

	31 December 2022	31 December 2021
Short term debt provisions for employee	837.003	306.346
	<b>837.003</b>	<b>306.346</b>

As of 31 December 2022 and 31 December 2021, the movement table of short term debt provisions for employee is as follows:

	31 December 2022	31 December 2021
<b>Balance at January 1</b>	306.346	263.255
Provision during the period	530.657	43.091
<b>Provision as of the end of the period</b>	<b>837.003</b>	<b>306.346</b>

##### 15.2 Guarantees given/received

As of 31 December 2022, the Association has given a guarantee amounting to TL 562,542, and the related guarantee has been issued in favor of Özdilek AVM, from which the Association has leased real estate.

The Association has no guarantees received.

#### NOTE 16 – LONG TERM PROVISIONS

##### Long-Term Provisions for Employee Benefits

Within the framework of the existing laws in Turkey, the Association is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or completes a total of 20 years of service for women and 25 years for men or achieves the retirement age. Monthly severance pay ceiling should not be exceeded in the calculations. The employment termination benefits to be paid as of the date of 31 December 2022 is calculated over the monthly severance pay ceiling of TL 19.982,83 , valid starting from 1 January 2023 (31 December 2021: TL 10.848,59). The employment termination benefits liability is not subject to any legal funding.

Employment termination benefits liability is calculated according to the estimated present value of the potential future liability arising out of the retirement of the Association employees. TAS 19 “Employee Benefits” requires actuarial valuation methods to be developed in order to estimate the liabilities of the company under defined benefit plans. Accordingly, actuarial assumptions that were used in the calculation of the total liabilities are specified below.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022

(All amounts expressed in Turkish Lira (“TL”).)

### NOTE 16 – LONG TERM PROVISIONS (Continued)

#### Long-Term Provisions for Employee Benefits (Continued)

The basic assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. In the accompanying financial statements as at 31 December 2022, the provisions have been calculated through estimating the present value of the potential future liabilities arising out of the retirement of the employees.

The provisions as at 31 December 2022 are calculated with a real discount rate of 2,92 %, based on the assumption of an annual inflation rate of 9,50% and a discount rate of 12,70 %. (31 December 2021: 3,42 % real discount rate) The estimated ratio of the amounts of employment termination benefits to be retained by the Association as they are not paid due to voluntary leaves of employment is also taken into consideration.

As of 31 December 2022 and 2021, the movements in the provision for severance pay are as follows:

	31 December 2022	31 December 2021
<b>Balance at January 1</b>	637.478	307.969
Payments	(127.561)	--
Interest cost	18.614	38.153
Current service cost	248.869	46.471
Actuarial (gains) / losses	786.173	244.885
<b>Balance at December 31</b>	<b>1.563.573</b>	<b>637.478</b>

### NOTE 17 – REVENUE AND COST OF SALES

As the revenues of the Association are included in Article 23 of the Statute; It consists of union and sector expense participation shares, entrance fees and profit shares that can be distributed by economic enterprises. The details of income for the periods ending on 31 December 2022 and 2021 are as follows:

	1 Jan.– 31 Dec. 2022	1 Jan.– 31 Dec. 2021
<b>Revenue</b>		
Associaton expense contribution	6.987.907	5.677.633
Factoring sector expense contribution	1.406.666	1.004.000
Financing companies sector expense contribution	1.825.000	1.130.000
Financing leasing sector expense contribution	1.358.000	1.056.833
Cost participation share of savings finance companies	1.200.000	--
Association entrance fee	3.300.000	5.260.000
Asset management sector contribution	1.125.000	1.076.667
Association additional expense contribution	870.000	--
Other	--	555.000
	<b>18.072.573</b>	<b>15.760.133</b>



## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira ("TL")).

#### NOTE 18 – GENERAL ADMINISTRATIVE EXPENSES

	<b>1 Jan. – 31 Dec. 2022</b>	<b>1 Jan. – 31 Dec. 2021</b>
<b>General administrative expenses</b>		
Personnel expenses	13.476.002	7.487.187
Depreciation expenses	1.133.764	1.347.124
Conference organization expenses	953.978	450.398
External benefits and services	861.854	478.332
Consulting service expenses	700.118	513.114
Dues and general office expenses	928.123	250.832
Membership expenses (**)	303.039	170.226
Education expenses	256.618	--
Travel expenses	221.617	6.850
Representation and entertainment expenses	219.430	106.455
Promotion and advertising expenses	119.240	139.327
Other expenses (*)	49.551	1.187.869
	<b>19.223.334</b>	<b>12.137.714</b>

(\*) In 2021, 1.080.000 TL of the relevant amount includes the donation expenses of fire trucks made for support purposes. (National Solidarity Donation Campaign in 2020)

(\*\*) Consists of membership fees of international sectoral organizations Leaseurope and Eurofinas.

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira ("TL")).

#### NOTE 19 - OTHER INCOME AND EXPENSES FROM OPERATING OPERATIONS

The amount of 263.930 TL in the other income account for the year ended 31 December 2022 consists of the revenues related to the doubtful trade receivables collections. There are other incomes of 18.312 TL apart from the related amount (31 December 2021: 56.308).

In the year ended 31 December 2022, the entire amount of 64.655 TL in the other expenses account consists of provision expenses related to doubtful receivables (31 December 2021: 12.000 TL total amount is provision for doubtful receivables).

#### NOTE 20 - INCOME FROM INVESTMENT ACTIVITIES

The income from investment activities of the Association as of January 1, December 31, 2022 and 2021 are as follows:

	<b>1 Jan.– 31 Dec. 2022</b>	<b>1 Jan.– 31 Dec. 2021</b>
<b>Income from investment activities</b>		
Interest income	3.464.601	1.779.699
Dividend income	1.464.343	--
	<b>4.928.944</b>	<b>1.779.699</b>

#### NOT 21 – FINANCING EXPENSES

The financial expenses of the Association as of January 1, December 31, 2022 and 2021 are as follows:

	<b>1 Jan.– 31 Dec. 2022</b>	<b>1 Jan.– 31 Dec. 2021</b>
<b>Finance expenses</b>		
Interest expense	376.290	428.180
Other financial expense giderleri	--	6.270
	<b>376.290</b>	<b>434.450</b>

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022 (All amounts expressed in Turkish Lira (“TL”).)

### NOTE 22- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

#### Financial risk management

The Association is exposed to the following risks depending on the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### Risk management framework

The risk management program of the Association generally focuses on minimizing the potential negative effects of uncertainty in financial markets on the Association’s financial performance.

Risk management is carried out by the finance department within the framework of policies approved by the board of directors. Finance department, together with the operational units of the Association, to determine financial risks.

#### Credit risk

Credit risk is the risk of failure by a party among those who made investment on a financial instrument to fulfill its liabilities, incurring financial losses to the other party. The Association manages the credit risk by restricting its transactions with certain third persons and continuously reviewing the credit risks of third persons. The credit risk of the company results predominantly from its trade and other receivables.

The Group’s financial instruments exposed to credit risk and their amounts are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Cash and cash equivalents (excluding cash in hand)	19.628.301	13.040.008
Trade receivables	15.000	--
Other receivables	15.000	--
	<b>19.658.301</b>	<b>13.040.008</b>
Secured with guarantees part of maximum credit risk	--	--

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022

(All amounts expressed in Turkish Lira (“TL”).)

#### NOTE 22- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

##### Financial risk management

##### Liquidity risk

Liquidity risk is the possibility of the failure to perform net funding liabilities by the Association. The Association management manages the liquidity risk by distributing the funding sources and making available enough cash and equivalent resources to fulfill its possible obligations.

The liquidity risk table of the Association’s is as follows:

<b>31 December 2022</b>	<b>Book Value</b>	<b>Contractual cash outflow totals</b>	<b>Less than 3 months</b>	<b>Between 3-12 months</b>	<b>Between 3-12 months</b>
<b>Non derivative financial liabilities</b>	<b>1.448.314</b>	<b>1.448.314</b>	<b>590.614</b>	<b>806.908</b>	<b>--</b>
Lease liabilities	1.075.878	1.075.878	268.970	806.908	--
Trade payables	321.644	321.644	321.644	--	--
Other payables	50.792	50.792	--	--	--
<b>31 December 2021</b>	<b>Book Value</b>	<b>Contractual cash outflow totals</b>	<b>Less than 3 months</b>	<b>Between 3-12 months</b>	<b>Between 3-12 months</b>
<b>Non derivative financial liabilities</b>	<b>2.572.595</b>	<b>2.572.595</b>	<b>354.257</b>	<b>709.286</b>	<b>1.509.052</b>
Lease liabilities	2.454.767	2.454.767	236.429	709.286	1.509.052
Trade payables	117.828	117.828	117.828	--	--

##### Financial Assets

The carried values of the cash and cash equivalent financial assets are thought to be close to their current values. The carried values of trade receivables after the deduction of doubtful receivables are thought to be close to their current values. The monetary items in foreign currency are converted using the exchange rates as at the end of the period. Financial assets are accounted for over their fair value.

##### Financial Liabilities

The monetary items in foreign currency are converted using the exchange rates as at the end of the period. The trade payables and other monetary liabilities, as they are short term liabilities, are accepted to have current values close to their carried values. On the other hand, the carried values of the short term credits, due to their short term, are assumed to reflect the current value.

## **FİNANSAL KURUMLAR BİRLİĞİ**

### **NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2022** (All amounts expressed in Turkish Lira (“TL”).)

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#### **NOTE 23 – EVENTS AFTER THE BALANCE SHEET DATE**

None.

#### **NOTE 24 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR'S**

1) The independent audit fee expense of the Association for the reporting period ending on 31 December 2022 is 38.000 TL (31 December 2021:24.000 TL).

2) In the reporting period ending on 31 December 2022, there is no other service other than the independent audit of the financial statements received from the independent audit firm.

#### **NOT 25– OTHER ISSUES**

None.