

## **Finansal Kurumlar Birliđi**

Unconsolidated Financial Statements

As of and for the Year Ended

31 December 2021

With Independent Auditor's Report

*(Convenience Translation of Financial Statements and  
Related Disclosures and Footnotes Originally Issued  
in Turkish)*

# Finansal Kurumlar Birliđi

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## INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Finansal Kurumlar Birliği

### 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 31 December 2021, the statements 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 Association as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

#### *Basis for Opinion*

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) (“Standards on Auditing issued by POA”). Our responsibilities under Standards on Auditing issued by POA are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We declare that we are independent of the Association in accordance with the Code of Ethics for Auditors issued by POA (Including Independence Standards) (“POA’s Code of Ethics”) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA’s Code of Ethics and regulations. 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 TFRS, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Group'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 Association'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.

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) Other Legal and Regulatory Requirements**

1) Pursuant to the fourth paragraph of Article 402 of Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2021 and 31 December 2021, the Association's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Association'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 required documents in connection with the audit.



# FİNANSAL KURUMLAR BİRLİĞİ

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

		Current period Audited	Prior period Audited
	Notes	31 December 2021	31 December 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	13,041,837	8,156,313
Trade receivables	5	--	197,927
Other current assets	6	35,943	116,304
<b>Total current assets</b>		<b>13,077,780</b>	<b>8,470,544</b>
<b>Non-current assets</b>			
Subsidiaries	9	8,593,186	8,593,186
Property, plant and equipment	7	2,187,017	3,315,471
Intangible assets	8	--	--
<b>Total non-current assets</b>		<b>10,780,203</b>	<b>11,908,657</b>
<b>Total assets</b>		<b>23,857,983</b>	<b>20,379,201</b>

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

# FİNANSAL KURUMLAR BİRLİĞİ

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

	Notes	Current period Audited 31 December 2021	Prior period Audited 31 December 2020
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Short term lease liabilities	4	945,715	1,026,352
Trade payables	10	117,828	181,340
Employment termination benefits obligations	12	409,042	441,930
Deferred income	14	3,156,817	3,537,500
Short term provisions for employee benefits	11	306,346	263,255
Other short-term liabilities	13	33,164	54,128
<b>Total current liabilities</b>		<b>4,968,912</b>	<b>5,504,505</b>
<b>Non-current liabilities</b>			
Long term lease liabilities	4	1,509,052	2,591,277
Long term provisions for employee benefits	11	637,478	307,969
<b>Total non-current liabilities</b>		<b>2,146,530</b>	<b>2,899,246</b>
<b>Total liabilities</b>		<b>7,115,442</b>	<b>8,403,751</b>
<b>Shareholders' equity</b>			
Accumulated other comprehensive expenses not reclassified through profit or loss		(375,927)	(131,042)
- Defined benefit plans re-measurement gain / (loss)		(375,927)	(131,042)
Retained earnings		12,106,492	9,574,057
Net profit for the period		5,011,976	2,532,435
<b>Total equity</b>		<b>16,742,541</b>	<b>11,975,450</b>
<b>Total liabilities and shareholders' equity</b>		<b>23,857,983</b>	<b>20,379,201</b>

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

## FİNANSAL KURUMLAR BİRLİĞİ

### UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

<b>Profit or Loss</b>	<b>Notes</b>	<b>Current period Audited 1 January - 31 December 2021</b>	<b>Prior period Audited 1 January - 31 December 2020</b>
Sales	15	15,760,133	12,609,933
<b>Gross profit</b>		<b>15,760,133</b>	<b>12,609,933</b>
General administrative expenses	16	(12,137,714)	(10,300,553)
Other income from operating activities	17	56,308	8,346
Other expense from operating activities (-)	18	(12,000)	(92,263)
<b>Operating profit / loss</b>		<b>3,666,727</b>	<b>2,225,463</b>
Financial income	19	1,779,699	995,580
Financial expense (-)	19	(434,450)	(688,608)
<b>Net period income</b>		<b>5,011,976</b>	<b>2,532,435</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified through profit or loss</b>			
- Defined benefit plans actuarial gain / loss (*)	11	(244,885)	26,913
<b>Items that will be classified through profit or loss</b>		<b>--</b>	<b>--</b>
<b>Other comprehensive income /(expense), Net</b>		<b>(244,885)</b>	<b>26,913</b>
<b>Total comprehensive income</b>		<b>4,767,091</b>	<b>2,559,348</b>

(\*) The deferred tax is not calculated because the Association is not a taxpayer.

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



**FİNANSAL KURUMLAR BİRLİĞİ**

**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021**

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

	Accumulated other comprehensive income or expenses not reclassified through profit or loss	Defined benefit plans remeasurement loss	Net profit / (loss) for the period	Prior years' profits / losses	Total shareholders' equity
<b>Balance as of 1 January 2020</b>	<b>(157,955)</b>	<b>5,798,941</b>	<b>3,775,116</b>	<b>9,416,102</b>	
Transfers	--	(5,798,941)	5,798,941	--	
Net profit for the period	--	2,532,435	--	2,532,435	
Other comprehensive income / (expense)	26,913	--	--	26,913	
<b>Total comprehensive income / (expense)</b>	<b>26,913</b>	<b>2,532,435</b>	<b>--</b>	<b>2,559,348</b>	
<b>Balance as of 31 December 2020</b>	<b>(131,042)</b>	<b>2,532,435</b>	<b>9,574,057</b>	<b>11,975,450</b>	
<b>Balance as of 1 January 2021</b>	<b>(131,042)</b>	<b>2,532,435</b>	<b>9,574,057</b>	<b>11,975,450</b>	
Transfers	--	(2,532,435)	2,532,435	--	
Net profit for the period	--	5,011,976	--	5,011,976	
Other comprehensive income / (expense)	(244,885)	--	--	(244,885)	
<b>Total comprehensive expense</b>	<b>(244,885)</b>	<b>5,011,976</b>	<b>--</b>	<b>4,767,091</b>	
<b>Balance as of 31 December 2021</b>	<b>(375,927)</b>	<b>5,011,976</b>	<b>12,106,492</b>	<b>16,742,541</b>	

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

# FİNANSAL KURUMLAR BİRLİĞİ

## UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

	Notes	Current period Audited 1 January - 31 December 2021	Prior period Audited 1 January - 31 December 2020
<b>Cash flows from operating activities:</b>			
Net profit / loss for the year		5,011,976	2,532,435
<b>Adjustments for the reconciliation of net profit and net cash provided by operating activities:</b>			
Deferred cost participation shares	14	(380,683)	40,000
Depreciation and amortization	7,8	1,383,683	1,324,799
Provision for employment termination benefits	11	84,623	74,042
Provision for unused vacation liability	11	43,091	128,389
Provision for doubtful receivables	5	(12,000)	(154,930)
Interest income	19	(1,779,699)	(995,580)
<b>Net cash flows from operating profit before changes in working capital</b>		<b>4,351,269</b>	<b>2,949,155</b>
Changes in trade receivables and other receivables	5	209,927	267,723
Changes in other current assets	6	80,362	(91,877)
Changes in trade payables	10	(63,512)	99,424
Changes in employee benefit obligations	11	(32,888)	69,680
Changes in other payables and other liabilities	13	(20,964)	41,392
<b>Net cash provided by operating activities</b>		<b>4,524,194</b>	<b>3,335,497</b>
<b>Cash flows from investing activities:</b>			
Acquisition of associates, subsidiaries and joint ventures		--	(8,288,186)
Interest income	19	1,718,964	926,555
Cash outflow used in purchasing of property, plant and equipment and intangible asset	7,8	(255,507)	(60,126)
<b>Net cash provided from investing activities</b>		<b>1,463,457</b>	<b>(7,421,757)</b>
<b>Cash flows from financing activities:</b>			
Acquisition related to financial lease contracts	4	(1,591,042)	(1,495,050)
Interests paid	19	428,180	614,528
<b>Net cash used in financing activities</b>		<b>(1,162,862)</b>	<b>(880,522)</b>
Net changes in cash and cash equivalents		4,824,789	(4,966,782)
Cash and cash equivalents at the beginning of the period	3	8,072,397	13,039,179
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>12,897,186</b>	<b>8,072,397</b>

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

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 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 2020: 15).

#### 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 measures,
- e) Take the necessary measures to protect the competitive environment,
- 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) Monitors domestic and international developments in the economy, in the financial sector, and in their system; transfers 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,

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 1. THE ASSOCIATION'S ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

#### Subject of activity: (Continued)

- 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,
- 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.

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### A. Explanations on basis of presentation

##### **Statement of compliance with Turkish Financial Reporting Standards ("TFRS")**

The Association's the accompanying financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS"s). TFRSs consist of standards and interpretations which are published by Public Oversight Accounting and Auditing Standards Authority ("POA") as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The financial statements are presented in accordance with the formats in the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019 and Electronic Financial Reporting Formats issued by POA.

Companies, which are subject to independent audit pursuant to the Turkish Commercial Code numbered 6102 that are not obliged to apply the TFRSs in accordance with the Board Decision of POA related to the Scope of Application of TAS, may prepare their financial statements in accordance with TFRSs. In this context, the Association management has preferred to prepare its financial statements as at 31 December 2021 in accordance with TFRSs.

##### **Approval of financial statements:**

The financial statements have been approved by the Association Management on 17 March 2022 and will be submitted to the approval in the first General Assembly to be held. The Association's authorized boards and regulatory bodies have the authority to amend the financial statements.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### A. Explanations on basis of presentation (Continued)

##### Accounting Standards Applied

The Association maintains its books of accounts in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB.

The Association is obliged to account for all its transactions in accordance with their true nature, provide financial reports in a form and content that can meet the requirement for information as understandable, reliable and comparable for audit, analysis and interpretation timely and accurately within the framework of the procedures and principles determined by the Public Oversight, Accounting and Auditing Standards Board ("KGK").

In the preparation of the financial statements and notes, the principles specified in the "Financial Statement Examples and User Guide" published by POA in April 2019 were used.

The financial statements are based on legal records and expressed in TL, and have been prepared by subjecting to some adjustments and classification changes in order to present the status of the Association adequately in accordance with the Turkish Financial Reporting Standards published by POA.

These financial statements are presented in TL which is the Association's functional currency.

In the unconsolidated financial statements prepared as of 31 December 2021, the Association's subsidiaries are not consolidated.

As of 31 December 2021, the consolidated financial statements of the Association in accordance with TAS have been prepared and audited separately; In our audit report dated 31 March 2022, an unqualified opinion was presented on the said financial statements.

Therefore, the accompanying special purpose unconsolidated financial statements should be examined together with the Association's consolidated financial statements in order to obtain comprehensive information about the financial position of the Association as at 31 December 2021 and its financial performance and cash flows for the year ended on the same date.

According to the announcement made by Public Oversight Accounting and Auditing Standards Authority on 20 January 2022, due to the fact that cumulative change in the general purchasing power of the last 3 years was 74.41%; it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. Therefore, no inflation adjustment has been applied on the financial statements dated 31 December 2021 in accordance with TAS 29.

##### Comparative information and restatement of prior period financial statements

In accordance with coherency principle, current period financial statements of the Association are prepared in comparison with previous period. Comparative information is rearranged or reclassified in order to ensure compliance with presentation of profit or loss and other comprehensive income statements of current period.

##### Netting / offset

With all kinds of significant financial amounts, even with similar characteristics, are presented separately in the financial statements. Non-significant amounts are shown in terms of consolidating as similar items. As a result of the transaction and to make the event the necessary offsetting these transactions and the net amount of the event or the presence of the monitoring over the amount after impairment losses are not considered as a violation of the rule of offsetting. The income earned as a result of the transactions in the normal course of business of the Association, is presented as net value provided with the clause of being appropriate with the nature of the transaction or event.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### B. Summary of Significant Relevant Accounting Policies

##### *Standards issued as of 31 December 2021 but not yet effective and not early adopted*

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Association has not early adopted are as follows.

##### **COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)**

International Standard Board(IASB) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on June 5, 2020.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

##### **Reference to the Conceptual Framework (Amendments to TFRS 3)**

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations. The amendments updated IFRS 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. Subsequently, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Association shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

# FINANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### B. Summary of Significant Relevant Accounting Policies (Continued)

*Standards issued as of 31 December 2021 but not yet effective and not early adopted (continued)*

#### **Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)**

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. Subsequently, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise 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 amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the Association first applies the amendments. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate.

#### **Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)**

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 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. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Association shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

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

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

# FINANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### B. Summary of Significant Relevant Accounting Policies (Continued)

##### *Standards issued but not yet effective and not early adopted (continued)*

##### **Classification of Liabilities as Current or Non-current (Amendments to TAS 1) (Continued)**

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Association shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Association does not expect that application of these amendments to TAS 1 will have significant impact on its unconsolidated financial statements.

##### **Definition of Accounting Estimates (Amendments to TAS 8)**

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying TFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Association applies the amendments.

The Association does not expect that application of these amendments to Amendments to TAS 8) will have significant impact on its unconsolidated financial statements.



# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### B. Summary of Significant Relevant Accounting Policies (Continued)

*Standards issued but not yet effective and not early adopted (continued)*

#### **Disclosure of Accounting Policies (Amendments to TAS 1)**

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

#### **The key amendments to TAS 1 include:**

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier. The Association does not expect that application of these amendments to Amendments to TAS 1) will have significant impact on its unconsolidated financial statements.

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

##### **Improvements to TFRSs**

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Association does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

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

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of TFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.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 TFRSs. This amendment will ease transition to TFRS Standards 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 – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – 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.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### B. Summary of Significant Relevant Accounting Policies (Continued)

##### *Amendments that are effective and adopted*

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021:

- 1) Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases

##### (a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, time deposits, demand deposits at banks, and interest income accruals.

##### (b) Financial instruments

###### *Trade receivables and provision for doubtful receivables*

Trade receivables for which the Association is not in a cash flow forecast for the foreseeable future are deleted from the asset. The provision for doubtful receivables is reserved for receivables whose collectability is doubtful and for which it is unclear whether the receivables are worthless. The amount of the provision is the difference between the recorded value of the receipt and the possible amount of receivable. Collectable amount is the amortized cost of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated transaction.

If all or part of the doubtful receivable is collected, the amount collected is deducted from the provision for doubtful receivables and recorded in other operating income. Interest and other income from trading securities is also included into "Other income" in the income statement

##### (c) Interest income and expense

Interest income and expenses are recognized in Financing income/expense line item in the income statement in the period to which they relate on an accrual basis.

##### (d) Taxes on income

The Association has exemption from the corporate tax and the value-added tax ("VAT"). However, the Association has obligation on stamp duty and on VAT for papers issued in relation with its transactions.

The Association is in the scope of partial withholding application since the VAT General Application Communiqué is included in the de "specific buyer" class in the "2.1.3 Partial Deduction Application" section.

##### (e) Trade payables

Trade payables contain related goods and services billed or unbilled amounts, consist of debts having maturities of less than three months.

##### (f) Subsequent Events

Subsequent events cover any events which arise between the date of approval of the financial statements and the balance sheet date even if they occurred after declaration of the net profit for the period or specific financial information is publicly disclosed. The Association adjusts its financial statements if such subsequent events require an adjustment to the financial statements.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### B. Summary of Significant Relevant Accounting Policies (Continued)

##### (g) Provisions and contingent assets and liabilities

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. When the amount of the obligation cannot be estimated and an outflow of resources is not probable, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements. As of 31 December 2021 and 2020, the Association has no provision, contingent liabilities and assets.

##### (h) Related parties

a) A person or that person's immediate family are considered as related party to the Association if the following conditions have been met:

Certain party,

- (i) If it has control or joint control over the Association,
- (ii) If it has significant influence over the Association
- (iii) In the case of being a member of the Association or the parent Association's key management personnel.

b) If any of the following conditions are present, the Association is considered as related party:

- (i) Entity and the Association are the members of same group,
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
- (iii) Both entities are joint ventures of the same third party,
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

##### (i) Revenue

###### *Cost share and entrance fee*

The entrance fee revenues consist of fees allocated to the budget by the companies for once and the amount is determined by the Board of the Association. The expense contribution consist of the fees for the Association and sectoral costs in the budget and are determined by the Board of the Association and approved by the General Assembly.

The transfer of risks and benefits associated with the service, determination of the amount of revenue reliably and economic benefits associated with the transaction that are or will be probable to be taken over to flow to the Association on an accrual basis over the fair value.

TL 5,000 was also collected from members as Donation for the purchase of a fire engine in 2021 as part of "Donations made on behalf of the Association or the Sector".

Revenue is recognized on an accrual basis at fair value of the consideration received or receivable 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 flow of economic benefits related to the transaction to the Association.

# FINANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### B. Summary of Significant Relevant Accounting Policies (Continued)

##### (i) Revenue (continued)

The entrance fees are reflected to income statement after the membership process is completed and the expense contributions are reflected regarding the following service period.

#### C. Significant accounting judgments, estimations and assumptions

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although, these estimates and assumptions rely on the management's best knowledge about current events and transactions, actual outcomes may vary from those estimates and assumptions. Estimations and decisions are continuously evaluated. Management also takes certain decisions related to application of accounting principles. Significant reviews, estimations and assumptions which can have an important impact of financial statement and can cause important changes on carried values of assets and liabilities in the following period are as follows:

**Useful lives of property, plant and equipment fixed assets:** Useful economic lives of assets of the Entity are determined by the Entity on acquisition date of asset and reviewed periodically with respect to appropriateness. The entity determines useful life of an asset through taking estimated benefit of the related asset into account. The aforementioned evaluation is based on related experiences of the Entity to similar assets.

**Provision for severance pay:** In accordance with existing social legislation, the Entity is required to make lump-sum payments to employees upon termination of their employment based on certain conditions. In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Entity makes assumptions and estimations relating to the discount rate to be used, turnover of employees and future change in salaries and limits.

### 3. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash	1,829	1,641
Bank	13,040,008	8,154,672
- Demand deposits	3,829	75,914
- Time deposits (*)	13,036,179	8,078,758
<b>Total</b>	<b>13,041,837</b>	<b>8,156,313</b>

(\*) As of 31 December 2021, the yearly weighted average interest rate for TL deposits in the bank ranges between 7.50% and 17.00% and accrued interest amount is TL 144,651. The maturity dates of TL deposits in banks vary between 3 January 2022 and 18 January 2022 (31 December 2020: the yearly weighted average interest rate for TL deposits in the bank ranges between 7.50% and 16.75% and accrued interest amount is TL 83,916. The maturity dates of TL deposits in banks vary between 4 January 2021 and 15 January 2021).

Cash and cash equivalents based on cash flow statements are as follows:

	31 December 2021	31 December 2020
Cash and cash equivalents	13,041,837	8,156,313
Less: Interest accruals	(144,651)	(83,916)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>12,897,186</b>	<b>8,072,397</b>

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 4. LOANS AND BORROWINGS

As at 31 December 2021 and 2020, financial borrowings are comprised of the following:

	31 December 2021	31 December 2020
<b>Short term borrowings</b>		
Short term lease liabilities	945,715	1,026,352
<b>Total short term borrowings</b>	<b>945,715</b>	<b>1,026,352</b>
<b>Long term borrowings</b>		
Long term lease liabilities	1,509,052	2,591,277
<b>Total long term borrowings</b>	<b>1,509,052</b>	<b>2,591,277</b>

As at 31 December 2021 and 2020, the Association's total financial leasing liabilities are comprised of the following:

	31 December 2021	31 December 2020
Financial lease liabilities	2,454,767	3,617,629
<b>Total</b>	<b>2,454,767</b>	<b>3,617,629</b>

#### *Financial lease liabilities*

As at 31 December 2021, the movements of the Association's lease liabilities are as follows:

	2021	2020
<b>As of 1 January</b>	<b>3,617,629</b>	--
Contract made during the period	--	4,498,151
Lease liabilities paid	(1,591,042)	(1,495,050)
Interest expense	428,180	614,528
<b>As of 31 December</b>	<b>2,454,767</b>	<b>3,167,629</b>

Liabilities from lease arise from office lease agreements in accordance with TFRS 16.

The Lease Agreement covers 5 years from 1 January 2019 to 1 January 2023 and there is a right of termination with the condition of giving 4 months notice. Calculations for the remaining 2 years by the end of 31.12.2021 have been added to the reporting.

### 5. TRADE RECEIVABLES

Provision for trade receivables as of 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
Receivables	--	197,927
Trade receivables	619,593	607,593
Provision for doubtful receivables	(619,593)	(607,593)
<b>Ending Balance, 31 December</b>	<b>--</b>	<b>197,927</b>

# FINANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 5. TRADE RECEIVABLES (continued)

Provision for doubtful receivables as of 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
Opening Balance, 1 January	(607,593)	(452,663)
Provision on the current period (*)	(12,000)	(154,930)
<b>Ending Balance, 31 December</b>	<b>(619,593)</b>	<b>(607,593)</b>

(\*) As of 31 December 2021, The Association has allocated 100% provision for its receivables amounting to TL 12,000 from Atak Factoring (31 December 2020: TL 154,930 from Atak Factoring).

### 6. OTHER CURRENT ASSETS

The details of other current assets as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Prepaid insurance expense	35,693	115,749
Advance given	250	555
<b>Total</b>	<b>35,943</b>	<b>116,304</b>

### 7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	Furniture and fixtures	Rights of use assets(*)	Leasehold improvements	Total
<b>Cost</b>				
Opening balance, 1 January 2021	525,439	4,498,151	1,420,231	6,443,821
Additions	255,507	-	--	255,507
<b>Closing balance, 31 December 2021</b>	<b>780,945</b>	<b>4,498,151</b>	<b>1,420,231</b>	<b>6,699,327</b>
<b>Accumulated depreciation</b>				
Opening balance, 1 January 2021	(423,795)	(1,284,324)	(1,420,231)	(3,128,350)
Amortization expense for the period	(111,366)	(1,272,595)	-	(1,383,961)
<b>Closing balance, 31 December 2021</b>	<b>(535,161)</b>	<b>(2,556,919)</b>	<b>(1,420,231)</b>	<b>(4,512,311)</b>
<b>Net book value</b>	<b>245,785</b>	<b>1,941,232</b>	<b>-</b>	<b>2,187,017</b>

Property, plant and equipment	Furniture and fixtures	Rights of use assets(*)	Leasehold improvements	Total
<b>Cost</b>				
Opening balance, 1 January 2020	465,313	--	1,420,231	1,885,544
Additions	60,126	4,498,151	--	4,558,277
<b>Closing balance, 31 December 2020</b>	<b>525,439</b>	<b>4,498,151</b>	<b>1,420,231</b>	<b>6,443,821</b>
<b>Accumulated depreciation</b>				
Opening balance, 1 January 2020	(383,705)	--	(1,420,184)	(1,803,889)
Amortization expense for the period	(40,090)	(1,284,324)	(47)	(1,324,461)
<b>Closing balance, 31 December 2020</b>	<b>(423,795)</b>	<b>(1,284,324)</b>	<b>(1,420,231)</b>	<b>(3,128,350)</b>
<b>Net book value</b>	<b>101,644</b>	<b>3,213,827</b>	<b>--</b>	<b>3,315,471</b>

(\*) The Association has accounted for real estate rents as "Assets of Right of Use" under Property, plant and equipment within the scope of TFRS 16 standard.

As of 31 December 2021, there is no pledge or blockage (31 December 2020: None). Depreciation charges are reflected to General Administrative Expenses on income statement.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 8. INTANGIBLE ASSETS

	Rights	Total
<b>Cost</b>		
Opening balance, 1 January 2021	206,044	206,044
Additions	--	--
<b>Closing balance, 31 December 2021</b>	<b>206,044</b>	<b>206,044</b>
<b>Accumulated depreciation</b>		
Opening balance, 1 January 2021	(206,044)	(206,044)
Amortization expense for the period	--	--
<b>Closing balance, 31 December 2021</b>	<b>(206,044)</b>	<b>(206,044)</b>
<b>Net book value</b>	<b>--</b>	<b>--</b>
	<b>Rights</b>	<b>Total</b>
<b>Cost</b>		
Opening balance, 1 January 2020	206,044	206,044
Additions	--	--
<b>Closing balance, 31 December 2020</b>	<b>206,044</b>	<b>206,044</b>
<b>Accumulated depreciation</b>		
Opening balance, 1 January 2020	(205,706)	(205,706)
Amortization expense for the period	(338)	(338)
<b>Closing balance, 31 December 2020</b>	<b>(206,044)</b>	<b>(206,044)</b>
<b>Net book value</b>	<b>--</b>	<b>--</b>

As of 31 December 2021, there is no pledge or blockage (31 December 2020: None). Charges are reflected to General Administrative Expenses on income statement.

### 9. SUBSIDIARIES AND ASSOCIATES

According to board decisions which are numbered 2014/2, 2014/3 and 2014/4 dated 7 January 2014, decided that economic enterprises which inline act of law are established due to provide continually income and assist for realization of the objectives for the Association of Financial Institutions.

Nature of commercial enterprises respectively;

- Make the necessary investments for the establishment of related systems about registration process specified in articles 21 and 22 of the relevant law and operates in accordance,
- According to 'Merkezi Fatura Kaydı' entitled under Article 43 at related law, economic enterprises make necessary investments for establish a system which banks and factoring companies share the information about receivables they take over including billing information and collect these information on the system,
- Expand and develops activities of Leasing, Factoring and Finance Companies in Turkey.

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 9. SUBSIDIARIES AND ASSOCIATES (Continued)

As of 31 December 2021 and 31 December 2020, the economic enterprises that are subsidiaries of the Association are as follows:

Title	Adress (City/Country)	31 December 2021		31 December 2020	
		Share Rate	Paid-in Capital	Share Rate	Paid-in Capital
Finansal Kiralama İktisadi İşletmesi	İstanbul/Turkey	100%	100,000	100%	100,000
Ticaret Finansmanı İktisadi İşletmesi	İstanbul/Turkey	100%	100,000	100%	100,000
Birlik İktisadi İşletmesi	İstanbul/Turkey	100%	105,000	100%	105,000
JCR Avrasya Derecelendirme A.Ş.(*)	İstanbul/Turkey	6%	5,788,186	6%	5,788,186
Birleşik İpotek Finansmanı A.Ş.(**)	İstanbul/Turkey	5%	2,500,000	5%	2,500,000
<b>Total</b>			<b>8,593,186</b>		<b>8,593,186</b>

(\*) The Association purchased a total of 59,999 shares representing 6% of the capital of JCR Avrasya Derecelendirme Anonim Şirketi with a nominal value of TL 59,999 for a price of TL 5,788,186.

(\*\*) The Association purchased a total of 2,500,000 shares representing 5% of the capital of Birleşik İpotek Finansmanı Anonim Şirketi with a nominal value of TL 2,500,000 for a price of TL 2,500,000.

### 10. TRADE PAYABLES

	31 December 2021	31 December 2020
Sellers (*)	117,828	181,340
<b>Total</b>	<b>117,828</b>	<b>181,340</b>

(\*) Trade payables consist of the technical services, advertisement, corporate communication, etc. The average maturity of the trade payables is less than 30 days.

### 11. EMPLOYEE BENEFITS

#### Provision for severance pay

In accordance with the existing labour law in Turkey, the Association, subsidiaries and joint ventures operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire (age of 58 for women, age of 60 for men) or completed service years of 20 for women or 25 for men, are called up for military service or die. According to change of regulation, dated 8 September 1999, there are additional liabilities for the integration articles.

Such payments are full calculated on the basis of 30 days' pay, maximum full TL 8,285 as at 31 December 2021 (31 December 2020: TL 7,117) per year of employment at the rate of pay applicable at the date of retirement or termination. Employee severance indemnity is calculated on a current basis and reflected on the financial statements. Calculation is predicated on the severance indemnity ceiling announced by the Government.

The reserve has been calculated by estimating the present value of future probable obligation of the Association arising from the retirement of the employees. According to TAS 19 "Employee Benefits", the Association is required to utilize actuarial valuation methods to estimate the provision for employee termination benefits. As such, the actuarial assumptions used in the calculation of total liabilities are presented in the table below. The principal 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. Consequently, in the accompanying consolidated financial statements as at 31 December 2021 and 2020 the provision has been calculated by estimating the present value of the future probable obligation of the Association arising from the retirement of the employees.



# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 11. EMPLOYEE BENEFITS (Continued)

#### Provision for severance pay (Continued)

The following actuarial assumptions are used in the calculation of the total liability at the balance sheet date:

	31 December 2021	31 December 2020
Discount rate	3.00%	3.74%
Inflation rate	15.00%	9.50%

It is planned that rights related to severance pay will be paid at the end of the concession agreement. Accordingly, the terms of the concession agreement have been taken into account in calculating the present value of the liabilities to be paid in the future.

The movement of severance pay for the periods ended 31 December 2021 and 31 December 2020 is as follows:

	2021	2020
Opening balance (1 January)	307,969	260,840
Interest cost	38,153	27,691
Service cost	46,471	46,351
Actuarial loss/gain	244,885	(26,913)
<b>Closing balance (31 December)</b>	<b>637,478</b>	<b>307,969</b>

As of 31 December 2021 and 2020, the details of short-term provisions for employee benefits are as follows:

	31 December 2021	31 December 2020
Provision for unused vacation liability	306,346	263,255
	<b>306,346</b>	<b>263,255</b>

As 31 December 2021 and 31 December 2020, the vacation provision details are as follows:

	31 December 2021	31 December 2020
Opening balance (1 January)	263,255	134,866
Provision allocated during the period	43,091	128,389
Provision for unused vacation liability (reversal)	--	--
<b>Closing balance, 31 December</b>	<b>306,346</b>	<b>263,255</b>

### 12. PAYABLES RELATED TO EMPLOYEE BENEFITS

As at 31 December 2021 and 2020, payables related to employee benefits are as following:

	31 December 2021	31 December 2020
Income tax payable	287,964	344,251
Social security premiums	121,078	97,679
<b>Total</b>	<b>409,042</b>	<b>441,930</b>

# FINANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 13. OTHER CURRENT LIABILITIES

	31 December 2021	31 December 2020
Reverse charge VAT	22,605	16,485
Payables to personnel	8,163	149
Other liabilities	2,396	37,494
<b>Total</b>	<b>33,164</b>	<b>54,128</b>

### 14. DEFERRED INCOME

As of 31 December 2021, charges of shareholding and entrance fees which have been collected from the members are recorded as income for the period of 1 January - 31 December 2021 and the portion of the following years' amounting to TL 3,156,817 was accounted as deferred income (31 December 2020: TL 3,537,500).

### 15. REVENUE

As the revenue of the Association is included in Article 23 of the Status; it consists of Association and sector expense contributions, entrance fees and dividends that can be distributed by commercial enterprises. The details of the income for the years ended 31 December 2021 and 31 December 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Association expense contribution	5,677,633	7,001,667
Factoring sector expense contribution	1,004,000	1,104,667
Financing companies expense contribution	1,130,000	1,175,000
Financial leasing sector expense contribution	1,056,833	1,322,500
Association entrance fee	5,260,000	--
Asset management sector expense contribution	1,076,667	--
Association additional expense contribution	--	2,006,099
Other income (*)	555,000	--
<b>Total</b>	<b>15,760,133</b>	<b>12,609,933</b>

(\*) 2021-Includes fire truck donation expense for forest fires.

### 16. GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	7,487,187	6,678,012
Depreciation and amortization charges	1,347,124	1,324,799
Donation expense (*)	1,080,000	500,300
Consultancy and audit expenses	513,114	627,103
Outsourced benefits and services	478,332	368,320
Conference and organization expenses	450,398	122,811
General office expenses	250,832	230,245
Membership fee expenses (**)	170,226	137,993
Promotion and advertising expenses	139,327	86,024
Representation and hospitality expenses	106,455	70,068
Banks' withholding deductions	82,556	116,615
Travel expenses	6,850	11,786
Other expenses	25,313	26,477
<b>Total</b>	<b>12,137,714</b>	<b>10,300,553</b>

(\*) 2021-Includes fire truck donation expense for forest fires. (2020-National Solidarity Donation Campaign)

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

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 16. GENERAL ADMINISTRATIVE EXPENSES (Continued)

Personnel expenses of the Association for the accounting periods 1 January – 31 December 2021 and 1 January – 31 December 2020 are detailed as the following:

	1 January - 31 December 2021	1 January - 31 December 2020
Salaries, taxes, and social insurance	6,748,492	5,885,334
Vehicle leases and fuel expenses	614,978	494,271
Food expenses	93,149	92,180
Provision for severance	--	171,532
Other expenses	30,568	34,695
<b>Personnel expenses total</b>	<b>7,487,187</b>	<b>6,678,012</b>

### 17. OTHER INCOME FROM OPERATING ACTIVITIES

As of 31 December 2021, the amount of file expenses amounting to TL 5,449 consist of TL 2,943 for incapacity allowance and TL 53,365 for other items in the other income account (31 December 2020 the amount of file expenses amounting to TL 8,346 consist of 4,477 TL for incapacity allowance and TL 3,869 for other items in the other income account).

### 18. OTHER EXPENSES FROM OPERATING ACTIVITIES

As of 31 December 2021, other expenses account has a balance of TL 12,000 (Atak Factoring sector expense contribution) in the other expenses account (31 December 2020: TL 92,263 (Analiz and Atak Factoring sector expense contribution)).

### 19. FINANCIAL INCOME / EXPENSE

Financial income	1 January - 31 December 2021	1 January - 31 December 2020
Interest income (*)	1,779,699	995,580
<b>Total</b>	<b>1,779,699</b>	<b>995,580</b>

Financial expense	1 January - 31 December 2021	1 January - 31 December 2020
Interest expense for lease liabilities	428,180	614,528
Interest expenses	2	65,265
Foreign exchange loss	6,268	8,815
<b>Total</b>	<b>434,450</b>	<b>688,608</b>

(\*) Interest income is recorded in gross and Banks' withholding deductions amounting to TL 85,614 are reflected in General Administrative Expenses (31 December 2020: TL 116,615). As of 31 December 2021; Foreign exchange profit amounting to TL 6,651 is also included here (31 December 2020: TL 6,444).

# FINANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

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### 20. RELATED PARTY TRANSACTIONS

As of 31 December 2021 and 2020, there is no receivable from related parties.

As of 31 December 2021, there is no dividend distribution (31 December 2020: None).

As of 31 December 2021 and 2020, the Association has no compensations to key management personnel.

As of 31 December 2021, Ticaret Finansmanı İktisadi İşletmesi has a receivable balance of TL 6,070 from Finansal Kurumlar Birliđi (31 December 2020: No transactions with related parties) since Kredi Finans Faktoring A.Ş inadvertently deposited the amount to the Bank account of the Association on 31 December 2021 due to MFKS service procurement.

### 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

#### Risk management objectives and principles

The Association's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Association's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Association.

#### *Credit risk*

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Association management meets these risks by restricting the average risk for each counterparty and receiving collateral if necessary. The Association's collection risk may arise principally from expense contribution receivables.

# FINANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2021	Other Receivables	Trade Receivables	Deposits at Banks	Financial Investments
Maximum exposure to credit risk at the reporting date (A+B+C+D+E) <sup>(1)</sup>	--	--	13,040,008	--
- The part of maximum risk guarantee with collateral or etc. <sup>(2)</sup>	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired the net book value	--	--	13,040,008	--
B. Having renegotiated conditions otherwise due to the carrying amount of financial assets accepted as past due or impaired	--	--	--	--
C. Net book value of financial assets that are past due but not impaired the net book value	--	--	--	--
- The part of net values under guarantee with collateral.	--	--	--	--
D. Net book value of financial assets that are impaired the net book value	--	619,593	--	--
- Past due (gross carrying amount)	--	(619,593)	--	--
- Impairment (-)	--	--	--	--
- The part of net values under guarantee with collateral	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--
- Impairment (-)	--	--	--	--
- The part of net values under guarantee with collateral	--	--	--	--
E. Off-balance sheet items with credit risk	--	--	--	--
As of 31 December 2020	Other Receivables	Trade Receivables	Deposits at Banks	Financial Investments
Maximum exposure to credit risk at the reporting date (A+B+C+D+E) <sup>(1)</sup>	--	197,927	8,154,672	--
- The part of maximum risk guarantee with collateral or etc. <sup>(2)</sup>	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired the net book value	--	--	--	--
B. Having renegotiated conditions otherwise due to the carrying amount of financial assets accepted as past due or impaired	--	197,927	8,154,672	--
C. Net book value of financial assets that are past due but not impaired the net book value	--	--	--	--
- The part of net values under guarantee with collateral.	--	--	--	--
D. Net book value of financial assets that are impaired the net book value	--	607,593	--	--
- Past due (gross carrying amount)	--	(607,593)	--	--
- Impairment (-)	--	--	--	--
- The part of net values under guarantee with collateral	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--
- Impairment (-)	--	--	--	--
- The part of net values under guarantee with collateral	--	--	--	--
E. Off-balance sheet items with credit risk	--	--	--	--

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### *Liquidity risk*

The risk of funding of existing and prospective debt requirements is managed by arranging sustainable accessibility to sufficient number of high-qualified lenders.

Prudent liquidity risk management refers to the ability to hold sufficient cash and securities, the availability of adequate utilizing funding sources and credit transactions, and the ability to close market positions.

The table below shows the Association's distribution of non-derivative financial liabilities' maturity profile as of 31 December 2021 and 31 December 2020:

#### 31 December 2021

Maturities in accordance with agreement	Book values	Total cash outflow in accordance with agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
<b>Non-derivative financial liabilities</b>					
Financial lease liabilities	2,454,767	2,901,917	310,920	932,759	1,658,238
Trade payables	117,828	117,828	117,828	-	-
<b>Total</b>	<b>2,572,595</b>	<b>3,019,745</b>	<b>428,748</b>	<b>932,759</b>	<b>1,658,238</b>

#### 31 December 2020

Maturities in accordance with agreement	Book values	Total cash outflow in accordance with agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
<b>Non-derivative financial liabilities</b>					
Financial lease liabilities	3,617,629	4,485,151	373,762	1,121,288	2,990,101
Trade payables	181,340	181,340	181,340	--	--
<b>Total</b>	<b>3,798,969</b>	<b>4,666,491</b>	<b>555,102</b>	<b>1,121,288</b>	<b>2,990,101</b>

#### *Interest rate risk*

The Association has no interest rate risk as of 31 December 2021 since it has no asset with flexible interest (31 December 2020: None).

#### *Foreign currency risk*

The Association is exposed to foreign currency risk due to exchanging of the foreign currency assets and liabilities amounts to TL. The Association follows balanced foreign exchange policy in order to reduce its foreign currency risk.

As of 31 December 2021 the Association has no foreign currency balance and is not exposed to exchange rate risk (31 December 2020: None).

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

### 22. FEES RELATED WITH THE SERVICES PROVIDED BY INDEPENDENT AUDITORS/INDEPENDENT AUDIT AGENCIES

The explanation of the Association regarding the fees related with the services provided by the independent audit auditors/independent audit agencies, which is prepared pursuant to the Board Decision of the POA published in the Official Gazette on 30 March 2021, and the preparation principles of which are based on the letter of the POA dated 19 August 2021, is as follows:

	31 December 2021	31 December 2020
Independent audit fees in the reporting period	24,000	20,000
<b>Total</b>	<b>24,000</b>	<b>20,000</b>

### 23. SUBSEQUENT EVENTS FOLLOWING THE BALANCE SHEET DATE

None.

### 24. OTHER ISSUES THAT HAVE SIGNIFICANT EFFECT ON THE BALANCE SHEET OR THAT ARE AMBIGUOUS AND/OR OPEN TO INTERPRETATION AND REQUIRE CLARIFICATION

As of 31 December 2021, the consolidated financial statements of the Association in accordance with TFRS have been prepared and audited separately and in our consolidated audit report dated 31 March 2022, an unqualified opinion has been presented on the aforementioned financial statements.

The accompanying financial statements and special purpose unconsolidated financial statements should be reviewed together with the consolidated financial statements of the Association in order to obtain comprehensive information about the financial position of the Association as of 31 December 2021 and its financial performance and cash flows for the year then ended.