

OUR GUIDE: THE VALUES OF OUR REPUBLIC



Association of
Financial
Institutions

Annual Report
2023



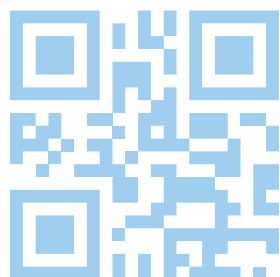
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OUR REPUBLIC PRESENTED US WITH ENORMOUS GAINS AND BENEFITS OVER ONE HUNDRED YEARS.

THE JOURNEY THAT WAS INITIATED WITH RESOLVE, COURAGE, COMMITMENT AND AN EXTRAORDINARY VISION LED TO THE ESTABLISHMENT OF AN AGRICULTURAL, INDUSTRIAL, COMMERCIAL AND FINANCIAL SYSTEM, A SOLIDLY GROWING ECONOMY, A PROGRESSING SOCIETY AND A COUNTRY THAT RISES TO THE LEVEL OF CONTEMPORARY CIVILIZATIONS, ALL BUILT UPON THE FOUNDATIONS OF RIGHTS AND FREEDOMS AFFORDED BY DEMOCRACY.

BEING AN INSTITUTION WITH TEN YEARS BEHIND IT, IT IS NOW TIME TO CREATE EVEN MORE VALUE TO FULFILL OUR SHARE OF THE RESPONSIBILITY TO DRIVE OUR COUNTRY FURTHER IN OUR SECOND CENTURY, CONTINUING TO BE GUIDED BY THE GAINS OUR REPUBLIC PRESENTED US WITH.



THE ASSOCIATION OF FINANCIAL INSTITUTIONS

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FOR 10 YEARS

**WE ARE ASPIRING TO BE ONE
OF THE ENGINES DRIVING THE
RISE OF OUR COUNTRY.**



Corporate Profile

The Association of Financial Institutions (AFI) is in the nature of a public agency and professional organization incorporated in accordance with the Financial Leasing, Factoring, Financing and Savings Financing Companies Law no: 6361 dated 21 November 2012.

AFI is an umbrella organization for concerns in Türkiye that provides

- **Financial Leasing**
- **Factoring**
- **Financing**
- **Asset Management**
- **Savings Financing**

products and services to customers who are active in the production, trade, sales, and consumption channels of the Turkish economy.

Vision

Help increase the added value that financial institutions contribute to the economy and thus enhance the national and international strength and influence of the sectors it represents.

Mission

Contribute to the sustainable and healthy development of the sectors it represents; support these sectors in their efforts to enhance their international competitive strength; ensure the creation and establishment of and adherence to professional standards in their respective fields.





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FOR 10 YEARS



**WE ARE WORKING TO
DYNAMIZE MANUFACTURING
AND COMMERCE.**

Chairperson's Message

solid foundations

As indicated by our financial data, our sectors maintain their stable growth thanks to their solid foundations.

Distinguished Stakeholders,

Over the past four years, we have struggled with the pandemic and its challenging after-effects on the economy. As the ongoing wars in the North of our country and in the Middle East, coupled with increased geopolitical risks, kept taking their toll on the economic conjuncture, we were shattered by the earthquake disaster of early 2023 that deeply sorrowed our entire nation. Notwithstanding, we continued to act in line with our motto "Together We Are Stronger" as financial leasing, factoring, finance, asset management and savings financing companies gathered under the roof of the Association of Financial Institutions, and resolutely charged towards our growth targets.

As we go through a period of risks and opportunities melted in the same pot both on national and international terms, as the non-bank financial sector, we did, and continue to, safely navigate through the turbulences experienced, substantiating our strength drawn from our unity, synergy and adaptability. Our financial data indicates that our sectors maintain their stable growth thanks to their solid foundations. Looking back on 2023, which marked the centennial of our Republic, this successful period is not just a reflection of the past for us, but is also a powerful source of motivation for the future.

We, as the non-bank financial sector, achieved significant expansion in 2023. According to consolidated data of the five sectors represented by AFI, our total transaction volume was registered as TL 1,220 billion whereas our total assets and shareholders' equity amounted to TL 671 billion and TL 111 billion, respectively.

We continually invest in the future to transform our sectors' high potential into economic benefit.

The opportunity sphere of alternative solutions offered by non-bank finance has become much more evident in our country, as it has around the world. As

the competition in the finance sector is concentrated in technology, we are aware that we will be able to broaden our ecosystem to the extent we take advantage of the capabilities that digitalization introduces.

Acting with this vision, we have launched the Receivables Recording Center (RRC), in which receivable documents assigned to the finance sector and documents subject to credits in consideration for spending are recorded, and the Financial Leasing Contract Registration System (CRS) in which financial leasing contracts are registered. With the FK Bulut Shared Data Center / Finance Cloud introduced in 2020, we have not only authored a solution that significantly reduced the IT costs of financial institutions, but we have also contributed to the sustainability approach.

The RRC ecosystem keeps expanding with new integrations. Following the integration of the e-document system of the Revenue Administration, the integration of the invoice registration system of the Participation Banks Association of Türkiye (TKBB) and the Credit Guarantee Fund's COBIT system were finalized. The integration of the Movable Pledge Registry System operated by the Turkish Association of Notaries (TNB) and

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The RRC ecosystem keeps expanding with new integrations.

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new integrations



contribution to the economy

We introduced the AFI Economic Outlook Index in November 2023 for use by all our stakeholders in order to contribute to our country's economy.

“We will continue to work to broaden our sphere of financial influence and offer permanent values together with our 124 member companies.”

124 members

İhracatı Geliştirme A.Ş. (İGE - Export Development Company) is slated for completion in 2024.

In a bid to increase our contribution to the national economy, we contemplated developing an index for which the Finance Sector data would constitute the main input, which would be an additional tool to the RRC and CRS that have been running since 2015 with the incorporation of additional functions based on the importance we attach to digitalization. Hence, the related work was initiated in 2022 under the cooperation protocol we signed with İstanbul University and we have introduced the AFI Economic Outlook Index (in Turkish: FKB-EGE) in November 2023 for use by all our stakeholders in order to contribute to our country's economy.

To date, over 43 million documents have been processed by the Receivables Recording Center (RRC) into which factoring companies and banks enter data. In the Financial Leasing Contract Registration System

(CRS) which keeps records of the financial leasing contracts signed by financial leasing companies, participation, investment and development banks, on the other hand, over 188 thousand contracts have been registered so far. Together with this data set and the Finance Sector business volume data and number of contracts, we believe that the AFI Economic Outlook Index and its sub-indices created based on the analysis of all data used by AFI in its reporting and statistical activities and the projection questionnaires administered among our members will provide valuable benefits as a lead indicator that takes the pulse of trade and measures the investment trend in Türkiye.

Digitalization and sustainability are our main focuses

Non-bank finance alternatives worldwide get above 40% share out of the total financial sector, with variations among countries; in our country, on the other hand, the non-bank finance sector takes

around 14% share out of the overall financial sector's assets. This situation points out that we have yet to take adequate advantage of the potential presented by our sectors, which have paved a great distance towards institutionalization under the AFI roof and are regulated and supervised by the BRSA. Nonetheless, the same situation also indicates at the large maneuvering space we have for transforming this potential into support for the real economy.

In the period ahead, we will continue to work to broaden our sphere of financial influence and offer permanent values together with our 124 member companies under our roof, which represent the non-bank finance sector.

Emphasis to be placed on digitalization and technology investments will be an important heading on our 2024 agenda. Digital platforms and innovative financial solutions maintain their place among the top ranks of our companies' action plans aimed at enhanced customer

experience and increased operational efficiency. In addition, we are targeting to be more active in other areas including sustainable finance and green finance.

We are determined to sustain the stable growth of our sectors and to increase our contribution to our country's economic development. Together with our member companies, we will work to fulfill our commitments to build a sustainable financial future that will imprint the second century of our Republic, and we will keep doing our best to stand by our real sector, exporters, SMEs, and consumers, producing the solutions for their financial needs.

I thank all our members and stakeholders and hope that we will be sharing much greater achievements.

Ali Emre Ballı
Chairperson

“Emphasis to be placed on digitalization and technology investments will be an important heading on our 2024 agenda.”

focus on digitalization

Message from the Financial Leasing Sector Representatives Board

real growth

In 2023, the business volume of the sector increased by 90.3% on Turkish lira basis and by 27% on US dollar basis.



Distinguished Stakeholders,

The massive earthquake disaster of February 6th last year that affected a very broad geography in our country, the wars emerging in nearby locations, escalating energy prices, and the volatile exchange and interest rates negatively affected the investment appetite. Despite all these adverse developments, meaningful and marked growth was achieved in the business volume of the sector as of year-end 2023, which increased by 90.3% on Turkish lira basis and by 27% on US dollar basis.

GDP growth in 2023 was registered as 4.5%. From the standpoint of the sector, total assets augmented by 66.2%, a result contributed also by the rise in exchange rates and reached TL 272 billion in 2023. Financial leasing receivables increased by 60.2%, the share of TL transactions went up relatively, and the shareholders' equity available to the overall sector grew by 81.4% and its net profitability by 145.7%, while the NPL ratio was 3.9% in what has been a relatively better year.

2023 has been the first year in which zero Recourse Utilization Support Fund (RUSF) was applied to credits sourced from abroad with terms shorter than 3 years. It has been observed that the companies engaged in the sector benefited from this regulatory change.

In 2023, the share of heavy-duty and construction machinery, being the

items with the highest transaction share in the previous year, increased by 3.9 points to 26%, while road vehicles increased their share significantly by 9.4 points to reach 28%. The share of real estate also went up by 3.9 points in the same timeframe to 10%, while that of the textile group declined by 6.3 points, a result affected also by the earthquake. Metal and metal processing commodity groups remained flat at 9%. On another front, the share of renewable electricity generation equipment that made the focus of the sector's major companies, in particular, was registered as 4%.

We continue to progress along the sustainability and digitalization axes.

In the reporting period, the Association of Financial Institutions spent intensive efforts on the development of the regulatory framework governing the sector, accelerating and expanding the scope of its members' access to financing, increasing cooperation with the other institutions of the public sector, and took steps for promoting financial leasing and providing information periodically through its social network accounts and the media.

Operating completely on the electronic medium, the Financial Leasing Contract Registration System has been successfully used by 36 users comprised of leasing companies, participation banks, investment banks, and development banks. Running in integration with the Ministry of Finance, e-government and the Central Civil Registration System (in Turkish: MERNİS), the system registers the contracts that are electronically signed and time stamped. In 2023, the technical capacity was reinforced with new devices purchased in 2022 and the technology was upgraded. In 2023, the number of registered contracts went up by 21.8% and the FC equivalent of registered transactions grew by 69.4% on a year-on-year basis.

The regulatory framework governing remote authentication added to the priority of our fundamental strategy and goals for digitalization.

Notwithstanding some regulatory omissions, the legislation published in relation to remote authentication and remote customer acquisition will presumably contribute significantly to the fast adaptation of the sector players to the digital and drive them to digitize their work processes to enhance customer experience with respect to capitalizing on the future potential of financial leasing.

With 20 companies engaged in it as of the end of the year, the sector targets to increase its penetration in renewable energy upon which much emphasis is placed. The sector closely watches green economy and sustainability, two topics that are high on the agenda of the European Union as well. We are maintaining our communication in this regard with Leaseurope, the European Federation of Leasing Company Associations, of which we are a member and sit on the board of directors.

Our social influence matters to us.

2023 started with a truly heart wrenching earthquake for our country. With the contributions of the members from our sector, support has been extended to customers in the earthquake-affected provinces, and funds were raised across the AFI to try and assist the earthquake victims in rebuilding their lives.

2023 also saw the initiation of a new social responsibility project. A protocol was signed between AFI Financial Leasing Economic Enterprise and the Spinal Cord Paralytics Association of Turkey (TOFD) for donating battery-operated wheelchairs. Under the protocol, a total of 25 battery-operated wheelchairs were purchased and delivered to individuals who needed them in various cities in our country and primarily the earthquake-hit region. The cooperation with TOFD is targeted to be carried on in 2024 as the continuation of the protocol.

We are even stronger in our second century.

2023 has been a very special year that marked both the 100th year of our Republic and the 10th anniversary of the establishment of the Association of Financial Institutions.

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The sector targets to increase its penetration in renewable energy upon which much emphasis is placed.

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renewable energy

Our sector obtained much stronger representation under the roof of the Association of Financial Institutions. Although many problems of the sector have been resolved thanks to the Law no. 6361 and thanks to our requests for regulatory framework that have been addressed since the incorporation of the Association, best efforts are being spent to follow up on our pending regulatory requests. Debuted in November and targeted to be disclosed monthly from now on, the Association of Financial Institutions Economic Outlook Index that also incorporates data for the factoring and finance sectors covered by our Association marks a development we place much emphasis on and makes us proud in our 10th year.

As we target a healthy and faster expansion for the sector in 2024, I thank our members and all our stakeholders and wish everybody well.

Coşkun Çabuk
Deputy Chairperson
(on behalf of the Financial Leasing Sector Representatives Board)

Message from the Factoring Sector Representatives Board

rising performance

The factoring sector sustained its support to the economy and employment at the highest level via 49 companies, and achieved a rising financial performance.



Distinguished Stakeholders,

We had started the year 2023 in which we celebrated the 100th anniversary of our Republic with the thought that it was the first step of a recovery process with diminishing effects of the global economic turbulences that emerged with the Covid-19 pandemic which left indelible marks across the world. On the contrary, we were all aggrieved by the earthquake disaster that caused enormous destruction in our country.

Recognizing the important duties incumbent upon it through the financial and emotional recuperation of our country, the factoring sector sustained its support to the economy and employment at the highest level via 49 companies with 365 branches providing employment to 4000 people, and achieved a rising financial performance.

Factoring business volume grew by 103% year-on-year to TL 820 billion, while the sector's receivables increased by 54.7% to reach TL 197 billion. Total assets of the sector expanded by 57.5% to TL 214 billion, whereas shareholders' equity was up by 102% to TL 34 billion.

Furthermore, Türkiye captured the first rank in the world in export factoring with a market share of 17% secured by a business volume of EUR 2.2 billion. Türkiye is followed by Spain, Taiwan and Italy in this field, respectively.

At the heart of the sector's roadmap lies sustainable growth backed by digitalization.

At the heart of the factoring sector's roadmap lies sustainable growth backed by digitalization. With this vision, the Receivables Recording Center (RRC) and FKBulut Shared Data Center / Finance Cloud developed in-house by the Association of Financial Institutions (AFI) can be described as pioneering projects.

The Receivables Recording Center (RRC) records receivable documents assigned to the finance sector and the documents subject to loans against spending and precludes double-assignment and financing of commercial receivables has been one of the crucial projects that have been successfully in use by the factoring sector since 2015. Having recorded 43.6 million invoices and other documents substantiating receivables worth TL 2.6 trillion in total from its establishment until year-end 2023, the RRC prevented 2.5 million risky transactions. The ratio of e-documents in the system used by 49 factoring companies and 30 banks rose to 98%.

The integration of the Revenue Administration (RA), the invoice registration system of the Participation Banks Association of Türkiye and the Credit Guarantee Fund with the RRC were brought to completion in earlier years, and the integration of the Movable Pledge Registry System and İhracatı Geliştirme A.Ş. is targeted to be finalized in 2024.

The FKBulut represents another significant project realized by the factoring sector within the frame of its vision to achieve sustainable growth backed by digitalization. FKBulut was installed in 2020 in accordance with the BRSA criteria with the purpose of fulfilling the fundamental digitalization and technological infrastructure needs of particularly small-scale financial institutions. Thanks to FKBulut, each financial institution can have its needs satisfied from the shared structure instead of setting up its own data center and employing

a certain number of IT personnel. Moreover, work is in progress for offering shared software technology such as remote identification and contract signing, digital finance, customer intelligence services, cyber security services and the like to financial institutions through FKBulut. FKBulut was awarded by the IDC (International Data Corporation) in the best private cloud project and cost efficiency categories in 2021 and 2022.

In addition to the projects mentioned above, our efforts are ongoing in relation to Documented/ Undocumented Export Credits Module, Trade Chain Finance System, private integrator and core factoring software projects.

Our contribution to the real economy and development continues to grow.

The importance that the growth of the factoring sector bears with respect to the development of Türkiye will be better understood when the direct correlation between the magnitude of non-bank financial institutions and economic growth and development is taken into consideration.

As the factoring sector, we continue to work to be the indispensable business partner and long-term companion of our producers and exporters with a particular emphasis on our SMEs that turn the wheels of the economy in our country.

As we step into the second century of our Republic, this great nation has full and strong internal motivation and self-confidence to look to the future with hope. With this belief, I hope that 2024 will be a year of solidarity, hope and plentitude, and extend my heartfelt thanks to all our members and stakeholders.

Selahattin Süleymanoğlu
Deputy Chairperson
(on behalf of the Factoring Sector Representatives Board)

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The ratio of e-documents in the RRC used by 49 factoring companies and 30 banks rose to 98%.

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98%

Message from the Financing Companies Sector Representatives Board

supporting the recovery

The business volume of our sector increased by 121.4% to TL 188 billion, total receivables increased by 89.6% to TL 116 billion, and the number of our customers reached 1.6 million.



Distinguished Stakeholders,

Before I provide an overview of our 2023 activities, once again I would like to express our grief for the devastating earthquake that hit Kahramanmaraş and 11 provinces on February 6th, wounding our entire nation deeply. In this period, we, the financing companies, and our employees worked hard to extend any support we could for our fellow citizens and our customers, to fulfill urgent needs, support the victims and strengthen social solidarity. I wish God's mercy upon those who perished in this horrendous disaster, speedy recovery and strength to the injured, and offer my condolences to those who lost loved ones.

We continue pioneering the fulfillment of customer needs in the 100th year of Türkiye.

2023, in which we celebrated 100th year of Türkiye, has been a year of varying dynamics for the financing sector. In the reporting period that has been the scene to highly significant asymmetrical balances in interest, inflation and exchange rates, the positive perception that resulted from the transition to orthodox policies was strongly felt in the markets, which reflected positively on our sector as well. Offering fast and easy borrowing options to individuals and institutions for purchases of various goods and services including education, durables, information infrastructure and telecommunication products, and most particularly auto loans, our financing companies kept

increasing financial inclusion by catering to the needs of enterprises and individuals via their innovative financial products aligned with the needs of the real sector coupled with their diversified services portfolio. Despite the challenges that the reporting period presented, we have solidly supported the economic recovery in the sector thanks to the robust foundations and flexible structure of our sector.

In the centennial of our Republic, we, as financing companies, used scoring systems for increased effectiveness of operational processes, established productive collaborations, and continued to take an active part in the financing of infrastructure investments and large-scale projects and to contribute to the growth and development of the Turkish economy, while we kept taking our innovative approach and IT infrastructures further. During the narrowing phase that afflicted our economy, we strove to minimize the contraction by increasing our support to the automotive industry, SMEs and the overall economy.

In this period when digitalization continually increased in the world and in our country and consumer needs and demands changed rapidly, our financing companies quickly adjusted to the changes thanks to major digital infrastructure investments and became pioneers in catering to requirements through customized solutions tailored for customer experience. Leading the use of the BNPL (Buy Now Pay Later) system that has an ever-expanding usage in Türkiye, our companies continue to offer integrated service and to open up new space for the finance sectors by way of alternative payment systems for the consumers in our country.

In this context, we are feeling all the more engaged in the European Union harmonization process on the back of the initiatives of the European Federation of Finance House Associations (EUROFINAS), of which we are a member and whose EU norms in relation to facilitating access to financing, information security, information sharing and so on we closely follow up.

In the reporting period when the finance sector continually got

larger and expanded its influence, we increased the number of our members to 23 with our three new members that received their licenses in the last quarter of 2023 and joined our sector, namely Fair Finansman A.Ş., Mint Finansman A.Ş. and Dgfin Finansman A.Ş. I believe that this will add to our strength and help us create new momentum in the sector. The added value and diversity to be contributed by the new companies will increase access to financial services and support more inclusive growth in the economy.

In 2023, total assets of the 20 financing companies engaged in the sector grew 87.5% to TL 140 billion, and the sector's business volume expanded by 121.4% to reach TL 188 billion. Total receivables, on the other hand, went up by 89.6% to TL 116 billion, while the number of customers arrived at 1.6 million as of year-end.

We will keep striving to be the engine of economic development.

The Communiqué (No. 2022/17) Amending the Required Reserves Communiqué (No. 2013/15) published in the Official Gazette issue 31818 dated 23 April 2022 has been another regulation that re-included financing companies within the required reserve implementation although they are smaller scale organizations as compared to banks and other financial institutions, and thus created a negative effect on the cash flows of our companies this year, as was the case in previous years, as it requires the financing companies to set aside the same amount of credit as required reserves that banks do. In the reporting period during which our economy shrank, this regulation led to a reduction of available liquidity and restrictions in lending activities for the financing companies that are currently challenged in tapping funds. The required reserve obligation imposed on financing companies which are not authorized to collect deposits and which provide financing through shareholders' equity, external funds and securities issues negatively affects those companies' credit activities and growth potentials, giving rise to a significant disadvantage in terms of competing with other financial institutions.

“The Buy Now Pay Later system that has an ever-expanding usage offers opens up new space for the financial sector.”

Buy Now Pay Later

As the financing sector that serves as one of the building blocks of our economy, we will be taking the necessary steps for sustainable growth, to ensure stability by supporting the economic structure and to carry our country further on the back of our forward-looking pioneering vision also in the second century of Türkiye.

We will keep striving to be the engine of economic development with our important initiatives in various respects including the development of innovative financial products and services, accelerating digitalization and technological adaptation, closely working with all regulatory authorities under the AFI roof to secure the introduction of the necessary regulatory framework, increasing financial literacy and adoption of sustainability principles.

Gökmen Önbülak
Deputy Chairperson
(on behalf of the Financing Companies Sector Representative Board)

Message from the Asset Management Sector Representatives Board

competent and expert

Relying on the performance produced by our companies, we can now comfortably state that a sector with a solid digital infrastructure, which is competent in NPL, overdue receivables, and restructuring.



Distinguished Stakeholders,

The key factor that makes 2023 important for us is that it marks the 100th anniversary of our Republic. We believe that witnessing the centennial of our Republic also imposes upon us the responsibility to uphold these values and pass them on to future generations, and we believe in the light of these values.

On another front, the general elections made 2023 a year of hot talks about the economy and politics in every sense.

2023 has been an intensive year in terms of economy and politics, as a result of the general elections. As the election results eliminated the political uncertainty, economy and finance became the central topics of our agenda. Anti-inflationary efforts, regulatory work and sustainability were high on the agenda.

From the standpoint of the asset management companies sector, the intensive interest in 2022 carried on and further grew in 2023. The number of our companies that was 23 in 2023 reached 26. As high inflation supported debt repayment terms, file closures also increased in 2023 that saw increased payment capabilities.

Our target is to get the social aspect of our business better perceived.

We always consider the social aspect of our business. Our sector significantly contributed to the redevelopment of the region and to the local people in the aftermath of the tragic earthquake disaster that took place on February 6th in our country. We have exhibited a unique example of solidarity through rough times. Our companies proved that they are standing by our fellow citizens who were affected by the earthquake in these difficult times, striving to make things easier for them by all means, including debt cancellation. At present, our support and relief efforts are still ongoing in the region that represents nearly 18% of our portfolio.

Additionally, the regulatory steps were completed within the scope of Provisional Article 3 of the Income Tax Law no. 7420 that was enforced to preclude the rise in enforcement files and to alleviate the long-standing debt burden, upon which our companies initiated the waiver procedures. This initiative we consider an important opportunity to re-include particularly low-income citizens in the financial system by relieving them and eliminating this long-lasting important issue progresses smoothly thanks to our companies' sacrifice and ownership of the topic. At this point, our companies shoulder responsibility and unilaterally waive 50% of the principal amounts of in-scope debts, upon which the relevant files are closed.

Besides all these, our sector also undertook communication efforts. We set up a communication committee which will work on conveying our sector, fields of activity, what we do and want to do and will evaluate

the feedback. We believe that this committee that also started working with representatives from our companies will make major contributions towards the reputation and perception of our sector.

Our sector is cementing its position as an important component of the financial system.

Significant steps have been taken also regarding "Charge Exemption" that we regard as the most crucial problem of our sector, for which contacts are ongoing. Our opinion about the exemption that has been appended to the preamble of the law while work was being carried out the year before regarding Provisional Article 3 of the Law no. 7420 has been officially submitted by the Revenue Administration to the Ministry of Justice. Department of Enforcement Proceedings shared the said opinion with Enforcement Units and assisted in increased awareness of the issue. We are anticipating that the practice in this direction will be disseminated and debtors will be relieved of this heavy burden.

Relying on the performance produced by our companies, we can now comfortably state that we represent an open, transparent, accountable, licensed sector with a solid digital infrastructure, which is competent in NPL, overdue receivables, and restructuring, is an expert in its field, works professionally and is regulated and supervised by public authorities.

What we have already achieved gives us strength to do better...

Ali Emre Ballı
Chairperson
(on behalf of the Asset Management Companies Sector Representatives Board)

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Our aid and support for the earthquake-affected region, which constitutes approximately 18% of our portfolio, continues.

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18% of our portfolio

Message from the Savings Financing Sector Representatives Board

increase in profitability

As a result of the positive outcomes of regulations and supervision, the sector's RoA and RoE figures recently surpassed those of banking institutions and of non-bank financial institutions.



Distinguished Stakeholders,

The first regulatory arrangement concerning the savings financing sector occurred through the modification made to the Financial Leasing, Factoring, Financing and Savings Financing Companies Law no. 6361 in 2021. Based on its audits, the Banking Regulation and Supervision Agency (BRSA) granted operating licenses to Birevim Tasarruf Finansman A.Ş., Eminevim Tasarruf Finansman A.Ş., Fuzul Tasarruf Finansman A.Ş., İmece Tasarruf Finansman A.Ş., Katılımevim Tasarruf Finansman A.Ş. and Sinpaş Tasarruf Finansman A.Ş. in 2022.

Six savings financing companies that received their operating licenses completed their membership procedures with the Association of Financial Institutions (AFI) on 17 June 2022. Following suit of the other four sectors, the savings financing sector also benefits from the institutional memory, synergy, knowledge and experience of AFI. In the reporting period, one of our sector players undertook an IPO with the aim of helping develop the capital markets. Similarly, I believe that other players in our sector will soon finalize their efforts to go public and we will successfully contribute to the flourishing of the capital markets.

As a result of the positive outcomes of regulations and supervision,

the sector's RoA and RoE figures recently surpassed those of banking institutions and non-bank financial institutions. In 2024, we are anticipating new financial products associated with the savings financing sector to be introduced, the widening of IPOs, and the realization of projects such as government-backed housing accounts and guarantees for collected funds, based on which we will hopefully capture a high level of synergy for this sector.

The Savings Financing Sector is institutionalizing.

As savings financing companies and AFI, we are working in close cooperation with numerous public agencies including the Ministry of Treasury and Finance, Ministry of Interior, BRSA, General Directorate of Land Registry and Cadaster, SDIF and so on. Savings financing companies made major progress towards monitoring and controlling their risk exposure, and establishing of an effective risk management, internal control and internal audit system that is aligned with the scope and structure of savings financing activities and in accordance with the changing conditions.

Together with participants comprised of savings financing companies, we set up the Legal and Regulatory Committee, Financial Affairs and Reporting Committee, Strategy Committee, Information Technology Committee and Media, Communication and Perception Committee. We are holding meetings with these committees to exchange opinions about the issues encountered in practice and other topics raised, to suggest solutions and to ensure consensus across the sector. Topics associated with the sector are negotiated and decided in monthly meetings or in extraordinary meetings, as the case may be.

After the modification of the Savings Financing Regulation, we have updated the savings financing framework agreements and sent them to the BRSA. We have had a series of meetings and correspondence with the General

Directorate of Land Registry and Cadaster Department of Land Registry and the Revenue Administration via AFI to resolve the mortgage, charges and stamp duty exemption issues that savings financing companies confront at land registry offices. The companies' certain problems have been resolved including e-pledge, hypothecation issues and mortgage-related charges, stamp duty and BITT exemption problems.

BRSA revised the Savings Financing Regulation.

The Regulation Amending the Regulation on the Establishment and Operating Principles of Savings Financing Companies awaited by the savings financing companies entered into force upon its publication in the Official Gazette issue 32414 dated 29 December 2023. The key changes introduced by the new regulation can be addressed under 3 headings.

Provisions concerning customers:

It has been stipulated that one copy of the customer contracts can be issued physically or else, using remote communication tools subject to the customer's approval. Furthermore, it has been set out that the savings financing customer is allowed to modify the contract only once and that payment to the customer must be made within no later than one month following entitlement to allocation.

Increased Limits for Housing and Vehicle Contracts:

While the upper limit of a contract to be signed by a given customer was TL 1 million, the revised regulation sets out that the same must not exceed five million for housing and roofed workplaces, and not exceed two million for vehicles. These allocation amounts will be increased in January by the rate of rise in the annual producer prices index (PPI) released by the Turkish Statistical Institutions. Accordingly, the amounts in contracts that savings financing companies will sign with customers in 2024 were raised to TL 7,211,000 for housing and TL 2,884,400 for vehicles.

“

With the new regulation, the amounts in contracts that savings financing companies will sign with customers in 2024 were raised to TL 7,211,000 for housing and TL 2,884,400 for vehicles.

”

contract limit increase

Research Center

The Savings Financing Application and Research Center was established within İbn Haldun University in order to promote the recognition of the savings financing sector and disseminate scientific research.

“Product diversification in the savings finance sector will lead to the development of the sector and increase capital accumulation.”

product diversification

Other Regulatory Changes: Risk groups, which exist in the banking sector, were defined for the first time for the savings financing sector and certain restrictions have been imposed. Furthermore, new requirements were introduced regarding the evaluation of the savings fund pool and certain financial ratios were updated.

Product Diversity Needs to be Increased.

Savings financing companies were included within the Strategy Document as a part of the participation financing ecosystem in the Participation Finance Bill and Participation Finance Strategy Document (2022-2025). The participation financing ecosystem addresses participation banking, participation insurance, participation capital markets and savings financing operations holistically. The savings financing operations emerged as a new business model designed to make investors home-, car- and business place-owners within the principles of interest-free finance.

There is no globally accepted standard method for measuring savings ratios. Notwithstanding, some studies state that average savings in the world vary from one country to the other, ranging between 20% to 36%. It is estimated that savings ratios in our country still correspond to as little

as half of these ratios. Despite the very low savings ratios in our country, the savings deficit will obviously be covered as and when appropriate financing methods are devised. Increasing the product diversity of the savings financing sector will pave the way for the flourishing of the sector and growing capital accumulation.

In addition to its existing activities, the savings financing sector can also be used for land purchases, alteration or structural reinforcement of homes or business places, covering educational expenses, healthcare expenses, financing of heavy-duty machinery, hadj/umra package, weddings, furniture and white goods purchasing or replacement.

The Savings Financing Research and Application Center has been established.

On 16 August 2023, a protocol was signed by the İbn Haldun University administration and sector representatives during a launch event held at the AFI Head Office to promote the recognition of the savings financing sector and dissemination of scientific research. The duties of the Savings Financing Application and Research Center (the Research Center) permitted to be established by the Council of Higher Education in March 2024 will include execution of education activities, creation of a qualified workforce, contributing

to regulatory processes for the development of the sector, making scientific publications and conducting research and studies, organizing classes, seminars, symposia, congresses, courses and certificate programs, studying international experiences and broadening the target audience.

The research center is designed as an exemplary structure bringing together the public and private sectors and the academic community. One of the most important topics on our agenda is to increase literacy in the financial markets and especially in the savings financing sector, thus forming a population of informed investors. Additional targets include building on the academic literature, R&D, realizing new projects, creating innovation processes and forming a role model in the international arena.

Subsidized Housing Account Support Scheme

The business model of savings financing companies is in conformity with the Subsidized Housing Account support schemes. We were pleased that our sector has been invited to meetings held by the Ministry of Treasury and Finance, General Directorate of Financial Markets and Exchange on 04 December 2023 in Ankara and attended by officials from numerous public agencies. Allocation of subsidized housing account support schemes granted to deposits and participation banks to savings financing companies will significantly contribute to compensating the savings gap in our country, growing savings and fulfilling of the housing need that resulted from the earthquake.

Savings Financing Sector by Fiscal Data

Financial statements of our sector started to be submitted regularly to the BRSA via the Information Data Transfer System in 2023, as is the case in the banking and other financial sectors. The established system secured the consistency and continuity of financial reports, and allowed public disclosure of financial

data. A uniform chart of accounts and financial reporting infrastructure was created and customary reports such as balance sheets, income statements, various data, legal limits, etc. started to be shared with the BRSA and AFI.

Total assets available to the savings financing sector went up from TL 1.5 billion at year-end 2015 to TL 12.6 billion in 2022, and to TL 29 billion in 2023, up by 130 % over the previous year. Total assets of the sector expanded by more than 18 folds from 2015 through 2023. While the sector's two players pursued operations out of 68 branches in 2015, six companies were carrying out their activities with 424 branches as of December 2023. The number of employees, which was 943 in 2015, currently stands at 4,368. The contracts of savings financing companies were worth TL 163 billion and the number of their customers reached 370 thousand people as of the said date.

In conclusion, we have paved significant distance in several departments since we received operating permission, including institutionalization, transparency, risk management, standardization of financial reporting and cooperation with İbn Haldun University. I would like to note that the BRSA's modification of the Savings Financing Regulation will contribute synergy to our sector and will carry us to better points in the coming days in terms of financial data. I would also like to add that we have the potential to play an important role in compensating our country's savings deficit in the event that we are included in the subsidized housing account scheme and provided further that product diversity is increased.

As we target healthy and faster growth for the savings financing sector in 2024, I thank our members and all our stakeholders and wish them all the best.

Eyüp Akbal
Deputy Chairperson
(on behalf of the Savings Financing Sector Representatives Board)

“Total assets of the sector expanded by more than 18 folds from 2015 through 2023.”

18-fold growth



10

FOR 10 YEARS

**WE ARE CAPTURING THE ERA
AND DEVELOPMENT THANKS
TO DIGITAL TECHNOLOGIES.**



Board of Directors



Ali Emre Ballı
Chairperson
Adil Varlık Yönetim A.Ş.



Coşkun Çabuk
Deputy Chairperson
Halk Finansal
Kiralama A.Ş.



Selahattin Süleymanoğlu
Deputy Chairperson
Halk Faktoring A.Ş.



Gökmen Onbulak
Deputy Chairperson
Mercedes Benz Kamyon
Finansman A.Ş.



Eyüp Akbal
Deputy Chairperson
Fuzul Tasarruf
Finansman A.Ş.



Gamze Halide Berberoğlu
Member of the Board
TEB Finansman A.Ş.



Fatma Nurcan Taşdelenler
Member of the Board
Arena Finans
Faktoring A.Ş.



Mahir Orak
Member of the Board
Birevim Tasarruf
Finansman A.Ş.



Mehmet Şen
Member of the Board
Sümer Varlık
Yönetim A.Ş.



Mustafa Mutlu Çalışkan
Member of the Board
Emin Evim Tasarruf
Finansmanı A.Ş.



Oğuz Çaneri
Member of the Board
DLL Finansal
Kiralama A.Ş.



Önder Demirkurt
Member of the Board
Doğru Varlık Yönetim A.Ş.



Şahismail Şimşek
Member of the Board
İş Faktoring A.Ş.



Tanju Fatih Torun
Member of the Board
Yapı Kredi Finansal
Kiralama A.O.



Volkan Döşoğlu
Member of the Board
ALJ Finansman A.Ş.

Member Companies

Financial Leasing Sector

- 1 A&T Finansal Kiralama A.Ş.
- 2 Ak Finansal Kiralama A.Ş.
- 3 Alternatif Finansal Kiralama A.Ş.
- 4 Anadolu Finansal Kiralama A.Ş.
- 5 Arı Finansal Kiralama A.Ş.
- 6 BNP Paribas Finansal Kiralama A.Ş.
- 7 Burgan Finansal Kiralama A.Ş.
- 8 Deniz Finansal Kiralama A.Ş.
- 9 Garanti Finansal Kiralama A.Ş.
- 10 Halk Finansal Kiralama A.Ş.
- 11 ING Finansal Kiralama A.Ş.
- 12 İş Finansal Kiralama A.Ş.
- 13 Mint Finansal Kiralama A.Ş.
- 14 Pervin Finansal Kiralama A.Ş.
- 15 QNB Finans Finansal Kiralama A.Ş.
- 16 Siemens Finansal Kiralama A.Ş.
- 17 Şeker Finansal Kiralama A.Ş.
- 18 Vakıf Finansal Kiralama A.Ş.
- 19 VFS Finansal Kiralama A.Ş.
- 20 Yapı Kredi Finansal Kiralama A.O.

Factoring Sector

- 21 ABC Faktoring A.Ş.
- 22 Acar Faktoring A.Ş.
- 23 Ak Faktoring A.Ş.
- 24 Akdeniz Faktoring A.Ş.
- 25 Akın Faktoring A.Ş.
- 26 Anadolu Faktoring A.Ş.
- 27 Arena Finans Faktoring A.Ş.
- 28 Atılım Faktoring A.Ş.
- 29 Başer Faktoring A.Ş.
- 30 Bayramoğlu Faktoring A.Ş.
- 31 Bien Finans Faktoring A.Ş.
- 32 Creditwest Faktoring A.Ş.
- 33 Çağdaş Faktoring A.Ş.
- 34 Çözüm Faktoring A.Ş.
- 35 Deniz Faktoring A.Ş.
- 36 Destek Finans Faktoring A.Ş.
- 37 Doruk Faktoring A.Ş.
- 38 Eko Faktoring A.Ş.
- 39 Ekspo Faktoring A.Ş.
- 40 Fiba Faktoring A.Ş.
- 41 Figo Finans Faktoring A.Ş.
- 42 Garanti Faktoring A.Ş.
- 43 GSD Faktoring A.Ş.
- 44 Halk Faktoring A.Ş.
- 45 Huzur Faktoring A.Ş.
- 46 İstanbul Faktoring A.Ş.

İş Faktoring A.Ş.

- 47 İş Faktoring A.Ş.
- 48 Kapital Faktoring A.Ş.
- 49 Kent Finans Faktoring A.Ş.
- 50 Lider Faktoring A.Ş.
- 51 Mert Finans Faktoring A.Ş.
- 52 MNG Faktoring A.Ş.
- 53 Optima Faktoring A.Ş.
- 54 Para Finans Faktoring A.Ş.
- 55 QNB Finans Faktoring A.Ş.
- 56 Sümer Faktoring A.Ş.
- 57 Şeker Faktoring A.Ş.
- 58 Şirinoğlu Faktoring A.Ş.
- 59 Tam Finans Faktoring A.Ş.
- 60 TEB Faktoring A.Ş.
- 61 Tradewind Faktoring A.Ş.
- 62 Tuna Faktoring A.Ş.
- 63 Ulusal Faktoring A.Ş.
- 64 Vakıf Faktoring A.Ş.
- 65 Vdf Faktoring A.Ş.
- 66 Yapı Kredi Faktoring A.Ş.
- 67 Yaşar Faktoring A.Ş.
- 68 Yeditepe Faktoring A.Ş.
- 69 Zorlu Faktoring A.Ş.

Financing Sector

- 70 ALJ Finansman A.Ş.
- 71 Evkur Finansman A.Ş.
- 72 Fair Finansman A.Ş.
- 73 Dgfin Finansman A.Ş.
- 74 Hepsî Finansman A.Ş.
- 75 Koç Fiat Kredi Finansman A.Ş.
- 76 Koç Finansman A.Ş.
- 77 Mercedes Benz Finansman Türk A.Ş.
- 78 Mercedes Benz Kamyon Finansman A.Ş.
- 79 Mint Finansman A.Ş.
- 80 Ofisfinans Finansman A.Ş.
- 81 Orfin Finansman A.Ş.
- 82 Quick Finansman A.Ş.
- 83 TEB Finansman A.Ş.
- 84 Tırsan Finansman A.Ş.
- 85 Tom Finansman A.Ş.
- 86 TT Finansman A.Ş.
- 87 Turk Finansman A.Ş.
- 88 Turkcell Finansman A.Ş.
- 89 VFS Finansman A.Ş.
- 90 Vodafone Finansman A.Ş.
- 91 Volkswagen Doğuş Finansman A.Ş.
- 92 Zip Finansman A.Ş.

Asset Management Sector

- 93 Adil Varlık Yönetim A.Ş.
- 94 Armada Varlık Yönetim A.Ş.
- 95 Arsan Varlık Yönetim A.Ş.
- 96 Ağı Altın Gezegen Varlık Yönetim A.Ş.
- 97 Birikim Varlık Yönetim A.Ş.
- 98 Birleşim Varlık Yönetim A.Ş.
- 99 Blg Varlık Yönetim A.Ş.
- 100 Boğaziçi Varlık Yönetim A.Ş.
- 101 Denge Varlık Yönetim A.Ş.
- 102 Diriker Varlık Yönetim A.Ş.
- 103 Doğru Varlık Yönetim A.Ş.
- 104 Dünya Varlık Yönetim A.Ş.
- 105 Efes Varlık Yönetim A.Ş.
- 106 Eps Varlık Yönetim A.Ş.
- 107 Emir Varlık Yönetim A.Ş.
- 108 Gelecek Varlık Yönetim A.Ş.
- 109 Hedef Varlık Yönetim A.Ş.
- 110 İlke Varlık Yönetim A.Ş.
- 111 İstanbul Varlık Yönetim A.Ş.
- 112 Mega Varlık Yönetim A.Ş.
- 113 Met-Ay Varlık Yönetim A.Ş.
- 114 Ortak Varlık Yönetim A.Ş.
- 115 Pozitif Varlık Yönetim A.Ş.
- 116 Sümer Varlık Yönetim A.Ş.
- 117 Tuna Varlık Yönetim A.Ş.
- 118 Yunus Varlık Yönetim A.Ş.

Savings Financing Sector

- 119 Birevim Tasarruf Finansman A.Ş.
- 120 Emin Evim Tasarruf Finansman A.Ş.
- 121 Fuzul Tasarruf Finansman A.Ş.
- 122 İmece Tasarruf Finansman A.Ş.
- 123 Katılımevim Tasarruf Finansman A.Ş.
- 124 Sinpaş Tasarruf Finansman A.Ş.

General Secretariat



Evren Katip
Deputy Secretary
General / Asset
Management

**Assoc. Prof.
Abdurrahman
Çetin**
Deputy Secretary
General / Savings
Financing

**Mehmet
Karakılıç**
Deputy Secretary
General / Financial

Ahmet Candan
Secretary General

Filiz Ünal
Deputy Secretary
General / Factoring

Vahit Altun
Deputy Secretary
General / Financing



Sevilay Alşar
Director, Education



**Atty. Eda Atamer
Coşkunsu**
Legal Counselor,
Legislation and Legal
Affairs



**Sibel Özata
Erdoğan**
Director, Statistics and
Economic Researches



**Janin Ersöz
Amiroğlu**
Director, Financial
Leasing Commercial
Enterprise



Mehmet Şahin
Director, Information
Technologies, Trade
Finance Commercial
Enterprise



**Tefik Altuğ
Çetinbaş**
Director, Trade Finance
Commercial Enterprise



Özkan Tekeş
Senior Manager,
Financial and
Administrative Affairs



Emre Kırşan
Manager, Financial
Leasing Commercial
Enterprise



Fuat Yıldırım
Manager, Trade Finance
Commercial Enterprise



Ceren İnce Yılmaz
Senior Specialist,
Financial and
Administrative Affairs



Aysu Coşkunoğlu
Assistant Specialist,
Financing Sector



Gökhan Uysal
Specialist, Trade
Finance Commercial
Enterprise



Ayberk Hoşyiğit
Assistant Specialist,
Financial Leasing
Commercial Enterprise



Melih Cansın Ercan
Assistant Specialist,
Trade Finance
Commercial Enterprise



Büşra Uzun
Assistant Specialist,
Statistics and Economic
Researches



Eren Akyol
Assistant Specialist,
Financial and
Administrative Affairs



**Hande Demirkol
Karaman**
Executive Secretary



Beyza Çelik
Assistant



Mevlüt Karakuş
Office Assistant



Kerim Koca
Office Assistant



10

FOR 10 YEARS

**WE ARE TARGETING TO
INCREASE INCLUSION IN
FINANCIAL SERVICES.**



Milestones

2012

21 November

The Association of Financial Leasing, Factoring and Finance Companies was established by the Financial Leasing, Factoring and Finance Companies Law no. 6361.

2013

24 April

Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Finance Companies was published.

22 October

Osman Zeki Özger (Vakıf Financial Leasing) was elected as the first Chairperson in the first General Assembly/Election.

24 December

Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring, Finance and Savings Financing Companies was published.

2015

2 January

The Receivable Recording Center (RRC) went live.

4 February

Regulation on the Principles and Procedures to be Applied in Factoring Transactions was published.

4 February

Factoring companies were authorized to extend CBRT Rediscount Credits via Eximbank.

9 February

Financial Leasing Contract Registration System was launched.

27 March

AFI Basic Expertise Certification Program had its first graduates.

10 April

AFI members were authorized to trade on the Takasbank (İstanbul Settlement and Custody Bank) Money Market.

12 June

Association of Financial Institutions and İstanbul Ticaret University cooperation protocol was signed.

13 September

Financial Leasing Sector affiliated to Leaseurope.

2016

24 February

The first edition of the "SMEs Cross the Borders with Factoring" Meetings took place in Denizli.

10 May

4th Ordinary General Meeting - Mehmet Cantekin (Türkcell Finansman) was elected as the chairperson.

1 July

Finance sector affiliated to Eurofinas.

2017

11 May

The first edition of the "Leasing and SMEs - Headed Towards a Solid Future Together" meetings took place in Kahramanmaraş.

5 July

Factoring Economic Enterprise became an e-Invoice private integrator.

2018

20 September

Adem Duman (Türkcell Finansman) was elected as the chairperson based on the Board of Directors decision.

1 November

International Regional Factoring Conference was held.

2019

3 January

Trade Chain Finance System (TCFS) was introduced.

18 February

Financial Leasing companies were authorized to extend CBRT Rediscount Credits via Eximbank.

6 April

Communiqué on the Management and Auditing of the Information Systems of Financial Leasing, Factoring and Finance Companies was published.

5 July

Aynur Eke (Vakıf Faktoring) was elected as the Chairperson of the Board of Directors at the AFI General Meeting entailing an election.

5 July

Stake was acquired in Birleşik İpotek Finansmanı A.Ş.

28 November

Stake was acquired in JCR Avrasya Derecelendirme A.Ş.

2020

26 June

Law no. 6361 was modified to allow the use of digital methods for Financial Leasing, Factoring and Finance Companies' contracts.

2021

26 February

Financial Leasing, Factoring and Finance Companies were included among the liable parties to form the MASAK (Financial Crimes Investigation Board) Compliance Program.

4 March

Under the provisions of the Law no. 7292; the name of the Law was changed to Financial Leasing, Factoring, Finance and Savings Financing Companies Law, the Association was renamed the Association of Financial Institutions, and Asset Management and Savings Financing Companies were obligated to become members of the AFI.

20 March

FKBulut Shared Data Center went live.

7 April

Regulation on the Establishment and Operating Principles of Savings Financing Companies was published.

7 December

A protocol was signed for the integration of the Participation Banks Association of Türkiye Invoice Recording System and the Receivables Recording Center.

2022

11 January

Regulation on Remote Authentication Methods and Electronic Contract Execution to be used by Financial Leasing, Factoring, Finance and Savings Financing Companies was published.

4 April

"AFI Index" Protocol was signed by and between İstanbul University and the Association of Financial Institutions.

15 April

Law no. 6361 was amended; accordingly, transactions to be performed or services to be received by Financial Leasing, Factoring and Finance Companies using information systems will not be considered branch operation.

13 May

Ali Emre Ballı (Adil Varlık Yönetim) was elected as the Chairperson at the 10th Ordinary General Meeting of AFI.

2 August

Savings Financing Companies joined AFI.

2023

16 August

With the cooperation of AFI and İbn Haldun University, a protocol was signed in relation to "Savings Financing Research and Application Center".

24 November

A publicity meeting was held for the "Association of Financial Institutions Economic Outlook Index" co-developed by AFI and İstanbul University.

Financial Indicators

127,986

TL million

As of year-end 2023, the total business volume of financial leasing companies grew by 90.3% year-over-year to TL 127,986 million. While land vehicles and heavy equipment & construction machinery got the biggest share out of total financial leasing receivables with 28% and 25.6% respectively, real estate accounted for 9.6%.

819,918

TL million

The total business volume of factoring companies was up by 103% to TL 819,918 million in the twelve months to end-2023. Domestic and international factoring transactions made up 91% and 9% of the total business volume, respectively.

187,698

TL million

The total business volume of financing companies, which increased 121.4% year-over-year, was TL 187,698 million in 2023. 91% of the new loans extended during 2023 consisted of auto loans and 9% micro loans.

16,730

TL million

Total assets of asset management companies increased by 87.8% year-on-year and amounted to TL 16,730 million in 2023.

29,035

TL million

Total assets of savings financing companies grew by 129.9% year-on-year and amounted to TL 29,035 million in 2023.

1,219,580

TL million

The aggregate business volume of financial leasing, factoring, financing and savings financing companies amounted to TL 1,219,580 million in 2023. For comparison, excluding savings financing companies for which 2022 data are not available, growth rate is 119.4%. The share of business volume to GDP, on the other hand, is registered as 5.1%.

	Financial Leasing			Factoring		
(TL million)	2022	2023	% Change	2022	2023	% Change
Transaction Volume	67,258	127,986	90.3%	403,827	819,918	103.0%
Total Assets	163,580	271,857	66.2%	135,629	213,646	57.5%
Receivables	117,979	188,998	60.2%	127,287	196,875	54.7%
NPL	5,002	7,659	53.1%	2,099	2,576	22.7%
Special Provisions (-)	5,672	5,890	3.8%	2,252	2,813	24.9%
Shareholders' Equity	22,640	41,065	81.4%	16,571	33,511	102.2%
Borrowings	116,176	187,602	61.5%	104,005	148,197	42.5%
Net Profit	5,897	14,488	145.7%	5,219	14,235	172.8%

(units)						
Number of Companies	21	21	0.0%	49	49	0.0%
Number of Branches	117	114	-2.6%	357	365	2.2%
Number of Employees	1,279	1,277	-0.2%	4,008	4,000	-0.2%
Number of Customers	34,880	37,872	8.6%	73,931	71,614	-3.1%

Return on Equity	31.7%	45.5%	13.8 pps	38.1%	56.8%	18.7 pps
Return on Assets	4.4%	6.7%	2.3 pps	5.2%	8.2%	2.9 pps
NPL Ratio	4.1%	3.9%	-0.2 pps	1.6%	1.3%	-0.3 pps

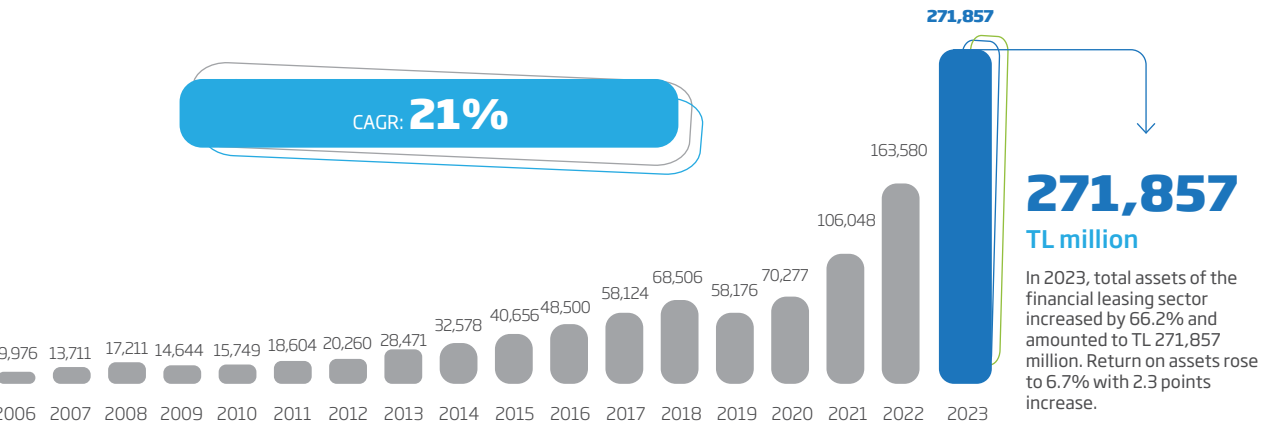
	Financing			Asset Management			Savings Financing			Total		
	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change
	84,766	187,698	121.4%					83,979		555,852	1,219,580	119.4%
	74,616	139,877	87.5%	8,910	16,730	87.8%	12,630	29,035	129.9%	395,365	671,145	69.8%
	61,443	116,478	89.6%				6,541	10,684	63.3%	313,250	513,035	63.8%
	1,180	1,228	4.1%							8,281	11,463	38.4%
	923	944	2.3%							8,847	9,647	9.0%
	10,514	17,687	68.2%	5,477	8,990	64.1%	2,630	10,096	283.9%	57,832	111,349	92.5%
	51,473	98,465	91.3%	1,592	2,804	76.1%				273,246	437,068	60.0%
	1,891	4,717	149.4%	1,790	4,269	138.5%	1,071	6,302	488.3%	15,868	44,011	177.4%

	19	20	5.3%	23	23	0.0%	6	6	0.0%	118	119	0.8%
	1	1	0.0%	0	0	0.0%	426	424	-0.5%	901	904	0.3%
	1,065	1,094	2.7%	2,324	2,314	-0.4%	4,757	4,368	-8.2%	13,433	13,053	-2.8%
	1,892,136	1,612,166	-14.8%	3,883,647	3,949,129	1.7%	361,019	370,445	2.6%	6,245,613	6,041,226	-3.3%

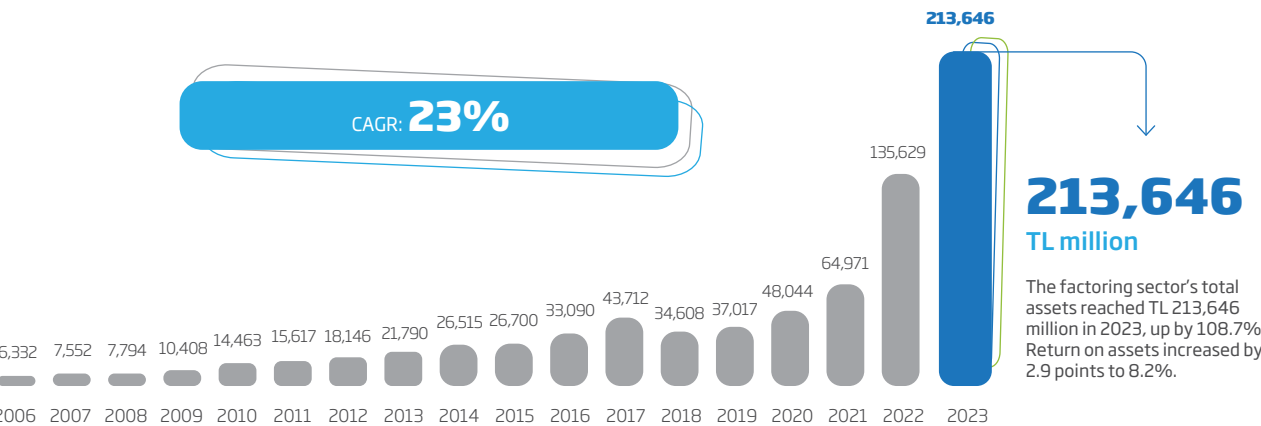
	21.2%	33.5%	12.3 pps	41.2%	59.0%	17.9 pps	43.6%	99.0%	55.4 pps	33.0%	52.0%	19.0 pps
	3.1%	4.4%	1.3 pps	23.9%	33.3%	9.4 pps	8.6%	30.3%	21.7 pps	5.0%	8.3%	3.2 pps
	1.9%	1.0%	-0.8 pps							2.6%	2.2%	-0.4 pps

Financial Indicators - Total Assets

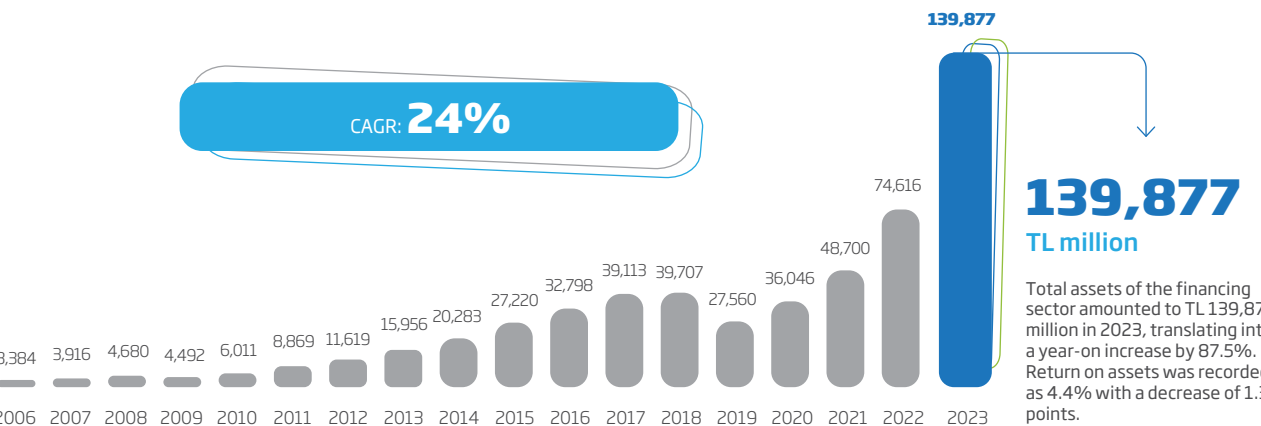
Financial Leasing Sector - Total Assets
(TL million)



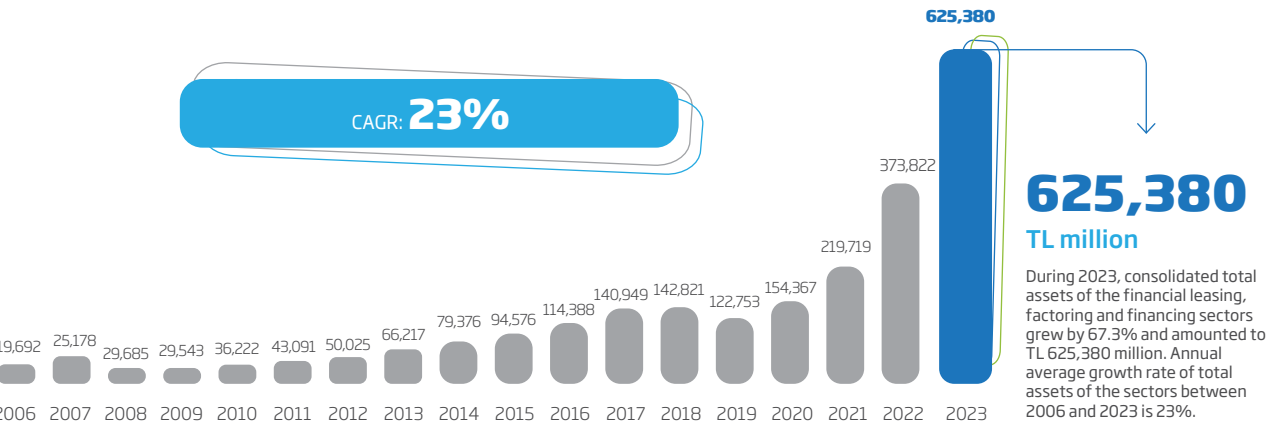
Factoring Sector - Total Assets
(TL million)



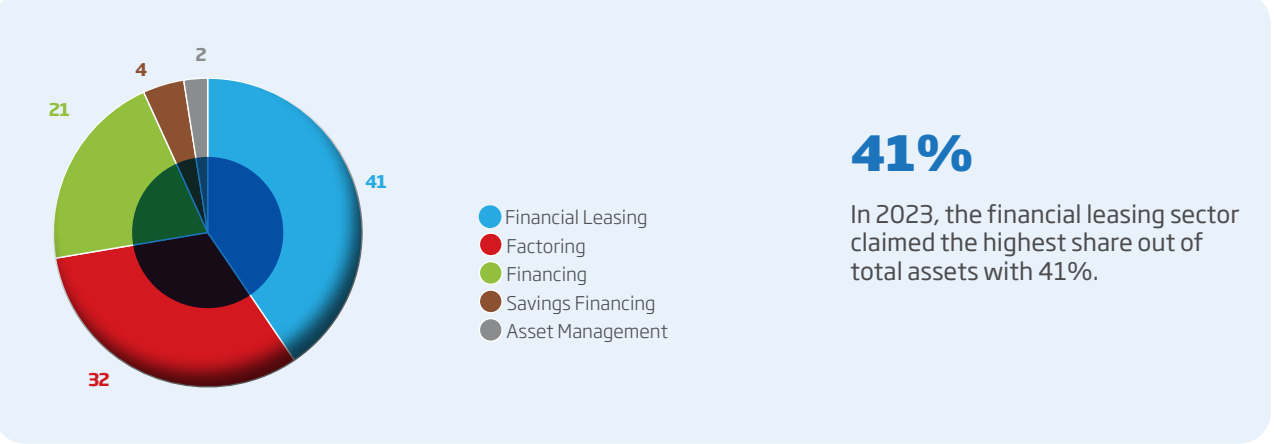
Financing Sector - Total Assets
(TL million)



Consolidated Assets of the AFI Sectors
(TL million)



Sectoral Breakdown of Total Assets
(%)

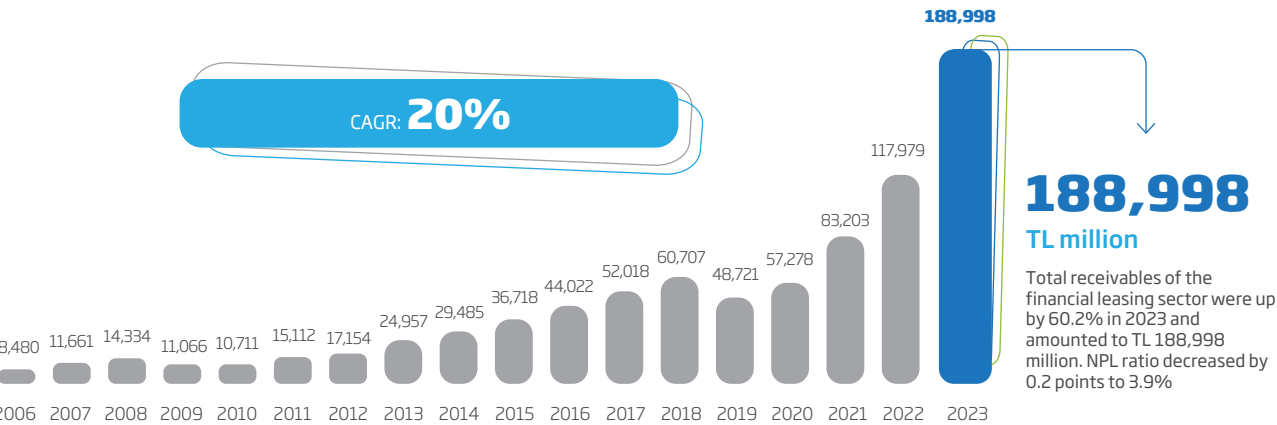


Position in the Finance Sector
(%)

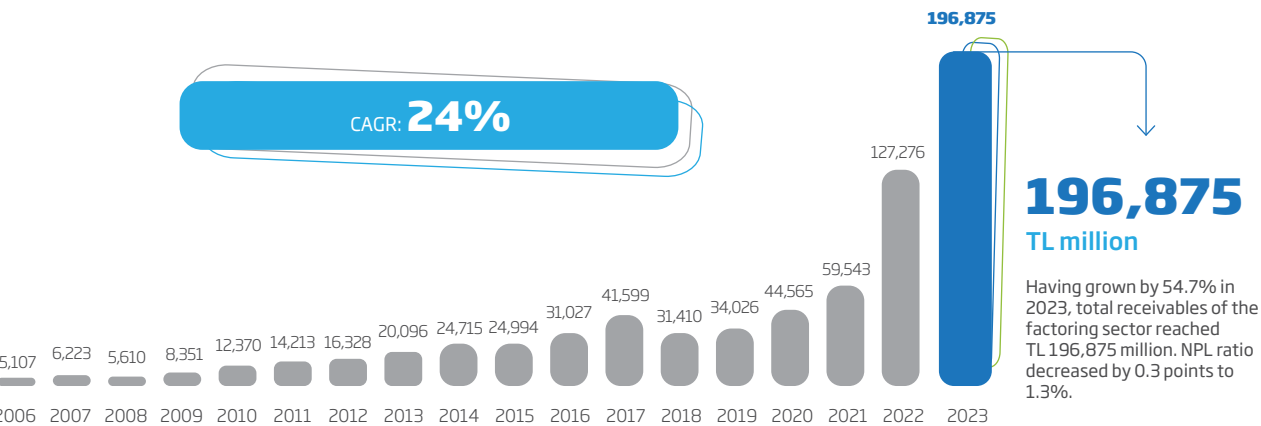


Financial Indicators - Receivables

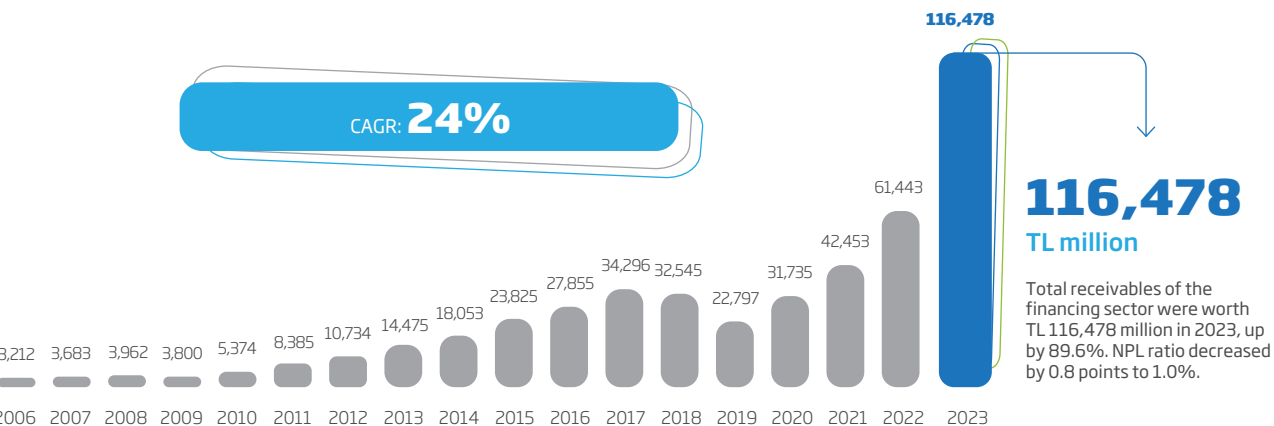
Financial Leasing Sector - Receivables
(TL million)



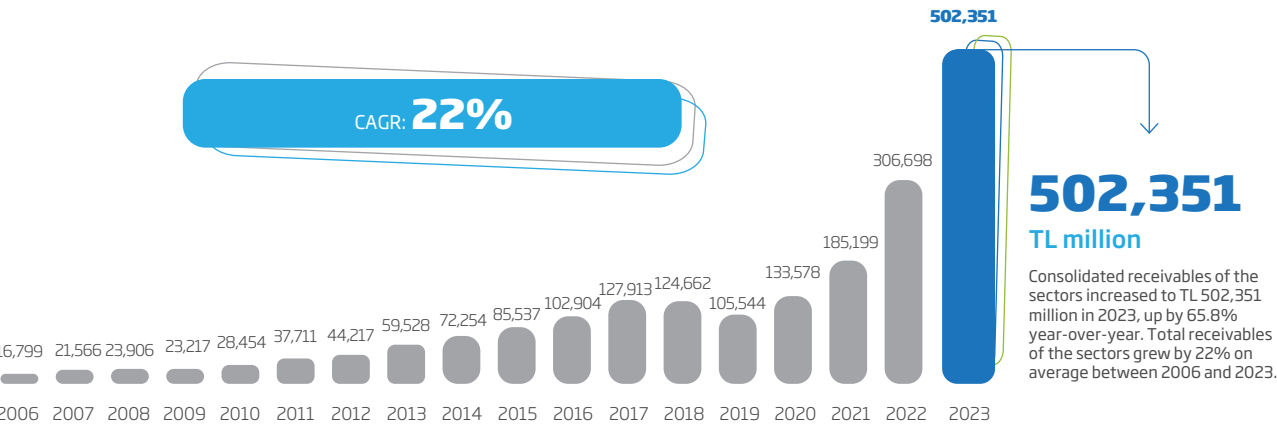
Factoring Sector - Receivables
(TL million)



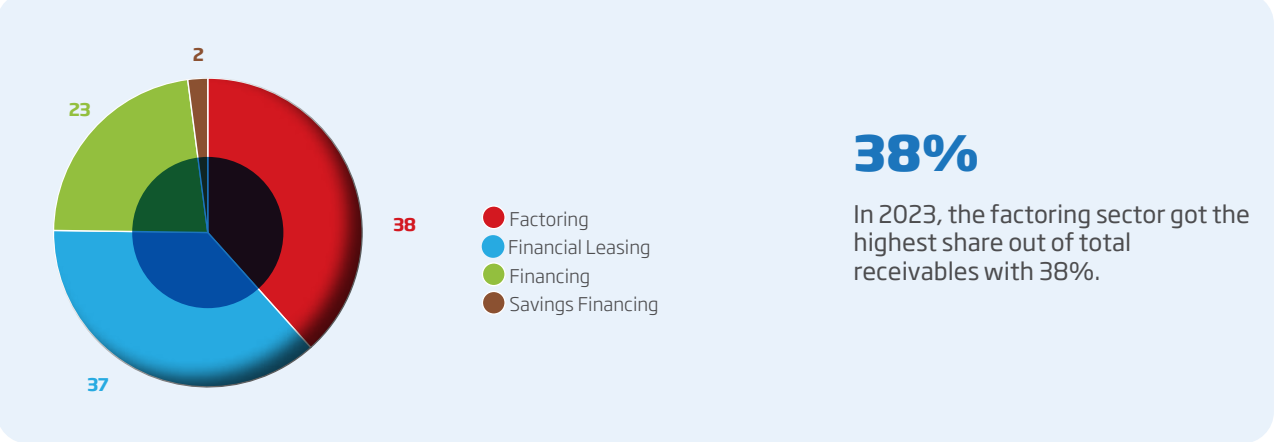
Financing Sector - Receivables
(TL million)



Consolidated Receivables of the Sectors
(TL million)



Consolidated Receivables of the Sectors
(%)

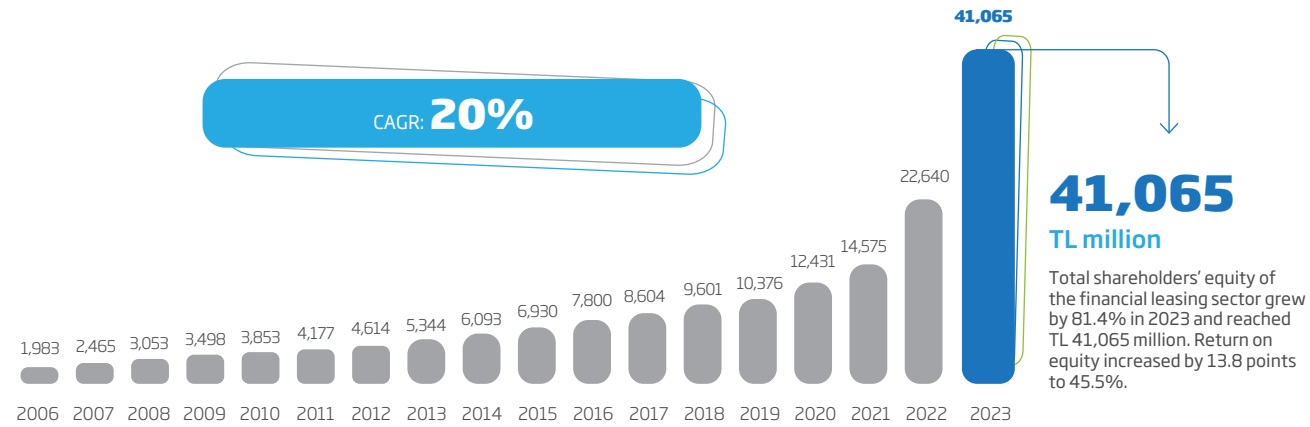


Position in the Finance Sector
(%)

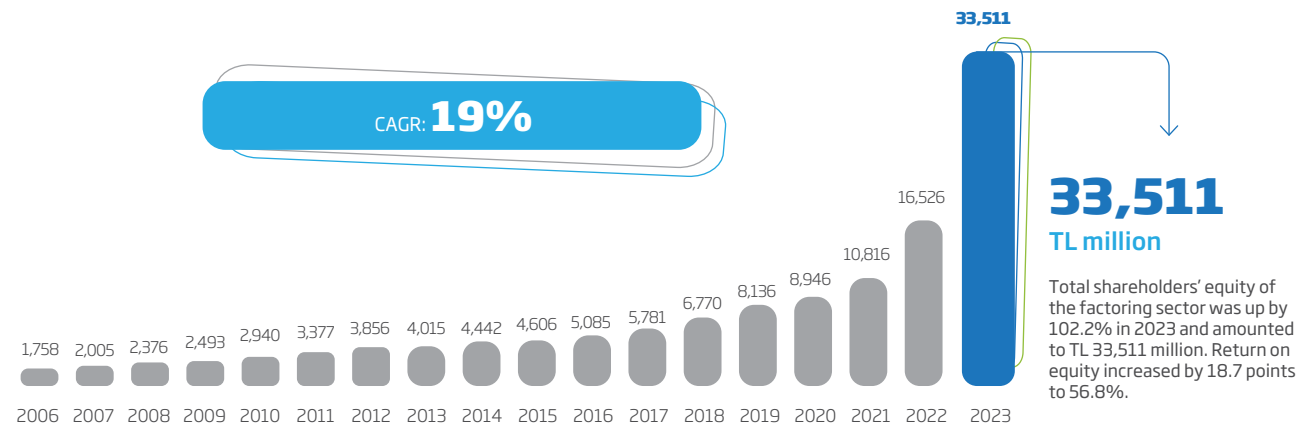


Financial Indicators - Shareholders' Equity

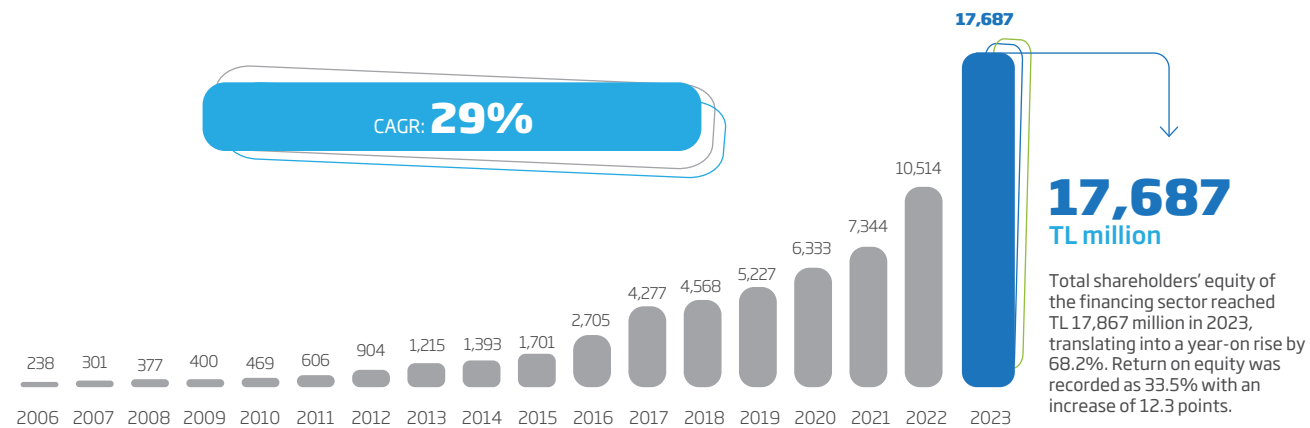
Financial Sector - Shareholders' Equity (TL million)



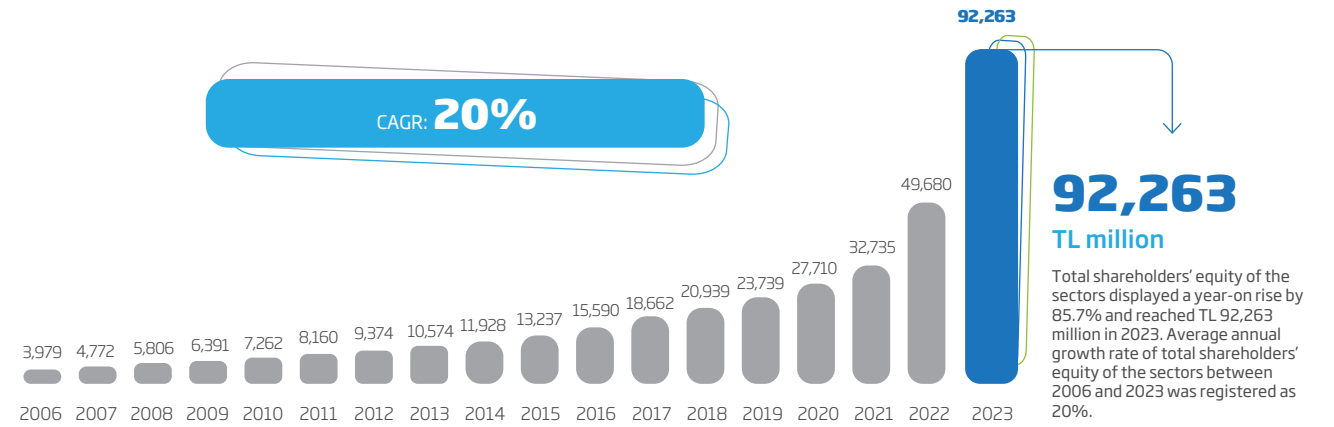
Factoring Sector - Shareholders' Equity (TL million)



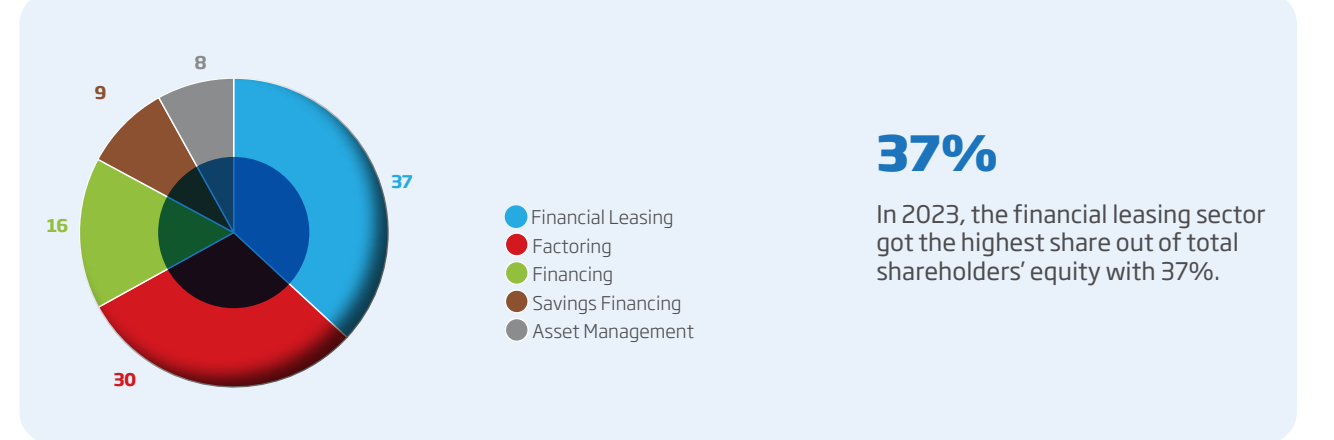
Financing Sector - Shareholders' Equity (TL million)



Consolidated Shareholders' Equity of the AFI Sectors (TL million)



Sectoral Breakdown of Total Shareholders' Equity (%)

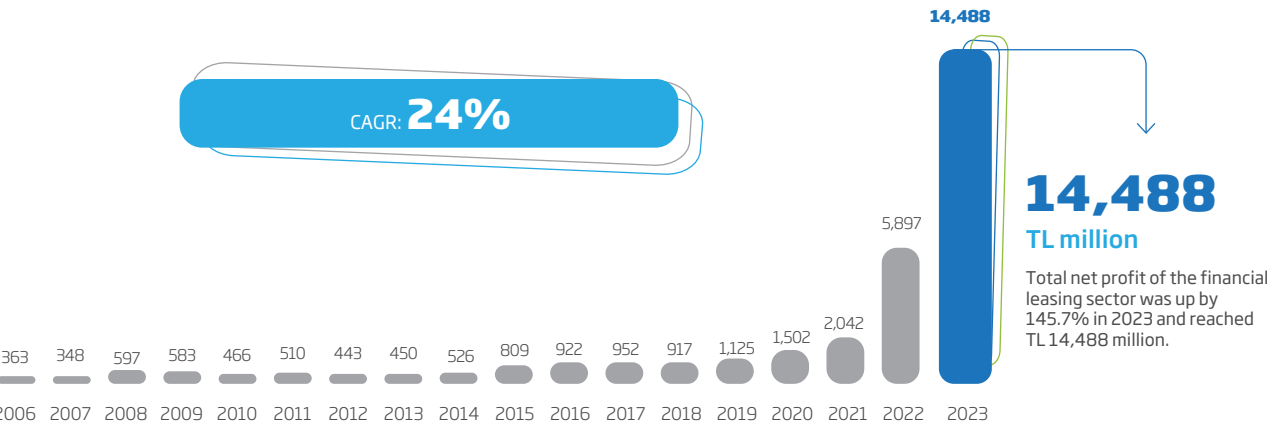


Position in the Finance Sector (%)

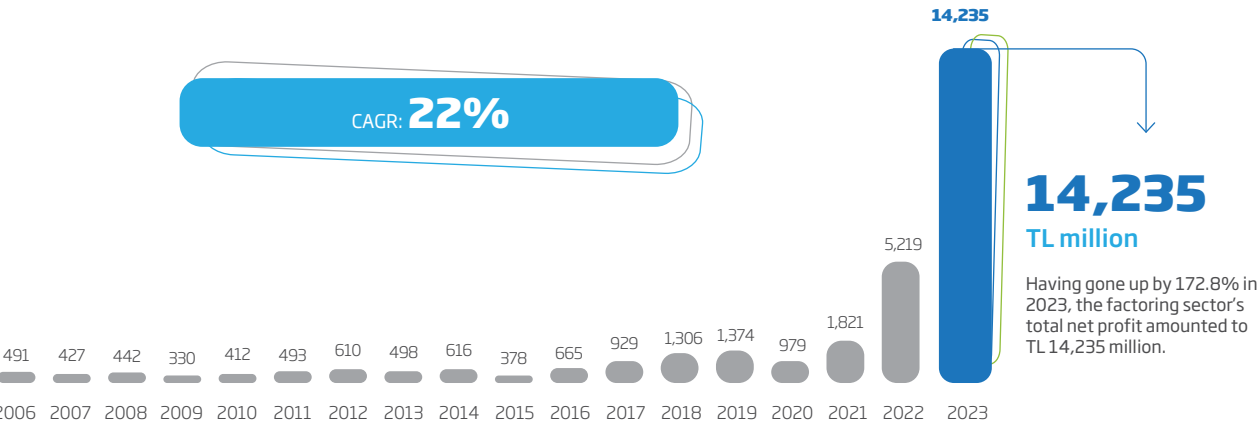


Financial Indicators - Net Profit

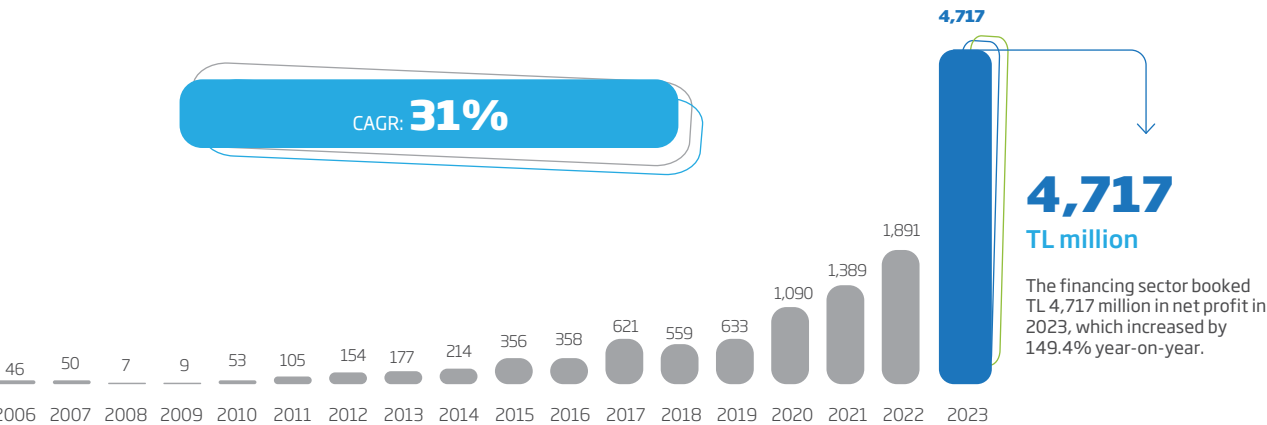
Financial Leasing Sector - Net Profit
(TL million)



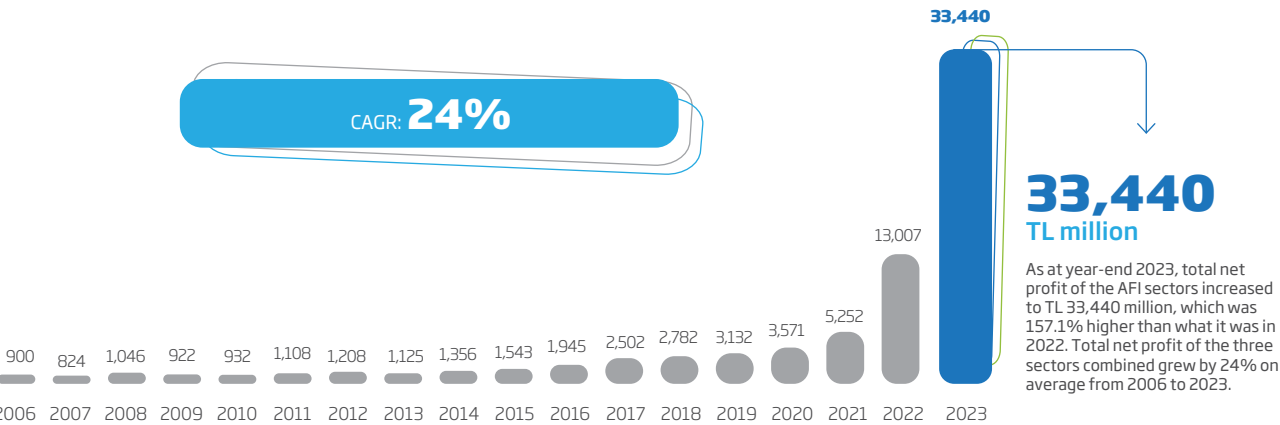
Factoring Sector - Net Profit
(TL million)



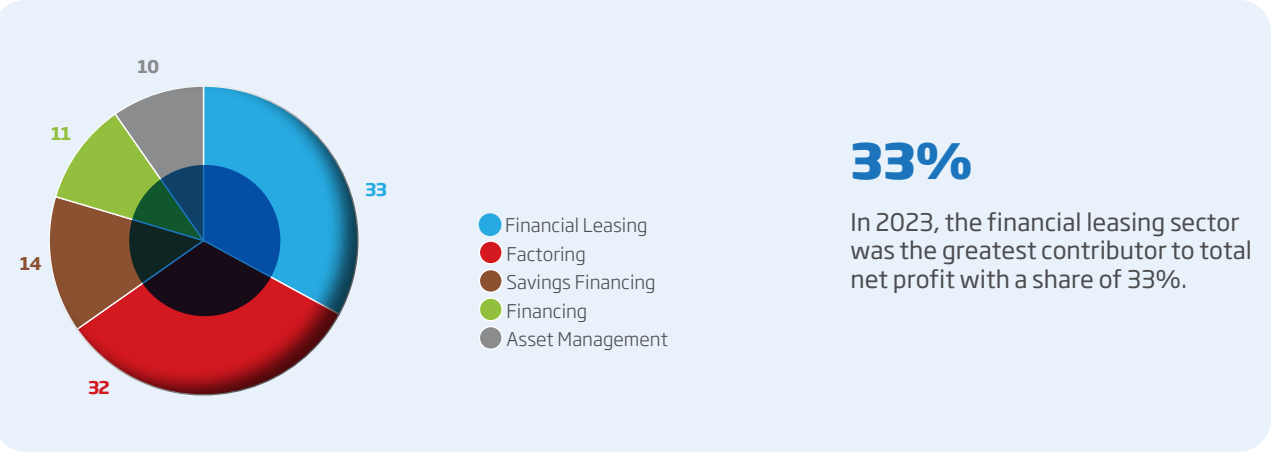
Financing Sector - Net Profit
(TL million)



Consolidated Net Profit of the AFI sectors
(TL million)



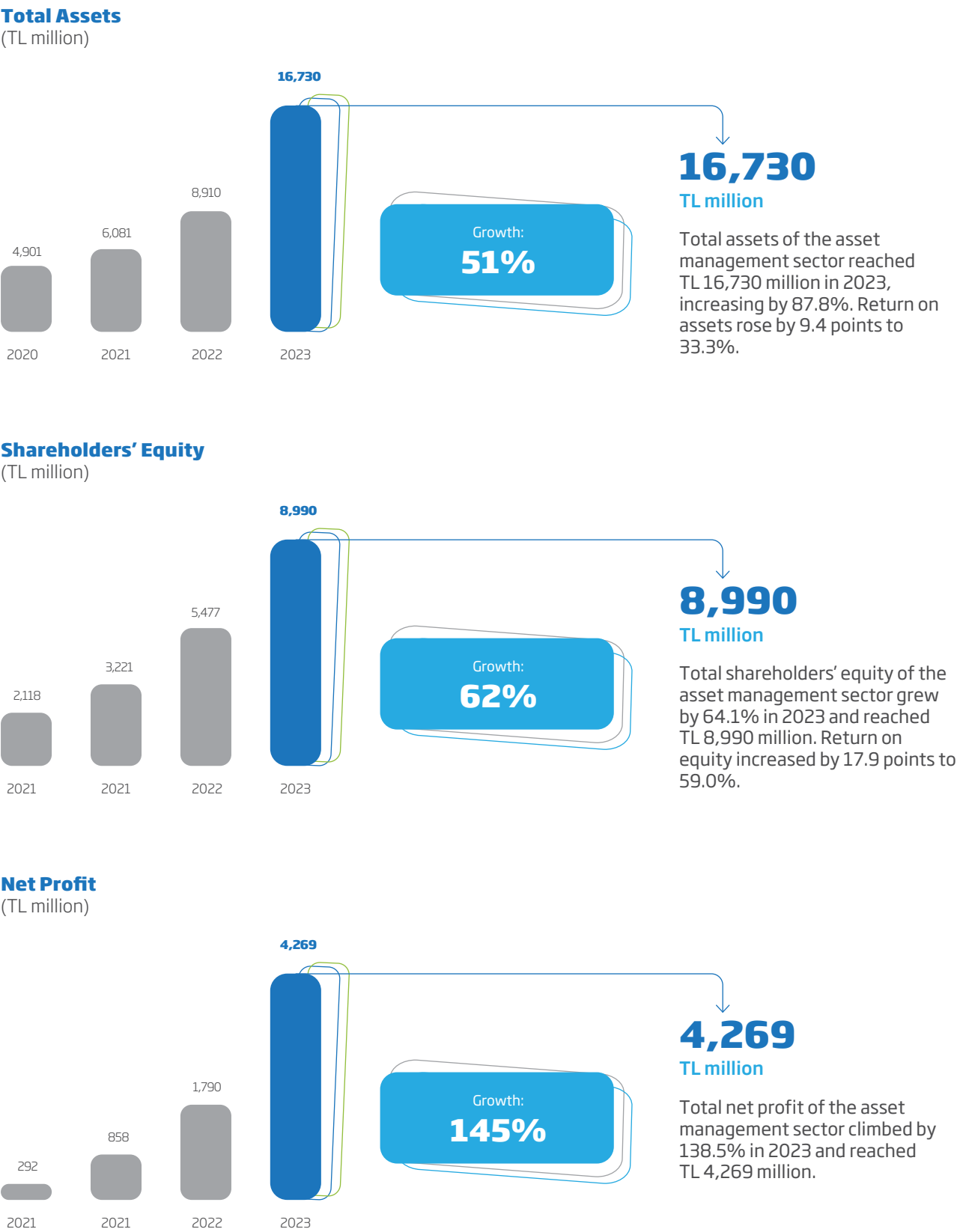
Sectoral Breakdown of Total Net Profit
(%)



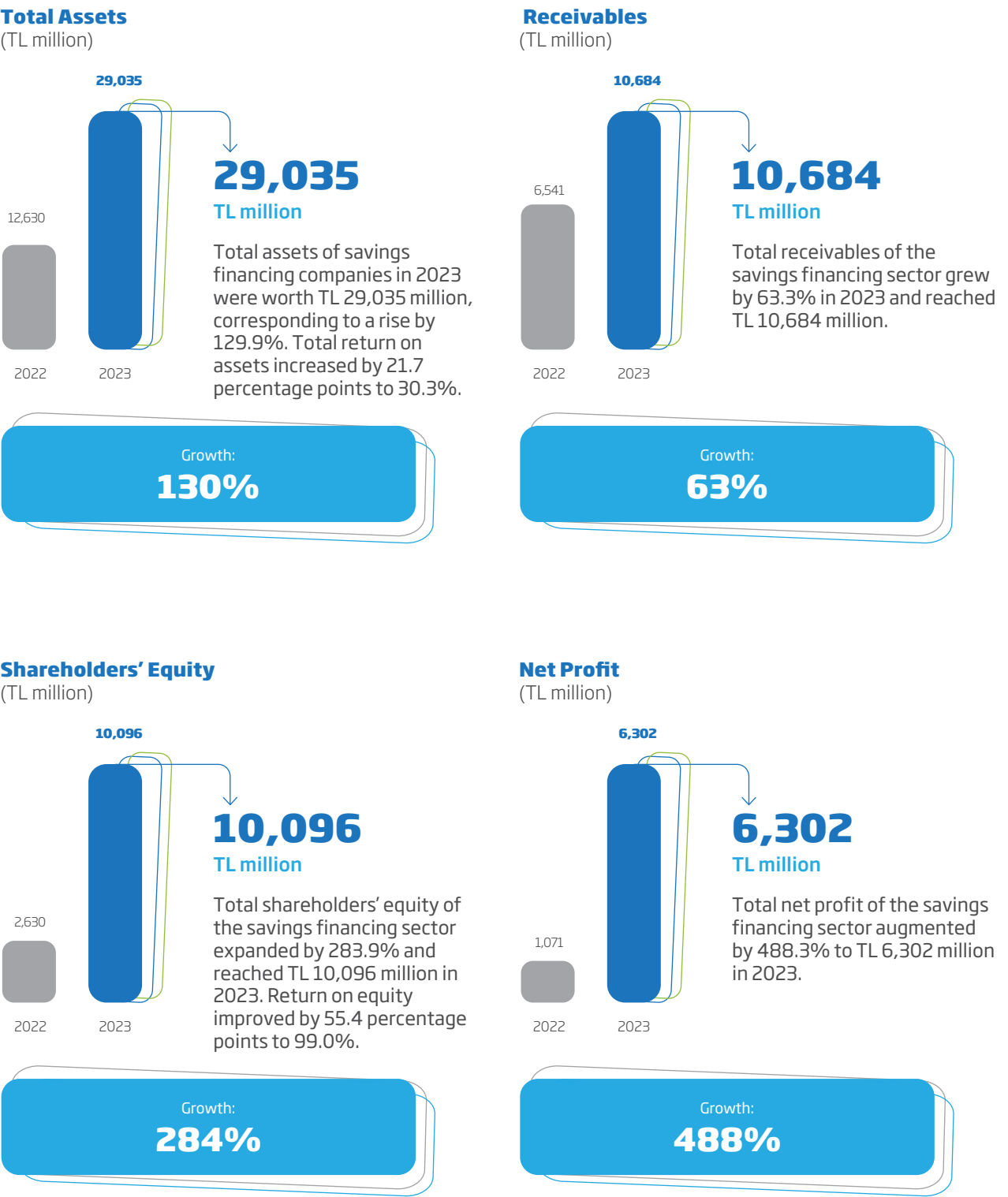
Position in the Finance Sector
(%)



Financial Indicators - Asset Management Companies



Financial Indicators - Savings Financing Companies





10 FOR 10 YEARS

**WE ARE FULFILLING DIVERSE
NEEDS THROUGH INNOVATIVE
FINANCIAL INSTRUMENTS.**



Economic Overview

tight monetary policies

In 2023, many countries adopted tight monetary policies and central banks carried on with rate hikes to fight inflation.

World Economy

Anti-inflationary policies repressed global growth.

In 2023, many developed and developing countries adopted tight monetary policies and central banks carried on with rate hikes as part of anti-inflationary efforts. These policies and tightened financial conditions led to decelerated global economic activity. The restraining effects particularly on the production of the manufacturing industry were more visible in developed economies.

Having implemented a tight monetary policy in 2023, the US Federal Reserve System (the Fed) increased the rates by a total of 100 bps in the first three quarters of the year, and kept them fixed in the 5.25%-5.50% range in its three meetings in September, November and December, reciprocating the anticipations and indicating the end of the rate hike cycle.

The Fed's new rate policy and macroeconomic projections released in the year's last meeting in December provided a rate cut by 75 bps in 2024, 100 bps in 2025

and 75 bps in 2026, thus revealing that the Fed members are planning a total rate cut by 250 bps over the course of three years.

While the CPI outdid the projections with a 3.4% annual rise in December 2023 in the US, the data for the course of the country's economic activity also outgrew the estimations.

The strongest recovery among developed economies occurred in the US in 2023. The US economy remained strong with the increased private consumption expenditures as consumers kept spending their savings from the pandemic and the labor market maintained its tight outlook with a low unemployment rate, and the growth rate of 1.9% in 2022 was followed by 2.5% growth in 2023 that outperformed the projections.

In 2023, the European Union (EU) area was the geography that most severely experienced the economic slowdown and a near-stagnation was observed across the region due to weakened economic activity.

The said slowdown was driven by the monetary tightening that the European Central Bank (ECB) initiated later -but carried out faster- than the Fed, weak external demand and shrank producer margins, weak consumer confidence, the ongoing effects of high energy prices, and the weakness that resulted in the manufacturing industry and investments that are highly susceptible to tightening financial conditions.

Following a total rate hike by 200 bps in the first three quarters of the year, the ECB took a break from rate increases by keeping them flat in its October and December meetings in line with expectations. In its December meeting, the ECB stated that the existing interest

rates were at levels to converge inflation to the 2% target and that rate decisions would be taken depending on data.

Euro Area economy ended the year with a CPI rate of 2.9% in parallel with projections.

The annual growth rate of the Euro Area economy slumped from 3.4% in 2022 to 0.5% in 2023. Europe's largest economy is driven by the manufacturing industry and exports, the German economy, in particular, contracted for the first time since the pandemic in 2020, although it was limited to 0.3% for the whole of 2023.

The European Commission projects a growth rate of 1.3% for 2024 in the region, which is anticipated to see a gradual recovery of economic activity in the period coming.

Having embarked upon a low-growth period structurally, China displayed relatively stronger growth in the first quarter of 2023, which resulted from early reopening, before slowing down once again. The major causes of the low performance of the Chinese economy that achieved 5.2% growth on the basis of the whole year were the liquidity issues triggered by constantly weak consumption and ongoing debt problems in the real estate sector, increased deflationist risks, and global volatility.

Supply-side threats in the commodity markets eased.

Oil prices wavered throughout the year due to the increases in the productions and stocks of major oil producing countries such as the US, coupled with the weak demand outlook despite the supply cut decisions taken by OPEC and some other oil producing countries before the conflicts in the Middle East. Although per barrel price of

“In 2023, the EU area has experienced the slowdown in the economy most severely.”

0.5% growth



decline in global trade

WTO revised its estimation for the growth of global commodity trade for 2023 downwards from 1.7% to 0.8%.

“New supply shocks arising from the increase in global geopolitical risks are looming.”

supply shocks

Brent crude oil declined to USD 73.3 in December owing to the concerns hovering over global demand, it ended the year at USD 77.1 paralleling the supply-side risks that were increased due to the tensions in the Red Sea.

The World Bank’s Commodity Markets Outlook of October 2023 estimates a 24% decline in commodity prices for 2023 followed by a projected fall of 4.0% and 0.5% for 2024 and 2025, respectively. Weak global economic growth that will result from tight financial conditions is suggested as the probable cause of the decline anticipated in the coming year.

On the other hand, the turmoil that resulted in the Middle East and Red Sea region from the Israeli-Palestine conflict in the last quarter of the year besides the Russia-Ukraine war that continued also in 2023 indicate that geopolitical risks of a global scale pile on. New supply shocks resulting from the turmoil could drive energy and grain prices up, while additional export restrictions of major producers could limit the supply in global markets.

Growth estimates for global commodity trade were revised downwards.

In 2023, deceleration in global trade spanned numerous countries and a broad product range. As the stagnation in the global trade inherited from the fourth quarter of 2022 persisted, the World Trade Organization (WTO) revised its growth estimation for global commodity trade in 2023 downwards from 1.7% to 0.8% due to the obstinately high core inflation in particular, ongoing high interest rates, low demand environment, the issues in the Chinese property market, the negative effects of the war in Ukraine upon global economic outlook and geopolitical tensions, coupled with the broadening commercial protectionism.

Global commodity trade is projected to go up to 3.3% in 2024, provided that economies achieve stable growth in the coming year.

2024 growth projection: 3.1%

The global economic growth rate is estimated to have been realized as 3.1% in 2023.

	Estimate	Projection	
	2023	2024	2025
WORLD OUTPUT	3.1	3.1	3.2
Advanced Economies	1.6	1.5	1.8
USA	2.5	2.1	1.7
Europe (Euro Area)	0.5	0.9	1.7
Germany	-0.3	0.5	1.6
France	0.8	1.0	1.7
Italy	0.7	0.7	1.1
Spain	2.4	1.5	2.1
Japan	1.9	0.9	0.8
UK	0.5	0.6	1.6
Canada	1.1	1.4	2.3
Other Advanced Economies	1.7	2.1	2.5
Emerging Market and Developing Economies	4.1	4.1	4.2
Emerging and Developing Europe	2.7	2.8	2.5
Russia	3.0	2.6	1.1
Emerging and Developing Asia	5.4	5.2	4.8
China	5.2	4.6	4.1
India	6.7	6.5	6.5
MENA	2.0	2.9	4.2
Latin America	2.5	1.9	2.5

Source: IMF World Economic Outlook, January 2024

According to the IMF, risks associated with global economic growth were balanced in general.

In the January 2024 update of the World Economic Outlook titled “Moderating Inflation and Steady Growth Open Path to Soft Landing”, the IMF projects 3.1% growth for the global economy in 2024 after an estimated growth rate of 3.1% in 2023, further forecasting the rate of growth as 3.2% for 2025.

Having projected the world economy to grow by 2.9% in 2024 and 3.2% in 2025 in its October 2023 report, the IMF stated that its upward revision of the growth forecast was driven by the higher-than-expected resilience of the US and some major developing economies and the fiscal support in China.

While 2024 growth projection for the US economy was increased from 1.5% to 2.1%, the same for the Euro Area economy was decreased from 1.2% to 0.9%. Anticipated growth figures for 2024 were improved from 4.2% to 4.6% for the Chinese economy, from 6.2% to 6.5% for the Indian economy and from 1.1% to 2.6% for the Russian economy.

The report stated that “hard landing” possibility of the global economy slimmed given the decline in inflation and the disappearance of the recession threat and that risks associated with global economic growth were balanced in general. Sources: IMF Global Economic Outlook reports, OECD Economic Outlook Reports, WTO

“The IMF anticipates the global economy that has expanded by 3.1% in 2023 to reproduce that same rate also in 2024.”

3.1% growth

Economic Overview

“

The Turkish economy successfully grew by 4.5% in 2023.

”

4.5%

Turkish Economy

The Turkish economy attained domestic demand-driven growth.

With high inflation making its key issue once again in 2023, the Turkish economy was affected by several negative developments including the slowdown in global economy, weakening in its main export markets and the destructive earthquakes in February.

In the first quarter of 2023, the Turkish economy attained an economic growth performance that converged in on its long-term average with the support lent by consumer expenditures although having lost some momentum due to the horrendous earthquake disaster and expanded by 4%. While consumer expenditures remained the engine of growth in the economy that grew 3.9% in the second quarter of 2023, it also received support from the recovery in investment outlays. Similarly, a solid increase by 6.1% was registered in the third quarter, backed also by the investment item, both private and public. In the fourth quarter, on the other hand, the economy grew by 4%. As net imports significantly restrained growth, the

contraction in the industry on the manufacturing side and deceleration in services gained the foreground. Consumer expenditures' contribution to growth decreased somewhat in the second half of 2023, due to economy policies that prioritized anti-inflationary efforts.

Annual GDP obtained by addition of four quarters with chain linked volume index (2009=100) increased by 4.5% in 2023 compared with the previous year.

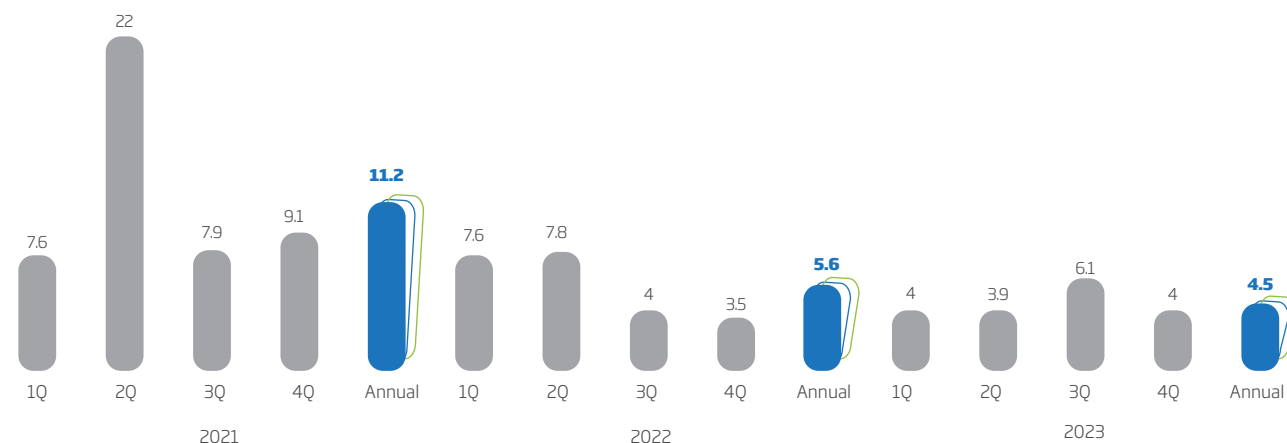
Inflationist pressures persisted throughout the year.

In 2023, wage increases, exchange rate developments, elevated tax rates, food prices, stiff services inflation and strong domestic demand outlook led to high levels in inflation. In addition, high producer prices and the developments in pricing behaviors gave rise to broad-based inflationist pressures. On an annual basis, the CPI ended 2023 at 64.77%, in alignment with the MTP target set as 65%.

The strong course of growth turned out to be an additional factor resulting in the sustained pressure of demand conditions upon CPI. Normalization of global commodity prices as the result of decelerated

GDP Growth

(Buyer prices - %)



global economy, on the other hand, curbed the rise in inflation.

After the new economy administration took office, effective and determined steps were taken to fight inflation in the second half of the year. In this context, the CBRT initiated monetary tightening, made selective credit and quantitative tightening decisions to support the process, which accompanied rate hikes, and simplified macroprudential arrangements. The CBRT gradually carried on with rate increases that were commenced from June 2023 and brought the policy rate up to 50% as of March 2024. The CBRT also enforced its decision to set the targets for exiting the currency-protected deposits scheme in mid-August.

The current deficit kept expanding despite consistent levels in exports.

Throughout 2023, the exports volume went up by 0.6% to USD 255.8 billion. With a recently marked decline, the imports volume, on the other hand, slimmed down by 11% in December on an annual basis and amounted to USD 29 billion, and decreased to USD 361.8 billion with a 0.5% decline for the whole year. Hence, the foreign trade deficit in 2023 was down by 3.2% as compared to 2022 and slid down to USD 106 billion, while the export-import coverage ratio improved from 69.9% in 2022 to 70.7% in 2023.

In 2023, current deficit shrank by 8% to USD 45.2 billion, which was a result of net travel income that

grew by 9.9% on an annual basis, as well as the contracted foreign trade deficit. In the reporting period, net energy imports went down by 34.2% owing to the lower energy prices and dropped to USD 52.7 billion. On the other hand, current surplus except gold and energy, which was USD 50.4 billion in 2022, slumped to USD 33.2 billion in 2023.

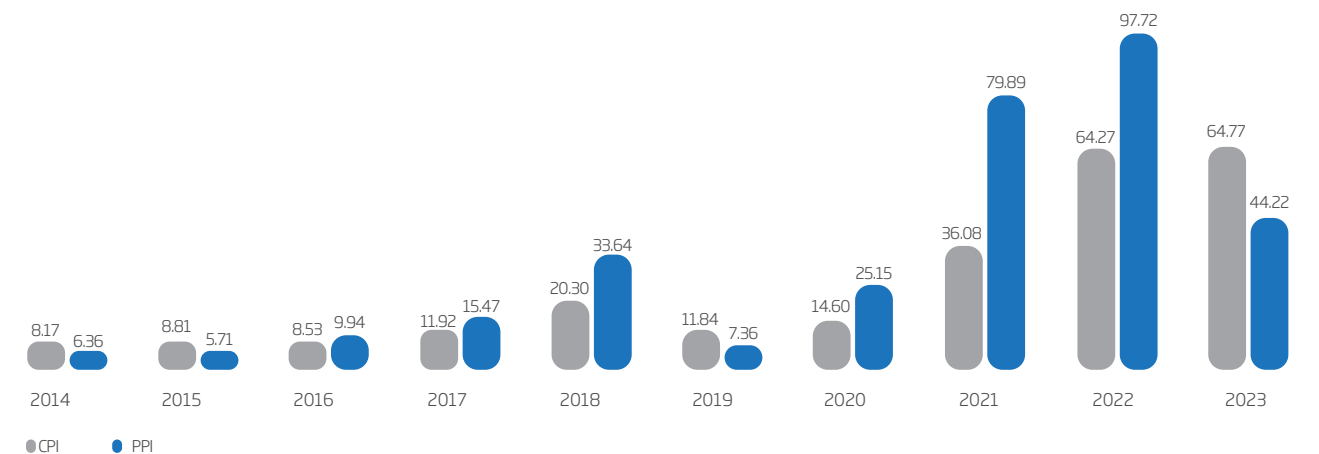
Current deficit/GDP ratio was 4.2% in 2023.

The rise that started in June in reserve assets continued through December, and the total decline in reserve assets for 2023 whole-year amounted to USD 2 billion.

Sources: TurkStat, CBRT, Republic of Türkiye Ministry of Treasury and Finance, Republic of Türkiye Presidency of Strategy and Budget

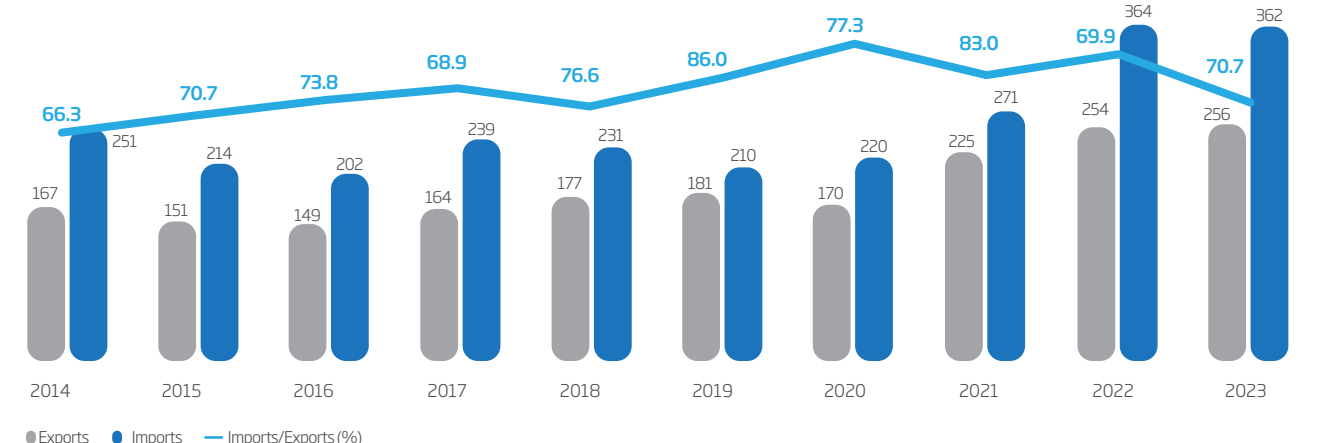
Inflation

(Annual - %)



Foreign Trade

(USD Billion)



2023 Activities

Economic Outlook Index

AFI Economic Outlook Index and sub-indices are generated based on the data covered in the RRC and CRS and the business volume data for the Financing Sector.

HIGHLIGHTS OF 2023 DEVELOPMENTS AND PROJECTS

ASSOCIATION OF FINANCIAL INSTITUTIONS ECONOMIC OUTLOOK INDEX

The Association of Financial Institutions (AFI, in Turkish: FKB) has been working on the AFI Economic Outlook Index (in Turkish: FKB-EGE) within the scope of the protocol made with İstanbul University.

Under the protocol signed between AFI that has assumed an important mission for the development of the non-bank financial sector and İstanbul University for the creation of the AFI Economic Outlook Index, AFI Economic Outlook Index and sub-indices are being generated based on the data covered in the Receivables Recording Center (RRC) and the Financial Leasing Contract Registration System (CRS) that are being operated by the AFI pursuant to the Financial Leasing, Factoring, Financing and Savings Financing Companies Law no. 6361 and the financing sector business volume data used in reporting and statistical studies by AFI.

As the outcome of the work put in since March 2022, the AFI Economic Outlook Index launch event took place at İstanbul University Faculty of Political Sciences Conference Hall on 24 November 2023. During the

publicity meeting, Prof. Murat Şeker from İstanbul University, Faculty of Economics who was part of the working group of the index made a presentation on the methodology of the Economic Outlook Index and the initial results obtained.

Under this initiative, data from the RRC and CRS established and operated by the Association pursuant to Law no. 6361 since 2015 and enriched with additional functions in keeping with the importance we attach to digitalization, and the Financing Sector data provide significant inputs for the formation of the index. To date, more than 43 million documents were processed by RRC that maintains records of commercial receivables and payment instruments assigned to banks and factoring companies. In the CRS that keeps records of the financial leasing contracts signed by financial leasing companies, participation, investment and development banks, on the other hand, over 188 thousand contracts have been registered so far.

Formed of instant data received from these two systems and the financing sector business volume and number of contracts data, the index is intended for monitoring the market by obtaining meaningful results about the real and potential direction of financial data and to become a lead indicator measuring the commercial and investment trend in Türkiye.

The said research studies are being conducted by an academic team from İstanbul University and the outcomes are regularly published and publicly disclosed on the Association of Financial Institutions website on a monthly basis. The project is led by Assoc. Prof. İbrahim Sırma, İstanbul University, Faculty of Political Sciences Faculty Member and carried out by Prof. Murat Şeker, Assoc. Prof. Arif Saldanlı, Assoc. Prof. Hakan Bektaş, Assoc. Prof. Şeref Bozoklu, Assoc. Prof. Elçin Şişmanoğlu and Faculty Member Dr. Sümeyra Uzun from the Faculty of Economics.

AFI Economic Outlook Index (FKB-EGE) measures the change that occurs over time in the economic

outlook created using variables demonstrating production, sales and consumption channels pertaining to financial leasing, factoring and financing sectors. For the models set up for index calculations:

1. After the theoretical framework of the index was established, the data set for January 2015 through September 2022 was analyzed, then, March 2019 was identified as the benchmark period according to the nature of the data, and monthly changes were monitored for the periods that followed. A rising value in resultant and sub-indices disclosed monthly is interpreted positively for the economic outlook, whereas falling values are considered to be negative.

2. Economic Outlook Index main groups are included in index calculation with equal significance, while the weights of indicators were determined using the Analytical Hierarchy Process (AHP) administered based on expert opinion questionnaire for the calculation of sub-components.

3. Data pertaining to the indicators on the index are provided by the Association of Financial Institutions, and data are organized and checked to process raw data into the index.

At the same time, the Economic Outlook Projection Questionnaire participated by sector representatives are used to identify the sector's economic expectations and tendencies. The panel consists of decision-makers, experts and professionals from financial leasing, factoring, financing, asset management and savings financing sectors. The Projection Questionnaire is designed to track short and long-term forecasts on main macroeconomic variables such as consumer inflation, exchange rate, GDP growth rate, NPL and interest rates. The Economic Outlook Questionnaire has been administered since October 2023 and statistics associated with the results are available from that date onwards.

“The index is intended for becoming a lead indicator measuring the commercial and investment trend in Türkiye.”

a lead indicator

FLCRS

In 2023, the number of contracts registered in the system increased to 26,846, and the total contract amount reached TL 225.8 billion.

“

Currently, 20 financial leasing companies and 36 institutions are system users.

”

36 institutions

FINANCIAL LEASING CONTRACT REGISTRATION SYSTEM

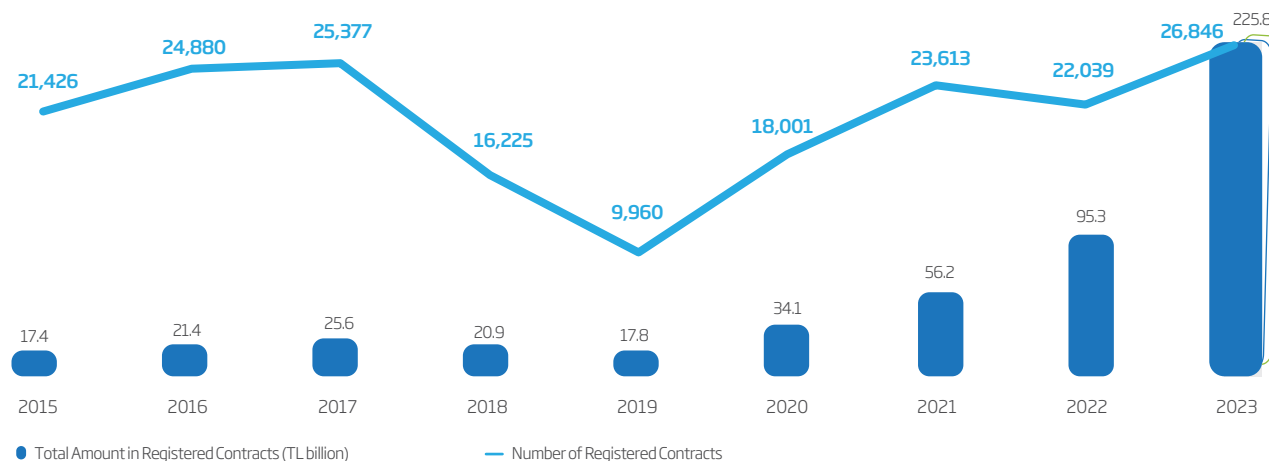
As per the duty delegated by Article 22 of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law no. 6361 (the Law), the Financial Leasing Contracts Registration System was established by the AFI. The Circular on the Contract Registration System was approved by the BRSA and entered into force upon its publication on the AFI website on 9 February 2015.

The System is created to be kept fully in an electronic environment by the Central Securities Depository of Türkiye (MKG) and is being operated by the MKK on behalf of the AFI.

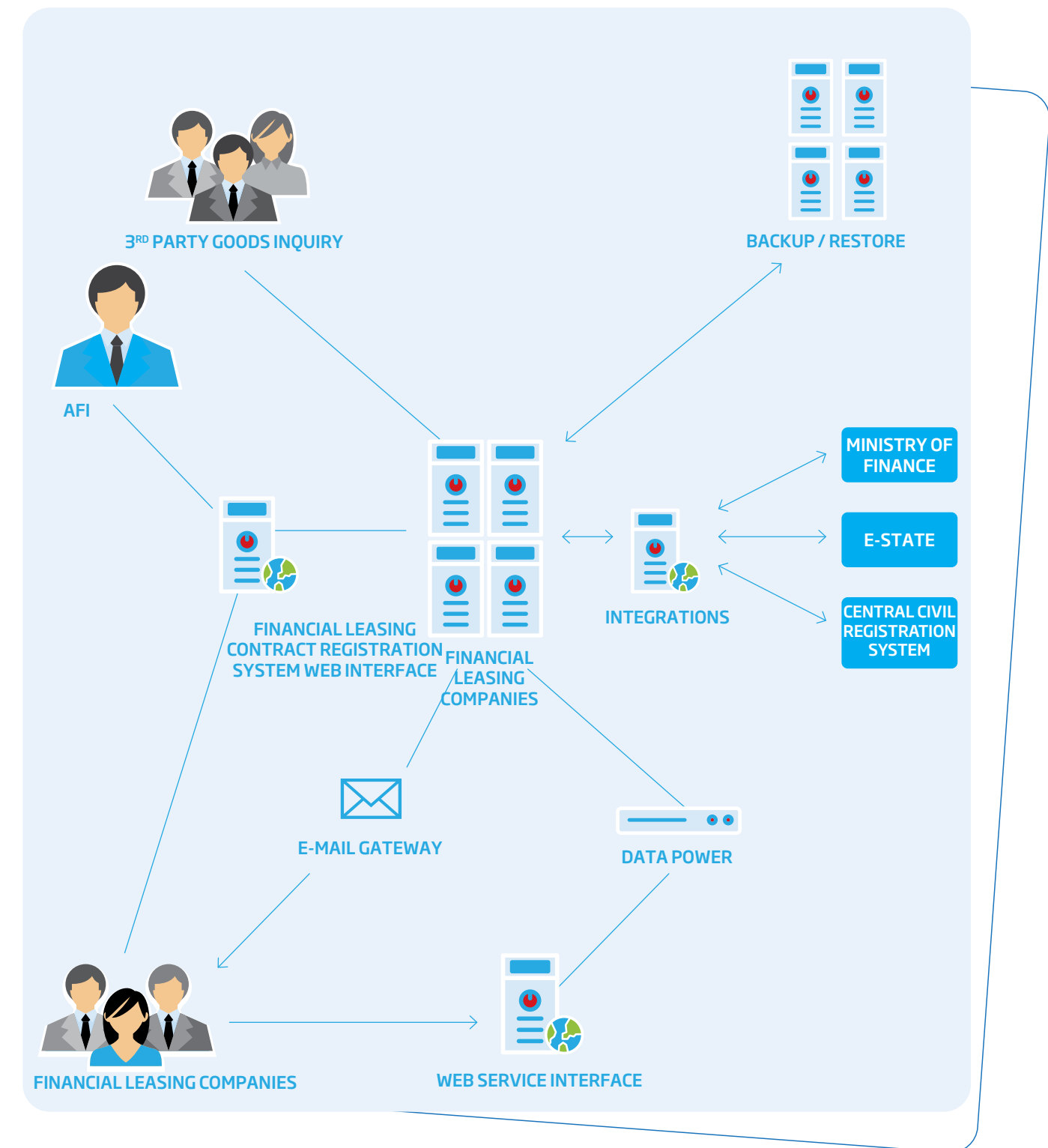
The contracts, which are electronically signed, are being entered into the system by financial leasing companies, participation, investment and development banks, and can be retrieved 24/7 bearing the Registered Document time stamp. At present, the system users include 20 financial leasing companies, seven participation banks, seven investment banks and two development banks.

The system can be accessed from the screen and through Institutional Integration (web service), and third parties are able to inquire about the leased goods whenever needed.

Contract Registration Statistics



The Architecture of the Financial Leasing Contract Registration System



2023 Activities

“Financial leasing contracts where the financial leasing company is a non-resident and the lessee is a resident, are also being registered by the AFI.”

REGISTER FOR LEASING TRANSACTIONS PROVIDED BY NON-RESIDENT FINANCIAL LEASING COMPANIES TO RESIDENT COMPANIES

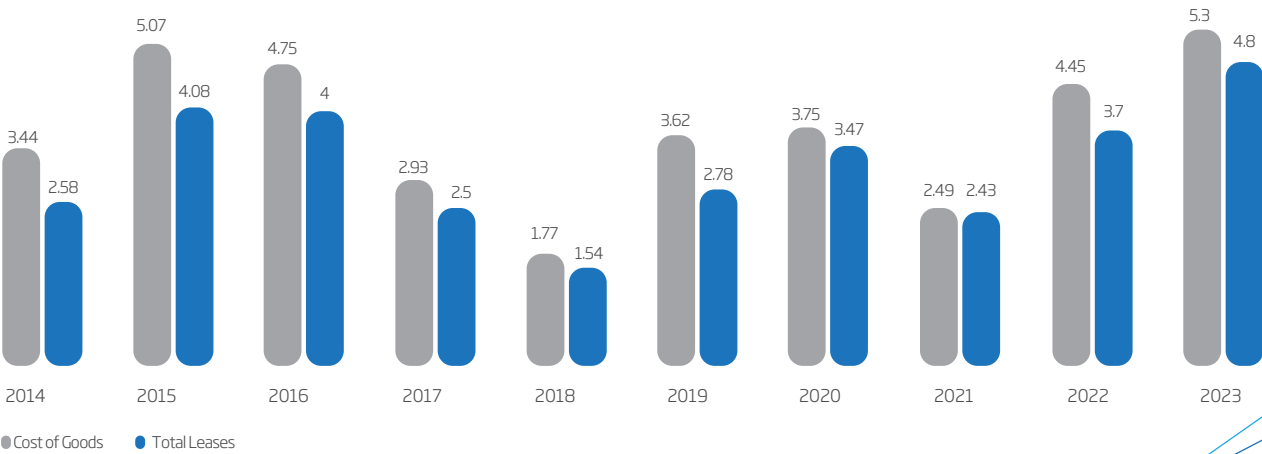
In keeping with the duty delegated thereto by Article 21 of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law no: 6361, financial leasing contracts where the financial leasing company is a non-resident and the lessee is

a resident, are being registered by the AFI as per the Circular that went into force on 31 July 2013 upon its approval by the BRSA.

An update was made in January 2023 in line with the modification made to the said circular on 28 January 2022. These contracts generally belong to aircraft transactions.

international transactions

Cross-Border Financial Leasing Contracts Statistics (USD billion)



● Cost of Goods ● Total Leases

RECEIVABLES RECORDING CENTER (RRC)



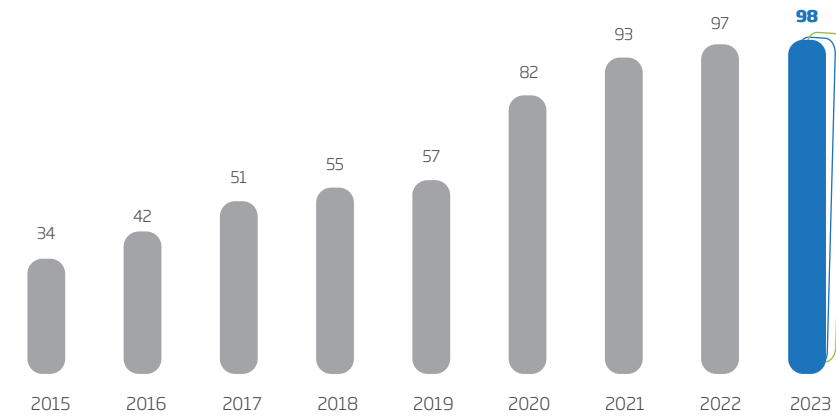
Among the major tasks assumed by the Association of Financial Institutions under the Financial Leasing, Factoring, Financing and Savings Financing Companies Law no. 6361 is to establish Receivables Recording Center (RRC) where invoices and other documents substituting the invoices used in factoring transactions are recorded.

Supporting the fight against an unregistered economy and preventing double assignment and financing of the same receivable, RRC started to be used in January 2015. By the end of 2023, commercial receivables financed by 49 factoring companies and 30 banks were recorded in the RRC. Based on the system data, more than 43.6 million invoices worth TL 2.6 trillion in total have been recorded in the system since its establishment. The ratio of e-invoices, which was 23% when the system was established, reached 98% as of year-end 2023 and the uptrend continues.

“Receivable documents worth TL 2.6 trillion in total have been recorded in the RRC system since its establishment.”

RRC

Ratio of E-documents Registered at the RRC (%)



precluding risky transactions

RRC precluded 2.5 million risky transactions until the end of 2023 thanks to duplication and excess amount controls performed during such recording.

“E-documents recorded in RRC are verified by the Revenue Administration (RA).”

integration with the RA

RRC, into which all kinds of documents and information of receivables subject to factoring transactions are entered, precluded 2.5 million risky transactions until the end of 2023 thanks to duplication and excess amount controls performed during such recording.

Additionally, e-documents recorded into RRC are verified by Revenue Administration (RA) through integration with the RA.

- In brief, RRC;
- is used by factoring companies and banks,
 - prevents double assignment and financing of the same receivable,
 - works online and integrated with the e-invoice system of the RA,
 - confirms the accuracy of e-invoices and e-archives through integration with the RA,
 - verifies the ID No. and VAT No. of buyer and seller companies through the Credit Bureau,
 - tracks payments and collections information in relation to the documents pertaining to a given receivable,
 - records the receivable document information assigned to the finance sector, and document information subject to loans against spending,
 - provides reporting service.

Quantity and Ratio of Documents by Type

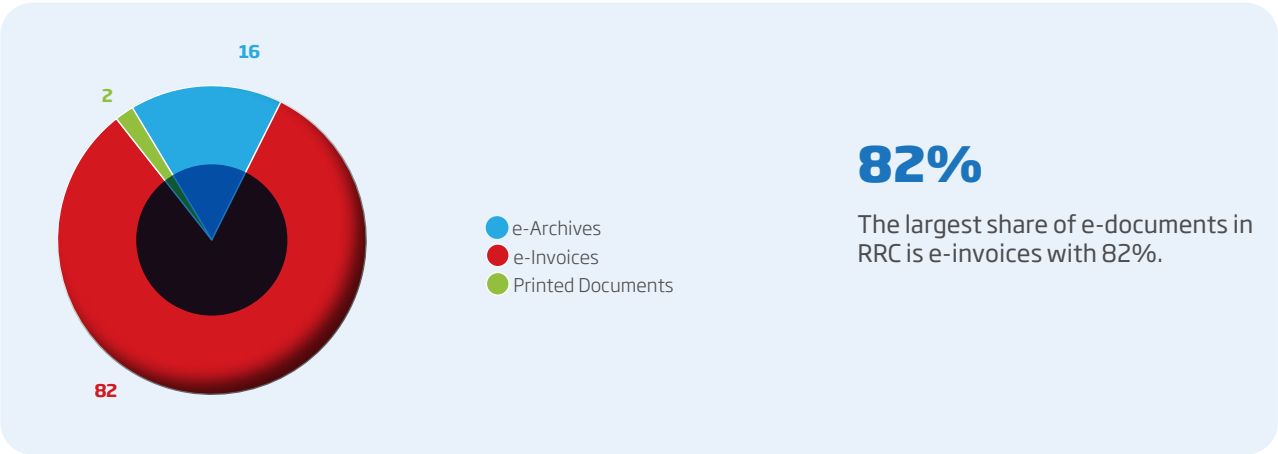
Document Type	Quantity	Quantity Ratio (%)
e-Archives	726,236	16%
e-Invoices	3,697,298	82%
Printed Documents	79,767	2%
Grand Total	4,503,301	

Quantity and Ratio of Documents by Category

Category	Quantity	Quantity Ratio (%)
Exports	103,528	2.30%
Imports	2,143	0.05%
Domestic	4,397,630	97.65%
Grand Total	4,503,301	

* The total figure for Banks and Factoring Companies for 2023.

Document Type Distribution
(% based on quantity)



Category Type Distribution
(% based on quantity)



Credit Guarantee Fund COBIT integration

With the integration of RRC and Credit Guarantee Fund COBIT system, the same document certifying a receivable will be prevented from being used in more than one Credit Guarantee Fund or participation banking transactions.

“

The integration of the System is targeted to be finalized during 2024.

”

Movable Pledge Registry System integration

RRC serves as an important data warehouse for the sector.

In the second phase of the RRC, which is a live system, payment instruments related to assigned receivable documents have also begun to be recorded in the system since September 2016. In this way, a significant data pool is created in the industry. In order to meet the reporting needs of RRC-user companies, data analysis studies on the basis of user factoring companies, banks and sectors were completed and launched for access.

In addition, studies were completed for system updates for refactoring transactions; for inclusion of retail sales receipts, e-self-employment receipts, e-producer receipts in the system; and for the performance of additional controls for payment instruments related to receivable documents. The said projects were put to life in March 2023. In 2024, we will start planning AI-based developments to prevent incidents of fraud and misconduct.

The RRC Ecosystem Expands through New Integrations...

The RRC has been integrated with the Revenue Administration's e-document system since 2015, which allows verification of e-documents.

The integration of the receivables recording center of the Participation Banks Association of Türkiye where invoices financed by participation banks are recorded, was completed in 2022.

Given the fact that receivable pledges are also recorded, a protocol was signed with the Ministry of Commerce in 2017 for the integration of the Movable Pledge Registry System owned by the Ministry of Commerce and operated by the Turkish Association of Notaries and the integration is targeted to be finalized during 2024.

Since it is intended that transactions subject to financing to be provided within the scope of Treasury-Backed Credit Guarantee Fund Guarantees package be based on documents certifying receivables such as invoices and the like, system developments targeted at banks intermediating Credit Guarantee Fund transactions and efforts for the integration of RRC and the Credit Guarantee Fund's COBIT system were also brought to completion in order to cross-check duplication, etc. The integration will result in the following features:

- The same document cannot be subject to more than one Credit Guarantee Fund or participation banking transactions;

- If the same receivable has already been assigned to a bank or financial institution, a warning will appear on the RRC and hence, the credit to be provided to the borrowing company will be transferred to the account of the assignee bank or financial institution instead of the seller company.

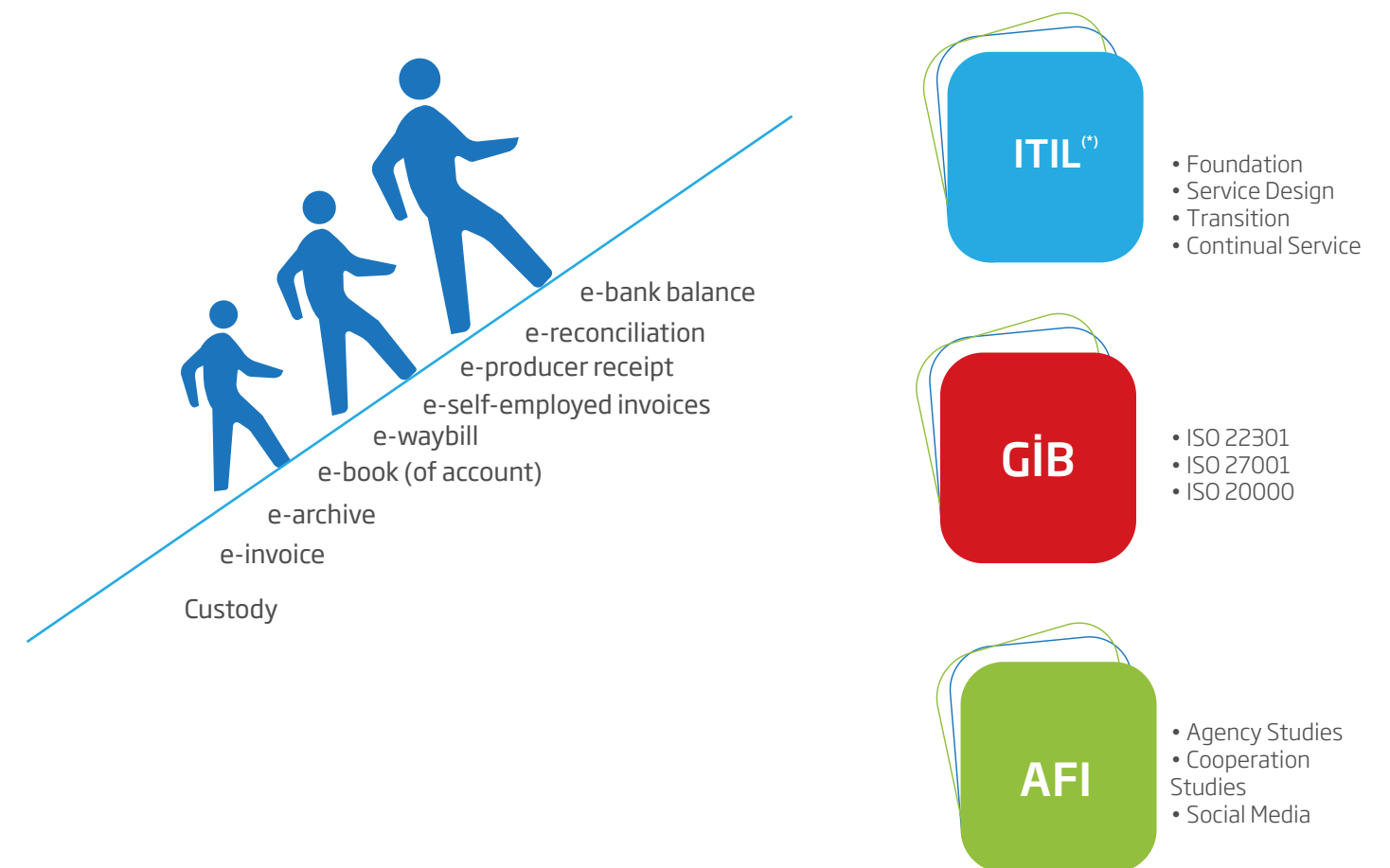
Additionally, work has been commenced for checking expense documents such as invoices for loans to be extended with İGE guarantee via RRC and this initiative is slated for introduction in March 2024.

End-to-end e-transformation service is being offered to businesses by way of various applications provided under the AFI, such as e-invoice, e-Archive, e-Book (of account), etc.

Aiming to improve the work processes and products involved in factoring, which is a valuable financial instrument for financing trade in the digitalizing world, AFI decided to increase its contribution to this process and initiated Private Integrator Project.

In July 2017, AFI became an e-invoice private integrator. Within the scope of the private integrator project, user companies are provided with the following services:

- Storage
- e-invoice
- e-archive
- e-book
- e-delivery note
- e-self-employed receipt
- e-producer receipt
- e-reconciliation
- e-bank balance



(*) ITIL (Information Technology Infrastructure Library)

(**) RA: Revenue Administration

Trade Chain Finance

TCFS aims to give the SMEs a faster, more secure and low-cost access to financing through electronical receivable assignment and confirmation to be received from the debtors.

“Companies can transform their business processes to the digital environment via “www.fkb.org.tr”.

AFI e-portal

AFI established the infrastructure that will enable companies wishing to transform their work processes to the digital environment to register with the AFI e-portal by accessing “www.fkb.org.tr” and digitize all their processes.

In 2022, E-Document Private Integrator Information Systems audit conducted by the Revenue Administration was also completed successfully, and ISO 20000, ISO 22301, ISO 27001 recertifications were also made in 2023.

TRADE CHAIN FINANCE SYSTEM (TCFS)

The Trade Chain Finance System (TCFS) that runs in integration with the RRC is another important project that AFI realized with the aim of digitalization and adapting to the advancing technology.

The TCFS is a trade finance application platform which involves buyer or seller real or legal persons, factoring companies, banks, financial institutions defined in the Banking Law no. 5411 and other persons deemed fitting by the Banking

Regulation and Supervision Agency via an information technology system through which all trade finance services including supply chain finance is offered and which technologically enables viewing the entire flow.

Launched in 2019 at AFI, TCFS aims to give the SMEs faster, more secure and low-cost access to financing through electronic receivable assignment and confirmation to be received from the debtors. TCFS enables SMEs to access fast and affordable financing in an easy, secure and technological setting. Hardships in usage posed by the technological systems in our day, cost factors and security infrastructures were studied, and certain revisions are considered to be made in view of the new developments that arose in communication technology from the establishment of the contract up to the tasks and procedures entailed in the financing process.

Currently enabling supply chain finance, confirmed factoring, payment instrument-based factoring, and refactoring transactions, the

TCFS is targeted to be used for supplier finance in accordance with participation banking principles, export factoring, credit insurance system and financing of insured receivables, integration with the State-Supported Receivable Insurance System, payment of trade payables with trade receivables and distributor finance transactions in the near future.

Law no. 6361 was revised in April 2022, whereby it was stipulated that the transactions to be carried out and/or services to be received by financial institutions through information systems, the scope, principles and procedures for which will be determined by the BRSA, will not be considered branch operation. The said revision will clear the way for the use of digital channels, and

primarily of TCFS and will make it easier for our SMEs to access financing at low-cost.

CORE FACTORING SOFTWARE PROJECT

For fulfilling the software need of the factoring sector, detailed analysis have been undertaken and contacts have been held with technology companies regarding the Core Factoring Software. The project will be revisited in 2024 according to the sector's needs.

DOCUMENTED AND UNDOCUMENTED EXPORT CREDITS MODULE

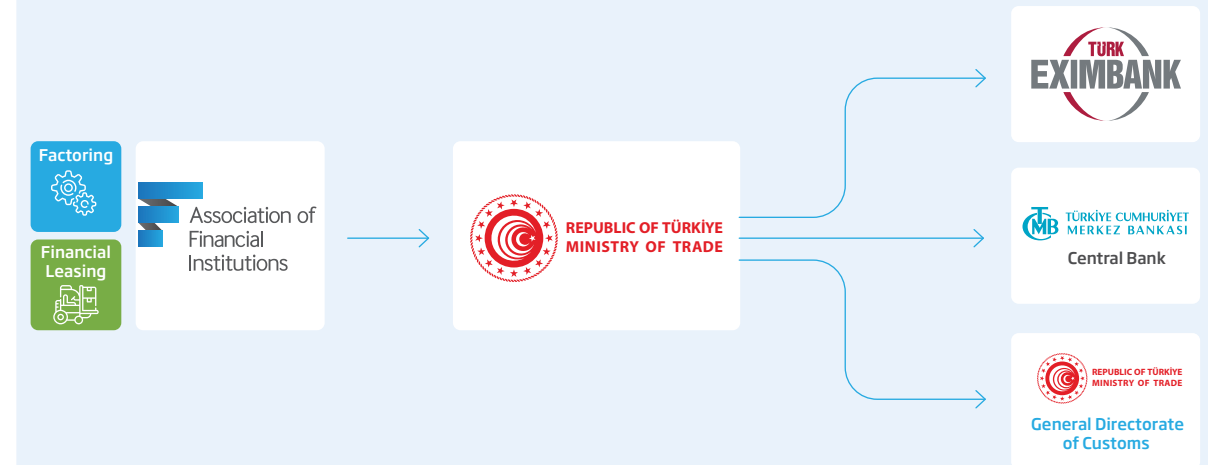
The Undocumented Export Credits Module that was launched in 2019 gives all user companies quick reach from a single point to the latest

version of customs declaration forms, which are critical for export credit closures.

Using these services, financial institutions attach an annotation to the declaration forms they use for closures, which annotations can be viewed by other financial institutions searching for declarations. This precludes the double usage of declaration forms.

Financial institutions that use the module can use the system via their in-house developed web service or through the AFI portal.

Undocumented Export Credits Module



FKBulut Shared Data Center

FKBulut enables financial institutions supervised by the BRSA to receive technology service securely, flexibly and affordably within the scope of system infrastructure and managed services.

“

FKBulut was awarded by IDC in 2021 and 2022.

”

two awards

FKBULUT SHARED DATA CENTER

The FKBulut Shared Data Center project was launched in 2020 for use by the finance sector based on the provisions of the Communiqué on the Information System Management and Audit of Financial Leasing, Factoring and Financing Companies that came into effect on 6 April 2019, which allows using group cloud structures.

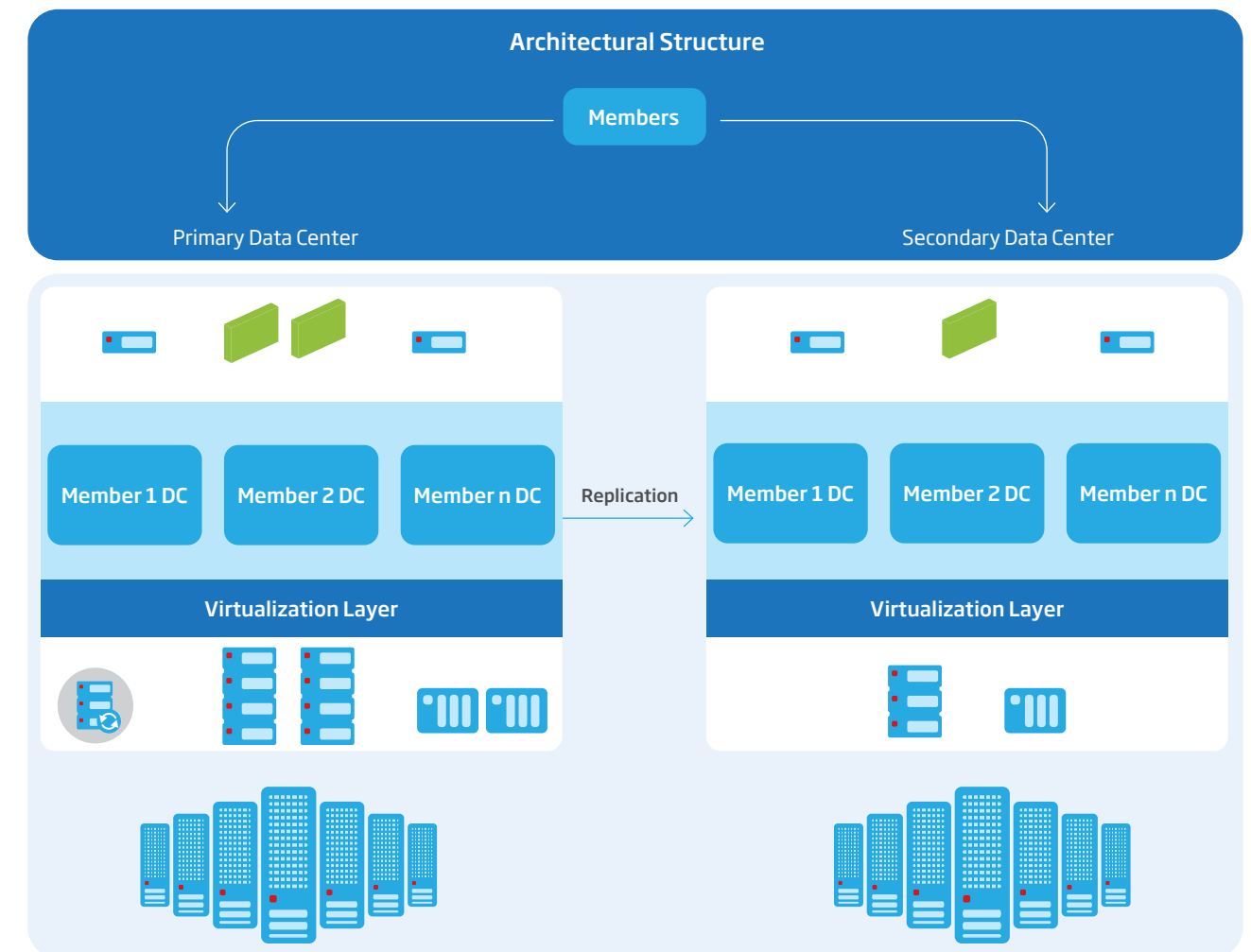
FKBulut Shared Data Center enables financial institutions supervised by the BRSA to receive technology service securely, flexibly and affordably within the scope of system infrastructure and managed services. FKBulut Shared Data Center also offers services such as backup, disaster recovery center, e-mail services and cyber security, system administration, firewall administration, licensing and so on, as well as virtual system infrastructure hosting services to financial institutions.

FKBulut Shared Data Center was audited by the BRSA Information Systems Compatibility Department and received approval for its use in 2021. Furthermore, it was awarded by the IDC (International Data Corporation) in 2021 and 2022 in the best private cloud project and cost efficiency categories.

The services offered within the scope of the Shared Data Center include:

- **Infrastructure:** the system infrastructure where the AFI members that will use the Shared Data Center will be able to host their primary and secondary systems on the data centers located in İstanbul and Ankara,
- **Managed Services:** Management of the systems hosted in the Shared Data Center and the infrastructure; management of cyber security, application and database.

FKBULUT SHARED DATA CENTER



SAVINGS FINANCING RESEARCH AND APPLICATION CENTER

On 16 August 2023, a protocol was signed by the İbn Haldun University administration and sector representatives during a launch event held at the AFI Head Office with the aim of promoting the recognition of the savings financing sector and dissemination of scientific research. The duties of the Savings Financing Application and Research Center (the Research Center) to be established will include the execution of education activities, creation of a qualified workforce, contributing to regulatory processes for the development of the sector, making scientific publications and conducting research and studies, organizing classes, seminars, symposia, congresses, courses and certificate

programs, studying international experiences and broadening the target audience.

The research center is designed as an exemplary structure bringing together the public and private sectors and the academic community. One of the most important topics on our agenda is to increase literacy in the financial markets and especially in the savings financing sector, thus forming a population of informed investors. Additional targets include building on the academic literature, R&D, realizing new projects, creating innovation processes and forming a role model in the international arena.

“

The research center is designed as an exemplary structure bringing together the public and private sectors and the academic community.

”

an exemplary center

2023 Activities

SOCIAL RESPONSIBILITY PROJECTS

Before 2023, a sapling was donated for each contract registered, which grew into a memorial forest, under a protocol signed by AFI and the Directorate General of Forestry according to the decision adopted by the Financial Leasing Sector Representatives Board.

In 2023, on the other hand, a new social responsibility project was initiated and a protocol was signed by and between AFI Financial Leasing Economic Enterprise and the Spinal Cord Paralytics Association of Turkey (TOFD) for donating battery-operated wheelchairs. Under the protocol, a total of 25 battery-operated wheelchairs were purchased and delivered to individuals who needed them in various cities in our country and primarily the earthquake-hit region. The cooperation with TOFD is targeted to be carried on in 2024 as the continuation of the protocol.

MEETINGS IN 2023

AFI and sector representatives had a busy meeting agenda in 2023 as well. The distribution of the meetings by sector and category is presented in the table below.

	AFI	Factoring	Financial Leasing	Financing	Asset Management	Savings Financing	Total
Meetings Attended or Organized	61	70	10	3	5	16	165
Meetings with Public Institutions	27	6	0	1	1	3	38
Meetings with Members	12	37	18	49	15	26	157
Meetings with International Organizations	3	7	16	7	0	5	38
Total	103	120	44	60	21	50	398

DEVELOPMENTS CONCERNING THE MEMBERS

Granted Operating Licenses

The companies named hereinbelow were granted operating licenses under Article 7 of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law no. 6361 and Article 5 (2) of the Regulation on the Establishment and Operating Principles of Savings Financing Companies:

- Dgfin Finansman A.Ş. (19.10.2023)
- Fair Finansman A.Ş. (24.10.2023)
- Mint Finansman A.Ş. (23.11.2023)
- EPS Varlık Yönetim A.Ş. (26.12.2023)

Revoked Operating Licenses

The operating licenses of the companies named below were revoked at each one's request according to Article 50(1) of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law no. 6361 (the Law).

- Mercedes-Benz Finansal Kiralama Türk A.Ş. (30.11.2023)

Regulatory Changes in 2023

Date	Description	Sector
05 January 2023	Execution Guidelines for the Creation of Marketable Securities	Factoring
05 January 2022	Board Decision regarding Revisions to Maturity Limits for Consumer Credit and Credit Card Installment Limits	Financing
10 January 2023	Presidential Decree no. 6657	Financial Leasing
15 January 2023	Communiqué (No. 2023/4) Amending the Communiqué (No. 2013/15) on Required Reserves	Financing
25 January 2023	Required Reserves Execution Guidelines and Execution Guidelines for the Creation of Marketable Securities	Financing
27 January 2023	Execution Guidelines for the Creation of Marketable Securities	Factoring
07 February 2023	Board Decision for Increasing the Credit Terms and Credit Card Installment Limits for Individuals Residing in Earthquake/Disaster Region	Financing
10 February 2023	Board Decision about the Earthquake Disaster that Hit Ten Provinces	AFI
11 February 2023	Presidential Decree no. 120 concerning the Measures Adopted in the Jurisdiction under State of Emergency	AFI
11 February 2023	Communiqué (Serial No. 23) Amending the Financial Crimes Investigation Board General Communiqué (Serial No. 5)	AFI
23 February 2023	Board Decision Regarding Other Locations Declared as Disaster Zones Where Public Life is Affected	AFI
28 February 2023	Communiqué (2023/3) Amending the Communiqué (2017/4) concerning Tax, Duties and Charges Exemption in Exports, Transit Trade, Sales and Deliveries Considered as Exports, and FC-Earning Services and Activities	Factoring Financial Leasing
03 March 2023	Communiqué Regarding the Principles and Procedures for the Enforcement of Provisional Article 3 of the Law no. 7420 on Amending the Income Tax Law and Some Other Laws and Statutory Decrees	Asset Management
27 March 2023	Circular no. 2023/1 on the Criteria to be Fulfilled for Identity Authentication in Electronic Banking Services and in the Establishment of Contractual Relationship Electronically and Transaction Security	AFI
05 April 2023	Law Amending the Enforcement and Execution Law and Some Other Laws	AFI
05 April 2023	Regulation Amending the Regulation on the Prevention of Laundering Proceeds of Crime and Terrorist Financing	AFI
27 April 2023	Board Decision Regarding the Revision of Auto Loan Limits	Financing
03 May 2023	Presidential Decree Amending the Presidential Decree Concerning the Measures Adopted in the Jurisdiction under the State of Emergency	AFI
27 May 2023	Regulation Amending the Regulation on the Principles and Procedures Concerning the Electronic Notification System of the Financial Crimes Investigation Board	Savings Financing

		AFI
27 May 2023	Regulation Amending the Regulation on the Harmonization Program with Obligations associated with the Prevention of Laundering of Proceeds of Crime and Terrorist Financing	Financial Leasing
		Factoring
		Financing
01 June 2023	Regulation Amending the Regulation on the Principles and Procedures for Provision of Customers' Data before the Risk Center to the Customers Themselves or to Designated Real or Legal Persons subject to Customer Approval by the Members of the Banks Association of Turkey Risk Center	AFI

Regulatory Changes in 2023

Date	Description	Sector
07 July 2023	Presidential Decree no. 7344	AFI
07 July 2023	Presidential Decree no. 7345	AFI
07 July 2023	Presidential Decree no. 7346	AFI
13 July 2023	General Communiqué on the Charges Law (Serial No: 93)	AFI
04 September 2023	Board Decision regarding the Board Decisions concerning Credit Disbursement for Intended Purposes	AFI
07 September 2023	Communiqué (Serial No. 47) Amending the Value Added Tax General Implementation Communiqué	Financial Leasing
27 October 2023	Communiqué (No. 2023/29) Amending the Communiqué concerning Marketable Security Creation	Factoring
02 November 2023	Communiqué (No. 2023/30) Amending the Required Reserves Communiqué (No. 2013/15)	Financing
08 November 2023	Execution Guidelines for Marketable Securities Creation	Factoring
08 November 2023	Regulation Amending the Regulation on the Principles and Procedures Concerning the Monitoring of Transactions Affecting the FC Position by the Central Bank of the Republic of Türkiye	Financial Leasing
25 November 2023	Communiqué (No. 2023/33) Amending the Communiqué (No. 2020/7) on the Principles and Procedures Concerning the Fees to be Charged to Financial Consumers	Factoring
		Financial Leasing
29 November 2023	Law for the Establishment of the Family and Youth Fund	Financing
12 December 2023	Communiqué Amending the Communiqué (No. 2017/3) Concerning the Transition to Turkish Flag for Boats Abroad or Flying a Foreign Flag	Financial Leasing
12 December 2023	Board Decision Concerning the Application of Inflation Accounting	AFI
22 December 2023	Communiqué (No. 2023/39) Amending the Communiqué (No. 2020/7) on the Principles and Procedures Concerning Fees to be Charged to Financial Consumers	Financing
28 December 2023	Law no. 7491 Amending Certain Laws and Statutory Decrees	Financial Leasing
		AFI
29 December 2023	Regulation Amending the Regulation on the Establishment and Operating Principles of Savings Financing Companies	Savings Financing
29 December 2023	Public Oversight, Accounting and Audit Standards Board Decision (No. 01/21632)	AFI
29 December 2023	Public Oversight, Accounting and Audit Standards Board Decision (No. 01/21634)	AFI

Training and Events

The AFI Economic Enterprise organized a total of 74 training programs by 31 December 2023 which were attended by 829 participants.

Events that featured the Chairperson and Deputy Chairpersons as speakers are as follows:

17 January - Akşam Daily Future Trends Summit 2023

AFI Chairperson Ali Emre Ballı was a speaker in the Future and Trends in Investment Finance and Insurance panel of the summit graced by Nurettin Nebati, Republic of Türkiye Minister of Treasury and Finance at the time, that focused on the “Sustainability” theme of the sectors’ future plans and trends.

2 February - The Century of Türkiye Summit and Money Talks

Eyüp Akbal, Chairperson of the Savings Financing Sector Board, attended the panel titled the Real Estate of the New Century as a speaker in the program, The Century of Türkiye Summit & Money Talks.

4 May - İstanbul Financial Center Summit

Our Chairperson Ali Emre Ballı participated in the Non-Bank Finance at the Heart of Finance panel as a speaker during the İstanbul Financial Center Summit.

22 December - 3rd Future of Finance Summit

Our Chairperson Ali Emre Ballı was a speaker at the 3rd Future of Finance Summit, where he talked about the Outlook of Non-Bank Finance.

The AFI Economic Enterprise organized 74 training programs in 2023, which were attended by 829 participants.

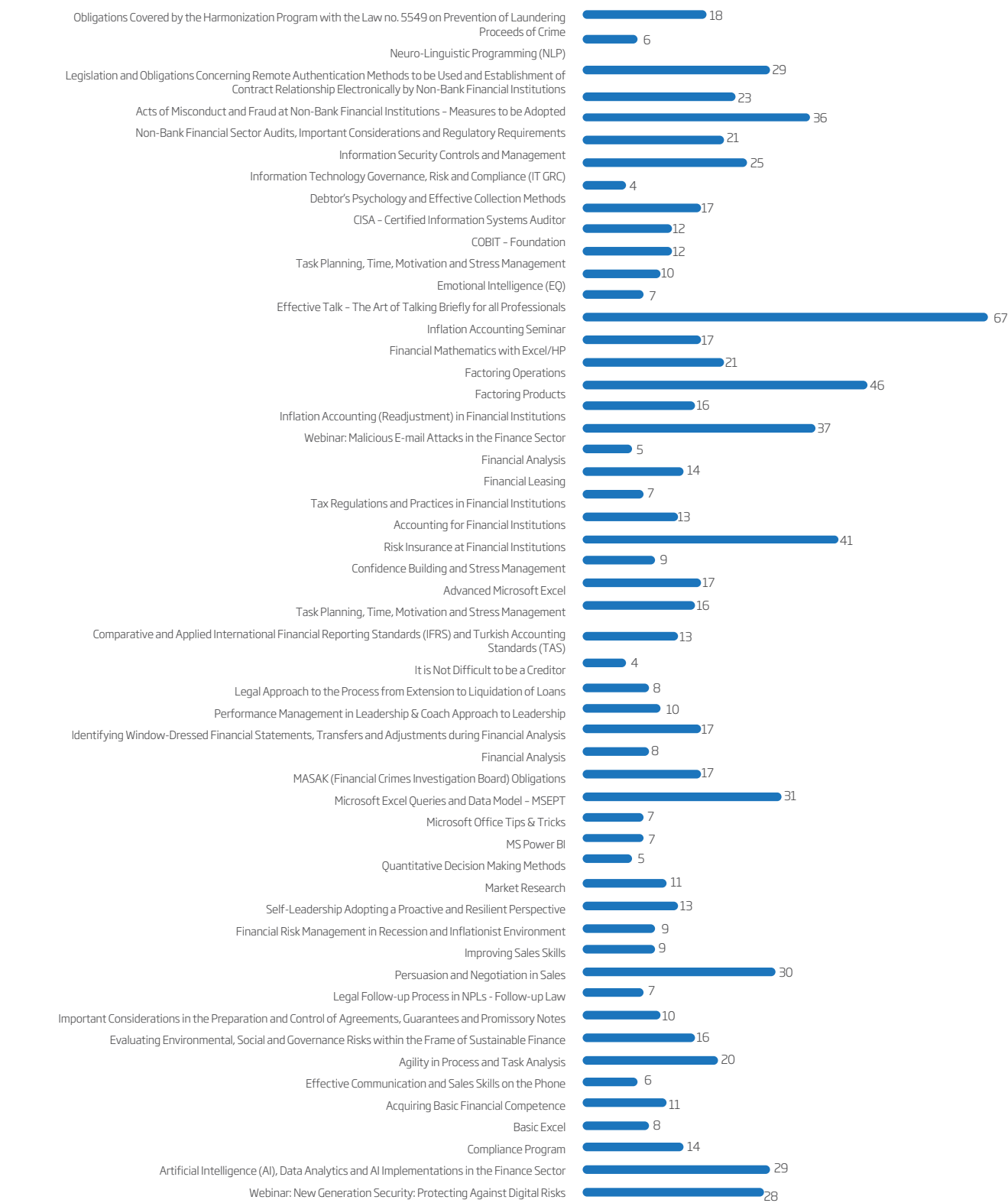
Training and Events

Date	Topic	Trainer
11-12 January	Non-Bank Financial Sector Audits, Important Considerations and Regulatory Requirements	Ali Galip Yükseltmek
13 January	Factoring Products	Can Özyurt
18-19 January	Basic Excel	Kerim Bağrıyanık
23-25 January	Accounting for Financial Institutions	Oğuz Kemal Bulut, CPA
26 January	MASAK (Financial Crimes Investigation Board) Obligations	Sermet Aydın
1-2 February	Market Research	Gülay Güner & Süleyman Güner
6-7 February	IFRS & TAS	Oğuz Kemal Bulut, CPA
13-14 February	Advanced Microsoft Excel	Kerim Bağrıyanık
15-16 February	Customer Experience Management	Dr. Aylin Demiray Özden
20-23 February	Guarantee and Follow-up Law	Atty. Arb. Emel Tezcan
27-28 February 1 March	Financial Analysis in Inflation Environment	Gülay Güner & Süleyman Güner
2-3 March	MS Power BI	Kerim Bağrıyanık
6-7 March	Acquiring Basic Financial Competence	Gülay Güner & Süleyman Güner
8-9 March	Effective Communication and Sales Skills on the Phone	Dr. Aylin Demiray Özden
8-9 March	The Impact of Digital Banking Apps and Smart Agreements on Financial Institutions	Atty. Arb. Yonca Fatma Yücel
13-15 March	Regulatory Studies for Real Life Situations	Atty. Arb. Emel Tezcan
16-17 March	Performance Management in Leadership & Coach Approach to Leadership	Korhan Alev
20 March	Tax Regulations and Practices in Financial Institutions	Oğuz Kemal Bulut, CPA
21-22 March	Effective Talk – The Art of Talking Briefly for all Professionals	Dilek Baran
23-24-27-28-29 March	Financial Analysis	Gülay Güner & Süleyman Güner
28 March	Webinar: New Generation Security: Protecting Against Digital Risks	Hakan Eryavuz & Pelin Altıntaş
29 March	Risk Insurance at Financial Institutions	Görkem Güreşin
6-7 April	Information Technology Governance, Risk and Compliance (IT GRC)	Emrah Karakoç
12 April	Confidence Building and Stress Management	Fatma Meriç Demirel
13 April	Webinar: Malicious E-mail Attacks in the Finance Sector	Onur Kolay
17-18-19 April	Important Considerations in the Preparation and Control of Agreements, Guarantees and Promissory Notes	Atty. Arb. Emel Tezcan
25-26 April	Compliance Program	Dr. Ramazan Başak
27-28 April	Persuasion and Negotiation in Sales	Dr. Aylin Demiray Özden
2-3 May	Dynamic Reading for Professionals	Necati Durkut
4-5 May	Quantitative Decision Making Methods	Prof. Dr. Ünal Halit Özden
8-12 May	CISA – Certified Information Systems Auditor	Ali Dinçkan
15-16-17 May	Legal Follow-up Process in NPLs - Follow-up Law	Atty. Arb. Emel Tezcan
22-23 May	Debtor's Psychology and Effective Collection Methods	Dilek Baran
23-24 May	Financial Mathematics with Excel/HP	Firuze Kiraz
25-26-29-30 May	It is Not Difficult to be a Creditor	Gülay Güner & Süleyman Güner
6-7 June	Microsoft Excel Queries and Data Model – MSEPT	Tugay Eryılmaz
9 June	Advanced Word	Kerim Bağrıyanık

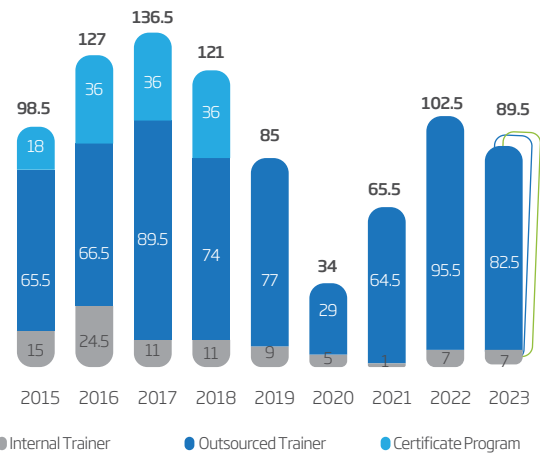
Date	Topic	Trainer
12-13-14-15 June	Financial Leasing	Gülay Güner & Süleyman Güner
12-13-14 June	Information Security Controls and Management	Fatih Emiral
19-20 June	Financial Analysis	İlknur Coşkun Gürsel
21-22-23 June	Accounting for Financial Institutions	Oğuz Kemal Bulut, CPA
22-23 June	Microsoft Excel Queries and Data Model – MSEPT	Tugay Eryılmaz
20-21 July	Microsoft Excel Queries and Data Model – MSEPT	Tugay Eryılmaz
13 September	Interest-Free Finance, Savings Financing Legislation and Corporate Governance	Assoc. Prof. Abdurrahman Çetin
15 September	Emotional Intelligence (EQ)	Dr. Aylin Demiray Özden
14-15 September	COBIT – Foundation	Fırat Okay
18-19 September	Understanding Economy through Data Sets and Graphs	Gülay Güner & Süleyman Güner
21-22 September	Power BI Desktop Visualization	Tugay Eryılmaz
23 September	Non-Bank Financial Sector Audits, Important Considerations and Regulatory Requirements	Ali Galip Yükseltmek
25 September	Inflation Accounting (Readjustment) in Financial Institutions	Oğuz Kemal Bulut, CPA
27-28-29 September	Evaluating Environmental, Social and Governance Risks within the Frame of Sustainable Finance	Dr. Neslihan Özdemir
3 October	Factoring Products	Can Özyurt
5-6 October	Financial Analysis in Inflation Environment	Gülay Güner & Süleyman Güner
10-11 October	Neuro-Linguistic Programming (NLP)	Ayşegül Ekmekçioğlu
12-13 October	Power BI Desktop Data Model and Dax	Tugay Eryılmaz
17 October	Self-Leadership Adopting a Proactive and Resilient Perspective	Dr. Aylin Demiray Özden
18 October	E&Y Inflation Accounting Seminar	E&Y
19-20 October	Power BI Desktop Data Preparation	Tugay Eryılmaz
21-22 October	Persuasion and Negotiation in Sales	Dr. Aylin Demiray Özden
23-24 October	Comparative and Applied International Financial Reporting Standards (IFRS) and Turkish Accounting Standards (TAS)	Oğuz Kemal Bulut
25-26 October	Artificial Intelligence (AI), Data Analytics and AI Implementations in the Finance Sector	Ergi Şener & Dr. İpek Aldatmaz Şener
31 October	E&Y Inflation Accounting Seminar	E&Y
2-3 November	Information Technology Governance, Risk and Compliance (IT GRC)	Emrah Karakoç
2-3-6-7-8 November	Identifying Window-Dressed Financial Statements, Transfers and Adjustments during Financial Analysis	Gülay Güner & Süleyman Güner
9-10 November	Obligations Covered by the Harmonization Program with the Law no. 5549 on Prevention of Laundering Proceeds of Crime	Dr. Ramazan Başak
13-14 November	Improving Sales Skills	Utku Varoğlu
17 November	Legislation and Obligations Concerning Remote Authentication Methods to be Used and Establishment of Contract Relationship Electronically by Non-Bank Financial Institutions	Dr. Ramazan Başak
20-21-22 November	Legal Approach to the Process from Extension to Liquidation of Loans	Atty. Arb. Emel Tezcan
23-24 November	Financial Risk Management in Recession and Inflationist Environment	Yenal Koçak
27-28 November	Microsoft Office Tips & Tricks	Tugay Eryılmaz
5 December	Factoring Operations	Kudret Sarsan
8 December	Agility in Process and Task Analysis	Assoc. Dr. Mehmet Nuri İnel
11 December	Acts of Misconduct and Fraud at Non-Bank Financial Institutions – Measures to be Adopted	Dr. Ramazan Başak
13 December	Task Planning, Time, Motivation and Stress Management	Dilek Baran
18-19-20 December	Legal Follow-up Process in NPLs - Follow-up Law	Atty. Arb. Emel Tezcan
25-26 December	Advanced Microsoft Excel	Kerim Bağrıyanık

Training and Events

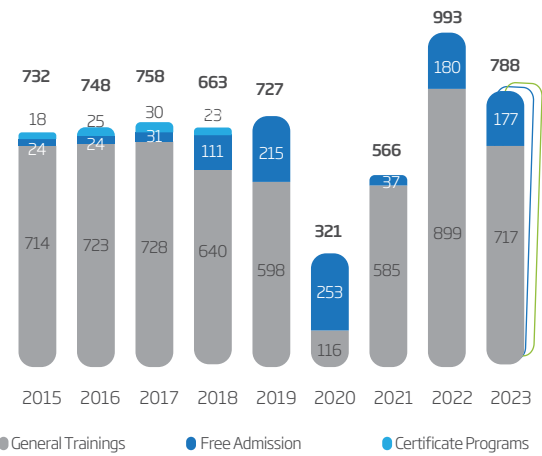
Participation in Trainings



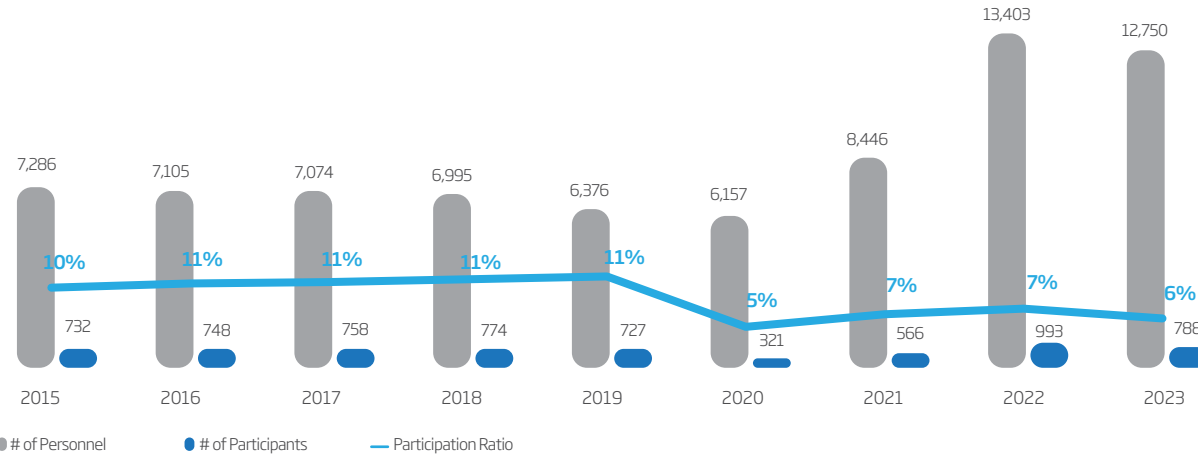
of Training Days



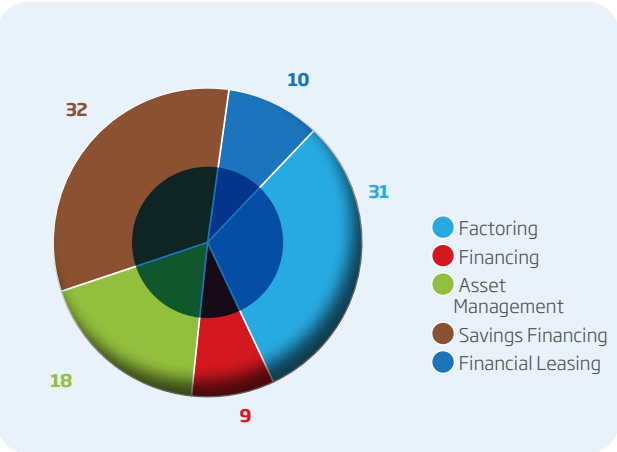
of Participants



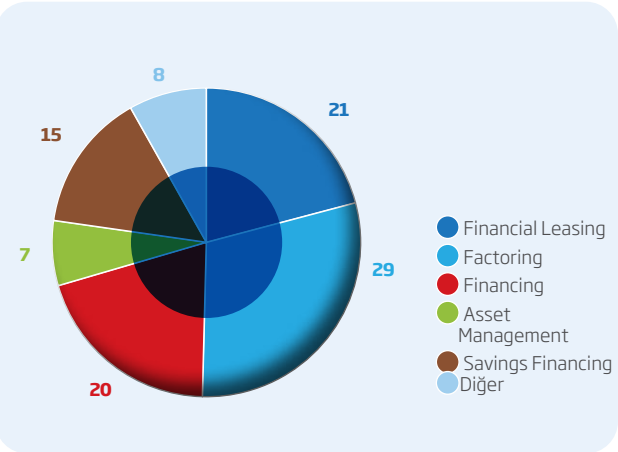
of Personnel vs # of Participants



Breakdown of Personnel (%)



Breakdown of Applications (%)



AFI in the Press - 2023

[illegible]

Yerleşim Adı	İzmir Vatan	Yerleşim Tarihi	07.02.2023
Referans No	115296012	Sayfa	14
Dahilî alan	Harici	Tiket	1250
Yerleşim Durumu	Garantörlü	Kullanım Durumu	30.04



Finansal Kurumlar Birliği:

Borç ödeme ve finansman olanakları sağlanacak

FİNANSAL Kurumlar Birliği (FKB), tarafından yapılan açıklamada, "Mücbir halin gerçekleştiği bölgelerde ikametgahı, işyeri adresi bulunan müşterilerin kredi risk, kredi ödeme, senet ve çek işlemlerine ilişkin bil-

dirimlerin Risk Merkezi mücbir hal düzenlemesi çerçevesinde yapılması hususlarında gerekli hassasiyetin gösterilmesi amacıyla üyelerimize tavsiyede bulunulmasına karar verilmiştir" ifadelerine yer verildi.

Rakam	Tarih
ekonomi	
Referans No : 12181512	Sayı : 49320
Periyot : Haftada Altı	Sayfa : 1/1
Erişim : 246600	Newsflasher : Web Link



FİNANSAL KURUMLAR BİRLİĞİ AÇIKLADI

Faktoring Endeksi yükseliş eğiliminde

FKB, Ekonomik Görünüm Endeksi'nin (FKB-EGE) Mart ayı brütlenisi yayımladı. Finansal Kurumlar Birliği'ne (FKB) göre Faktoring Endeksi,

[illegible][illegible]

Finansal Kurumlardan AFAD'a 3 milyon TL bağış

Finansal Kurumlar Birliği'nin (FKB) 11. Olağan Genel Kurulda gerçekleştirildi. Genel Kurulda konuşan FKB Başkanı Ali Emre İbali, "Reel sektörden ve tüm paydaşlarımızın yararlanabileceği FKB Endeksi ile ticaretin nabzını ve yatırım eğilimlerini ölçümleyeceğiz" dedi.

Banka dışı finans sektörünün gelişmesi yönünde önemli bir misyon yüklenen, finans sektörünün en önemli oyuncularından olan: Finansal Kiralama, Faktoring, Finansman, Varlık Yönetim ve Tasarruf Finansman Şirketlerini bünyesinde bulunduran Finansal Kurumlar Birliği'nin (FKB) 11. Olağan Genel Kurulu, İstanbul'da düzenlendi.

Balık, gerek bütik çatısı altında gerekse üye şirketleri nezdinde, deprem bölgesine yardımların aralıksız sürdürüldüğünü belirterek, "Arama kurtarma çalışmalarına, hasarın giderilmesine ve

acil ihtiyaçların karşılanmasına destek olmak amacıyla AFAD'a 3 milyon TL tutarında bağış yaptık. Bundan böyle de; depremezedelerimizin yanında olmayı sürdürüceğiz" diye konuştu.

FKB ENDEKSİ, TİCARETİN NABZINI ÖLÇECEK

İstanbul Üniversitesi ile yapılan protokol çerçevesinde oluşturulan FKB Endeksi hakkında da bilgiler paylaşılan İbali, "Gerek reel sektörün gerekse tüm paydaşlarımızın yararlanabileceği bir 'FKB Endeksi' oluşturulması hayalimizdi. Geçen yıl bu hayalimizin ilk adımlarını atarak ve İstanbul Üniversitesi ile bir protokol imzaladık. Endeksi; Türkiye'de ticaretin nabzını ve yatırım eğilimini ölçümleyen öncelikle gösterge olmasını hedefliyoruz" ifadelerini kullandı.

[illegible][illegible]

Yayın Adı	Ekim 2022
Yayın Yeri	İstanbul
Yayın Türü	Ekim 2022
Yayın Adı	Ekim 2022
Yayın Yeri	İstanbul
Yayın Türü	Ekim 2022

FKB Endeksi ile ticaretin nabızı

Finansal Kiralama, Faktoring, Finansman, Varlık Yönetim ve Tasarruf Finansman şirketlerini bünyesinde bulunduran Finansal Kurumlar Birliği'nin (FKB) 11. Olağan Genel Kurulu, İstanbul'da düzenlendi.

Finans sektörünün önemli temsilcilerinin, üye şirketlerin temsilcilerinin ve Finansal Kurumlar Birliği yönetiminin hazır bulunduğu Olağan Genel Kurul'da; Finansal Kurumlar Birliği Başkanı Ali Emre Balı'nın yanı sıra Finansal Kurumlar Birliği Başkan Vekilleri Eyüp Akbal, Gökmen Önbülak, Coşkun Çabuk ve Selahattin Süleymanoğlu da sektörlerine ilişkin değerlendirmelerini paylaştı.

FKB Başkanı Ali Emre Balı, "Reel sektörün ve tüm paydaşlarımızın yararlanabileceği FKB Endeksi ile ticaretin nabzını ve yatırım eğilimlerini ölçümleyeceğiz" dedi.

[illegible]

AFI in the Press - 2023

Yayın Adı: Finansal Kurumlar Birliği Açıkladı
Yayın Tarihi: 17.08.2023
Yayın Adı: Banka dışı finansın işlem hacmi %88 oranında arttı

Finansal Kurumlar Birliği (FKB) finansal kiralama, faktoring, finansman, varlık yönetimi ve tasarruf finansman şirketlerinin 2023 yılı 2'nel çeyreği itibarıyla 6 aylık konsolide verilerini açıkladı. Finansal Kurumlar Birliği Başkanı Ali Emre Ballı, Cumhuriyetimizin 100. kuruluş yıl dönümünde sektörü temsil eden 119 üye şirket ile birlikte sürdürülebilir bir finansal gelecek inşa etme konusundaki taahhütlerini gerçekleştirmek için çalışmalarının devam ettiğini belirtti. Ballı, FKB'nin temsil ettiği sektörlerin 2023 yılının ilk yarı finansal performanslarına ilişkin şu bilgileri paylaştı: "Öncelikle FKB bünyesindeki sektörlerin mali verilerinde artışlar görüldüğüne dikkat çekmek isterim. Bankacılık dışı finans sektörünün yüzde 87,6, aktif büyüklüğünün yüzde 68,5, öz kaynaklarının ise yüzde 62,3 büyüdüğünü görmekteyiz. Özellikle faktoring işlem hacmindeki yüzde 93'e yakın artış göze çarpmıyor. Varlık yönetimi şirketlerimizin öz kaynakları yüzde 62,7 artarken tasarruf finansman şirketlerinin aktif büyüklüğü 15,6 milyar TL'ye ulaştı."

2023'ün 3. çeyrek sonuçları açıklandı

Gelecek Varlık'tan 504,5 milyon TL kâr

Gelecek Varlık Yönetimi, 2023'ün üçüncü çeyrek sonuçlarını açıkladı. Buna göre, Gelecek Varlık toplam tahsilatları, bir önceki yıl aynı dönemine kıyasla yüzde 132,1 artarak 1 milyar 833 milyon TL seviyesine ulaştı. Üçüncü çeyrekte finansal işlemlerini sağlamlaştıran ve yekun devam eden şirket, bankacılık sektörünün 1 milyar 174 milyon TL'lik tahsilatı geçirmiş olacağı devraldı. Strateji bu süreçte net kâr ise 504,5 milyon TL oldu. Toplam yatırım tutarı 2,9 milyar TL'ye ulaşırken Gelecek Varlık'ın Genel Müdürü Sezgin Ünlüdoğan, "Bu güçlü performansımız yıl sonu hedeflerimizle bir adım daha yaklaştı. 2023'ün son çeyreğinde de yatırımlarımızla şirketimizin istikrarlı büyüme imesini sürdürmeye odaklanacağız" dedi. Varlık yönetimi sektörünün lider şirketi Gelecek Varlık Yönetimi, 2023'ün üçüncü çeyreğine ilişkin finansal sonuçlarını açıkladı. Üçüncü çeyrekte, bankacılık sektörünün 1 milyar 174 milyon TL tutarındaki tahsilatı geçirmiş olacağı devraldı. Gelecek Varlık'ın satın aldığı toplam arazi alanı 22 milyar TL'ye, toplam yatırım tutarı ise 2,9 milyar TL'ye yükseldi. Şirket, toplam tahsilatları bir önceki yıl aynı dönemine kıyasla yüzde 132,1 artışla 1 milyar 833 milyon TL'ye, öz kaynaklarını ise 1 milyar 297 milyon TL'nin üzerine taşıdı.

Yayın Adı: Finansal Kurumlar Birliği Açıkladı
Yayın Tarihi: 17.08.2023
Yayın Adı: Finans Sektörünün İşlem Hacmi Arttı

Finansal Kurumlar Birliği (FKB) finansal kiralama, faktoring, finansman, varlık yönetimi ve tasarruf finansman şirketlerinin 2023 yılı 2'nel çeyreği itibarıyla 6 aylık konsolide verilerini açıkladı. Finansal Kurumlar Birliği Başkanı Ali Emre Ballı, Cumhuriyetimizin 100. kuruluş yıl dönümünde sektörü temsil eden 119 üye şirket ile birlikte sürdürülebilir bir finansal gelecek inşa etme konusundaki taahhütlerini gerçekleştirmek için çalışmalarının devam ettiğini belirtti. Ballı, FKB'nin temsil ettiği sektörlerin 2023 yılının ilk yarı finansal performanslarına ilişkin şu bilgileri paylaştı: "Öncelikle FKB bünyesindeki sektörlerin mali verilerinde artışlar görüldüğüne dikkat çekmek isterim. Bankacılık dışı finans sektörünün yüzde 87,6, aktif büyüklüğünün yüzde 68,5, öz kaynaklarının ise yüzde 62,3 büyüdüğünü görmekteyiz. Özellikle faktoring işlem hacmindeki yüzde 93'e yakın artış göze çarpmıyor. Varlık yönetimi şirketlerimizin öz kaynakları yüzde 62,7 artarken tasarruf finansman şirketlerinin aktif büyüklüğü 15,6 milyar TL'ye ulaştı."

Yayın Adı: Finansal Kurumlar Birliği Açıkladı
Yayın Tarihi: 17.08.2023
Yayın Adı: "Banka dışı finans, Cumhuriyetin ikinci yüzyılına damgasını vuracak çalışmalarını sürdürüyor"

Banka dışı finans, Cumhuriyetin ikinci yüzyılına damgasını vuracak çalışmalarını sürdürüyor

Finansal Kurumlar Birliği (FKB) Başkanı Ali Emre Ballı, Cumhuriyetimizin 100. kuruluş yıl dönümünde sektörü temsil eden 119 üye şirket ile birlikte sürdürülebilir bir finansal gelecek inşa etme konusundaki taahhütlerini gerçekleştirmek için çalışmalarının devam ettiğini belirtti. Ballı, FKB'nin temsil ettiği sektörlerin 2023 yılının ilk yarı finansal performanslarına ilişkin şu bilgileri paylaştı: "Öncelikle FKB bünyesindeki sektörlerin mali verilerinde artışlar görüldüğüne dikkat çekmek isterim. Bankacılık dışı finans sektörünün yüzde 87,6, aktif büyüklüğünün yüzde 68,5, öz kaynaklarının ise yüzde 62,3 büyüdüğünü görmekteyiz. Özellikle faktoring işlem hacmindeki yüzde 93'e yakın artış göze çarpmıyor. Varlık yönetimi şirketlerimizin öz kaynakları yüzde 62,7 artarken tasarruf finansman şirketlerinin aktif büyüklüğü 15,6 milyar TL'ye ulaştı."

Yayın Adı: Finansal Kurumlar Birliği Açıkladı
Yayın Tarihi: 17.08.2023
Yayın Adı: Katılımevim halka arza hazırlanıyor

Katılımevim halka arza hazırlanıyor

Finansal Kurumlar Birliği (FKB) Başkanı Ali Emre Ballı, Cumhuriyetimizin 100. kuruluş yıl dönümünde sektörü temsil eden 119 üye şirket ile birlikte sürdürülebilir bir finansal gelecek inşa etme konusundaki taahhütlerini gerçekleştirmek için çalışmalarının devam ettiğini belirtti. Ballı, FKB'nin temsil ettiği sektörlerin 2023 yılının ilk yarı finansal performanslarına ilişkin şu bilgileri paylaştı: "Öncelikle FKB bünyesindeki sektörlerin mali verilerinde artışlar görüldüğüne dikkat çekmek isterim. Bankacılık dışı finans sektörünün yüzde 87,6, aktif büyüklüğünün yüzde 68,5, öz kaynaklarının ise yüzde 62,3 büyüdüğünü görmekteyiz. Özellikle faktoring işlem hacmindeki yüzde 93'e yakın artış göze çarpmıyor. Varlık yönetimi şirketlerimizin öz kaynakları yüzde 62,7 artarken tasarruf finansman şirketlerinin aktif büyüklüğü 15,6 milyar TL'ye ulaştı."

Yayın Adı: Finansal Kurumlar Birliği Açıkladı
Yayın Tarihi: 17.08.2023
Yayın Adı: Banka dışı finansın işlem hacmi yüzde 124 arttı

Banka dışı finansın işlem hacmi yüzde 124 arttı

Finansal Kurumlar Birliği (FKB) Başkanı Ali Emre Ballı, Cumhuriyetimizin 100. kuruluş yıl dönümünde sektörü temsil eden 119 üye şirket ile birlikte sürdürülebilir bir finansal gelecek inşa etme konusundaki taahhütlerini gerçekleştirmek için çalışmalarının devam ettiğini belirtti. Ballı, FKB'nin temsil ettiği sektörlerin 2023 yılının ilk yarı finansal performanslarına ilişkin şu bilgileri paylaştı: "Öncelikle FKB bünyesindeki sektörlerin mali verilerinde artışlar görüldüğüne dikkat çekmek isterim. Bankacılık dışı finans sektörünün yüzde 87,6, aktif büyüklüğünün yüzde 68,5, öz kaynaklarının ise yüzde 62,3 büyüdüğünü görmekteyiz. Özellikle faktoring işlem hacmindeki yüzde 93'e yakın artış göze çarpmıyor. Varlık yönetimi şirketlerimizin öz kaynakları yüzde 62,7 artarken tasarruf finansman şirketlerinin aktif büyüklüğü 15,6 milyar TL'ye ulaştı."

Yayın Adı: Finansal Kurumlar Birliği Açıkladı
Yayın Tarihi: 17.08.2023
Yayın Adı: "Banka dışı finansın işlem hacmi yüzde 124 arttı"

"Banka dışı finansın işlem hacmi yüzde 124 arttı"

Finansal Kurumlar Birliği (FKB) Başkanı Ali Emre Ballı, Cumhuriyetimizin 100. kuruluş yıl dönümünde sektörü temsil eden 119 üye şirket ile birlikte sürdürülebilir bir finansal gelecek inşa etme konusundaki taahhütlerini gerçekleştirmek için çalışmalarının devam ettiğini belirtti. Ballı, FKB'nin temsil ettiği sektörlerin 2023 yılının ilk yarı finansal performanslarına ilişkin şu bilgileri paylaştı: "Öncelikle FKB bünyesindeki sektörlerin mali verilerinde artışlar görüldüğüne dikkat çekmek isterim. Bankacılık dışı finans sektörünün yüzde 87,6, aktif büyüklüğünün yüzde 68,5, öz kaynaklarının ise yüzde 62,3 büyüdüğünü görmekteyiz. Özellikle faktoring işlem hacmindeki yüzde 93'e yakın artış göze çarpmıyor. Varlık yönetimi şirketlerimizin öz kaynakları yüzde 62,7 artarken tasarruf finansman şirketlerinin aktif büyüklüğü 15,6 milyar TL'ye ulaştı."

Yayın Adı: Finansal Kurumlar Birliği Açıkladı
Yayın Tarihi: 17.08.2023
Yayın Adı: Banka dışı finansın ekonomiye katkısı sürüyor

Banka dışı finansın ekonomiye katkısı sürüyor

Finansal Kurumlar Birliği (FKB) Başkanı Ali Emre Ballı, Cumhuriyetimizin 100. kuruluş yıl dönümünde sektörü temsil eden 119 üye şirket ile birlikte sürdürülebilir bir finansal gelecek inşa etme konusundaki taahhütlerini gerçekleştirmek için çalışmalarının devam ettiğini belirtti. Ballı, FKB'nin temsil ettiği sektörlerin 2023 yılının ilk yarı finansal performanslarına ilişkin şu bilgileri paylaştı: "Öncelikle FKB bünyesindeki sektörlerin mali verilerinde artışlar görüldüğüne dikkat çekmek isterim. Bankacılık dışı finans sektörünün yüzde 87,6, aktif büyüklüğünün yüzde 68,5, öz kaynaklarının ise yüzde 62,3 büyüdüğünü görmekteyiz. Özellikle faktoring işlem hacmindeki yüzde 93'e yakın artış göze çarpmıyor. Varlık yönetimi şirketlerimizin öz kaynakları yüzde 62,7 artarken tasarruf finansman şirketlerinin aktif büyüklüğü 15,6 milyar TL'ye ulaştı."

Yayın Adı: Finansal Kurumlar Birliği Açıkladı
Yayın Tarihi: 17.08.2023
Yayın Adı: Finansal kiralama alacakları 2022'de yüzde 42 artış kaydetti

Finansal kiralama alacakları 2022'de yüzde 42 artış kaydetti

Finansal Kurumlar Birliği (FKB) Başkanı Ali Emre Ballı, Cumhuriyetimizin 100. kuruluş yıl dönümünde sektörü temsil eden 119 üye şirket ile birlikte sürdürülebilir bir finansal gelecek inşa etme konusundaki taahhütlerini gerçekleştirmek için çalışmalarının devam ettiğini belirtti. Ballı, FKB'nin temsil ettiği sektörlerin 2023 yılının ilk yarı finansal performanslarına ilişkin şu bilgileri paylaştı: "Öncelikle FKB bünyesindeki sektörlerin mali verilerinde artışlar görüldüğüne dikkat çekmek isterim. Bankacılık dışı finans sektörünün yüzde 87,6, aktif büyüklüğünün yüzde 68,5, öz kaynaklarının ise yüzde 62,3 büyüdüğünü görmekteyiz. Özellikle faktoring işlem hacmindeki yüzde 93'e yakın artış göze çarpmıyor. Varlık yönetimi şirketlerimizin öz kaynakları yüzde 62,7 artarken tasarruf finansman şirketlerinin aktif büyüklüğü 15,6 milyar TL'ye ulaştı."

Yayın Adı: Finansal Kurumlar Birliği Açıkladı
Yayın Tarihi: 17.08.2023
Yayın Adı: "Yenilenebilir enerjinin önemi daha da artacak"

"Yenilenebilir enerjinin önemi daha da artacak"

Finansal Kurumlar Birliği (FKB) Başkanı Ali Emre Ballı, Cumhuriyetimizin 100. kuruluş yıl dönümünde sektörü temsil eden 119 üye şirket ile birlikte sürdürülebilir bir finansal gelecek inşa etme konusundaki taahhütlerini gerçekleştirmek için çalışmalarının devam ettiğini belirtti. Ballı, FKB'nin temsil ettiği sektörlerin 2023 yılının ilk yarı finansal performanslarına ilişkin şu bilgileri paylaştı: "Öncelikle FKB bünyesindeki sektörlerin mali verilerinde artışlar görüldüğüne dikkat çekmek isterim. Bankacılık dışı finans sektörünün yüzde 87,6, aktif büyüklüğünün yüzde 68,5, öz kaynaklarının ise yüzde 62,3 büyüdüğünü görmekteyiz. Özellikle faktoring işlem hacmindeki yüzde 93'e yakın artış göze çarpmıyor. Varlık yönetimi şirketlerimizin öz kaynakları yüzde 62,7 artarken tasarruf finansman şirketlerinin aktif büyüklüğü 15,6 milyar TL'ye ulaştı."

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ALJ FİNANS KREDİLERİ DOĞAYI KORUYOR

[illegible][illegible]

Finansal Kurumlar Birliği

1 JANUARY - 31 DECEMBER 2023 FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

(Convenience Translation into English of Independent Auditor's Report Originally Issued in Turkish)

Independent Auditor's Report

To the Board of Directors

Finansal Kurumlar Birliği

Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Finansal Kurumlar Birliği ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2023, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years 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 Group Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial reporting process.

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

In independent audit, the responsibilities of us as independent auditors are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor’s Report

As part of an audit in accordance with the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority, we exercise professional judgment and maintain professional skepticism throughout the audit. We are 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 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

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 2023 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

10 May 2024, İstanbul

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Consolidated Statement of Financial Positions
as at 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

ASSETS	Not	Audited 31 December 2023	Audited 31 December 2022
Current Assets		66.721.392	59.969.006
Cash and Cash Equivalents	4	62.652.801	54.441.278
Trade Receivables	6	3.955.923	5.039.602
Other Receivables	7	118	107.478
Prepaid Expenses	8	112.550	89.450
Other Current Assets	13	--	291.198
Non-Current Assets		22.448.437	31.570.762
Subsidiaries	5	8.288.186	13.656.693
Tangible Assets	11	3.363.843	4.190.077
Intangible Assets	12	9.255.579	11.198.729
Prepaid Expenses	8	953.377	2.525.263
Deferred Tax Assets	22	587.452	--
TOTAL ASSETS		89.169.829	91.539.768

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

Consolidated Statement of Financial Positions
as at 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

LIABILITIES	Not	Audited 31 December 2023	Audited 31 December 2022
Current Liabilities		25.510.238	24.717.687
Short Term Lease Liabilities	10	790.081	2.081.355
Trade Payables	6	5.705.207	8.290.361
Other Payables	7	--	82.568
Employee Benefit Obligations	14	1.090.887	1.393.673
Deferred Income	8	15.204.997	9.574.728
Income Tax Payable	22	293.331	1.062.748
Short Term Provisions for Employee Benefits	15	1.717.634	1.719.578
Other Liabilities	9	708.101	512.676
Non-Current Liabilities		3.507.743	4.588.053
Long Term Lease Liabilities	10	385.120	17.543
Provision for Employee Termination Benefits	16	3.122.623	3.254.028
Deferred Tax Liabilities	22	--	1.316.482
Equity		60.151.848	62.234.028
Other Comprehensive Income Items not to be Reclassified to Profit or Loss			
-Actuarial loss arising from employee benefits		(1.815.416)	(1.497.488)
Restricted Reserves		70.811	70.811
Retained Earnings		63.660.705	74.889.996
Net Profit for the Year		(1.764.252)	(11.229.291)
TOTAL LIABILITIES		89.169.829	91.539.768

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

Finansal Kurumlar Birliği

Consolidated Statement of Financial Positions
as at 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

	Not	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
Profit or Loss			
Sales	17	101.005.719	81.443.254
Cost of Sales (-)	17	(37.500.594)	(31.304.865)
Gross Profit		63.505.125	50.138.389
General Administrative Expenses (-)	18	(61.263.160)	(44.022.045)
Other Operating Income	19	663.200	645.469
Other Operating Expense (-)	19	(705)	(294.004)
Operating Profit		2.904.460	6.467.809
Income from Investing Activities	20	17.952.059	11.907.809
Operating Profit Before Financial Expenses		20.856.519	18.375.618
Financing Expenses (-)	21	(669.269)	(755.064)
Monetary loss/gain		(21.353.873)	(25.681.570)
Profit Before Tax		(1.166.623)	(8.061.016)
Tax Expense		(597.629)	(3.168.275)
- Current Tax Expense	22	(1.967.046)	(2.566.700)
- Deferred Tax Income/(expense)	22	1.369.417	(601.575)
Profit For the Year		(1.764.252)	(11.229.291)
Other Comprehensive Income/(Expense)			
Other comprehensive income items not to be reclassified to profit or loss			
- Actuarial Loss from Employee Benefits		(341.092)	(1.497.488)
- Tax Effect of Actuarial Loss from Employee Benefits		23.164	--
		(317.928)	(1.497.488)
Total Comprehensive Income		(2.082.180)	(12.726.779)

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

Finansal Kurumlar Birliği

Consolidated Statement of Changes in Equity for the Year
Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

	Acturial Gain/ Loss	Restricted Reserves	Retained Earnings	Net profit for the Year	Total Equity
Balance as of 1 January 2022	--	70.811	74.889.996	--	74.960.807
Net profit for the period	(1.497.488)	--	--	(11.229.291)	(12.726.779)
Balance as of 31 December 2022	(1.497.488)	70.811	74.889.996	(11.229.291)	62.234.028
Balance as of 1 January 2023	(1.497.488)	70.811	74.889.996	(11.229.291)	62.234.028
Transfers	--	--	(11.229.291)	11.229.291	--
Net profit for the period	(317.928)	--	--	(1.764.252)	(2.082.180)
Balance as of 31 December 2023	(1.815.416)	70.811	63.660.705	(1.764.252)	60.151.848

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

Statement of Consolidated Cash Flow for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

	Not	Audited 1 Jan.- 31 Dec. 2023	Audited 1 Jan.- 31 Dec. 2022
A. Cash Flows From (Used In) Operating Activities			
		(26.252.231)	(28.742.886)
Profit for The Year		(1.764.252)	(11.229.291)
Adjustments to Reconcile Profit for The Period		(24.487.979)	(17.513.595)
Adjustments for Depreciation and Amortization Expense	11-12	5.129.399	4.910.836
Adjustments for Provisions	15-16	1.306.344	1.671.620
Adjustments for Impairment Loss (Reversal of Impairment Loss)	6	639.573	304.662
Adjustments for Interest Income	20	(16.522.141)	(9.345.351)
Adjustments for Interest Loss	21	601.525	644.526
Adjustment Tax Expense	22	86.276	2.682.475
Adjustments for Decrease (Increase) In Trade Receivables	6	3.064.769	(3.085.028)
Adjustments for Decrease (Increase) In Other Receivables Related with Operations	7	149.610	(102.507)
Adjustments for Decrease (Increase) In Trade Payables	6	673.824	6.833.247
Changes in Due to Employee Benefits	14	245.073	496.955
Changes in Other Liabilities	7	(50.110)	82.568
Adjustments for Deferred Income Operating Payables	8	5.630.269	1.030.108
Adjustments for increase (decrease) In other Operating Payables	7	195.425	(778.550)
Income Taxes Refund (Paid)	22	(2.647.013)	(1.753.831)
Adjustments for Non-Cash Items		3.232.342	(1.718.238)
Adjustments Related to Monetary (Gains)/Losses		(26.223.144)	(19.387.087)
B. Cash Flows From (Used In) Investing Activities		13.958.881	4.581.616
Purchase of Property, Plant and Equipment and Intangible Assets	10-11-12	(763.086)	(4.348.199)
Cash Inflows from Financial Investments	20	14.721.967	8.929.815
C. Cash Flows From (Used In) Financial Activities		(2.280.873)	(2.211.111)
Cash Outflows Related to Lease Obligations (-)	11-12	(2.280.873)	(2.211.111)
D.Net Increase/(Decrease) In Cash and Cash Equivalents Before Currency Translation Differences		21.401.109	22.609.553
Net Increase (Decrease) in Cash and Cash Equivalents	4	6.826.886	(3.762.828)
E. Cash and Cash Equivalents at the Beginning of the Period	4	54.025.741	57.788.569
Cash and Cash Equivalents at the End of the Period (A+B+C+D)	4	60.852.627	54.025.741

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

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

1. THE GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

The Group's Organization:

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.

To assist realization of the objective of the Association pursuant to decision of the Board of Directors dated 7 January 2014,2014/2,2014/3 and 2014/4 and to generate permanent income for the Association, it was decided to establish three commercial enterprises (Subsidiaries) with the following titles in accordance with the provisions of the Law.

1. Finansal Kurumlar Birliği Finansal Kiralama İktisadi İşletmesi (previously titled as "Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği Finansal Kiralama İktisadi İşletmesi")
2. Finansal Kurumlar Birliği Ticaret Finansmanı İktisadi İşletmesi (previously titled as "Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği Finansal Kiralama İktisadi İşletmesi")
3. Finansal Kurumlar Birliği İktisadi İşletmesi (previously titled as "Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği Finansal Kiralama İktisadi İşletmesi")

Finansal Kurumlar Birliği "The Association of Financial Institutions" ("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 26 (31 December 2022: 25).

Subject of activity of the Association' and its subsidiaries:

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 Group's 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) Represent the sectors in the country and abroad to promote and to make efforts to enlighten the public on this issue

Finansal Kurumlar Birliği

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

- g) 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,
- h) Giving advices to official authorities and organizations about the issues of the companies and sectors,
- i) Take decision 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.

Finansal Kurumlar Birliği Ticaret Finansmanı İktisadi İşletmesi was established on 27 February, 2014. The Entity's purpose and scope are as follows:

- a) Making required investments in order to establish the system on which the information regarding transferred receivables including the data of invoices will be consolidated; as it is mentioned in article 43, titled as Central Invoice Recording', of Financial Leasing, Factoring and Financing Companies Law numbered 6361;
- b) Making operating and personnel expenses for the system to be run on a regular basis,
- c) Achieving service revenue related to the registration process that is performed in order for the system to operate in a well-ordered manner by performing any kind of activity, and collecting their fees,
- d) Generating revenue via organizing training and consultancy activities like seminars and conferences about system operations,
- e) Claiming extra fee, in case the information which is demanded by the Association members and banks is not provided in a full anal timely manner,
- f) Providing revenue on books, magazines and all kind of publications related to Central Invoice Recording System,

Finansal Kurumlar Birliği

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

- g) Generating income is other activities performed according to the regulations to be published in accordance with the Financial Leasing, Factoring and Financing Companies Law numbered 636.1, Article 43 with the title Central Invoice Recording,
- h) Investing the revenue collected as a result of its financial activities, and depositing the Revenue to the bank accounts that are deemed appropriate, being authorized for such actions,
- i) Acting as a private integrator within the scope of the Tax Procedure Law General Notification numbered 421,
- j) Providing electronic invoice storage services under the Tax Procedure Law General Notification numbered 416, 421 and 424,
- k) Providing "e-Archives" service under the Tax Procedure Law General Notification numbered 433,
- l) Manufacturing, developing, handling and reproducing software in every kind of physical and electronic atmosphere, trading of them and acting as a service provider for them which are electronic invoicing, electronic books, electronic invoice software derived from or an integrated part of mentioned software and the service packages consisting of this software,
- m) Producing services on internet, communication medium and all kinds of informatics and exporting importing domestically trading every kind of computer hardware, software whilst obeying the legislation,
- n) Maintaining, repairing, modifying and leasing the mentioned hardware and software, performing activities for software development and licensing, importing, exporting and domestically trading the related hardware and software.
- o) Providing service for establishing and operating of computer systems,
- p) Organizing seminars, symposiums, conferences and such education and consulting services on issues related to the activities and services within the Trade Finance Commercial Enterprise, and generating income in return.

Finansal Kurumlar Birliği İktisadi İşletmesi was established on 24 March 2014. The Commercial Enterprise's purpose and scope are as follows:

- a) Conducting activities related to the expansion and development of the financial leasing, factoring financing, asset management and saving financing companies in Turkey,
- b) Conducting and promoting studies and research regarding financial leasing, factoring, financing, asset management and saving financing companies in order to provide highest level of service and quality,
- c) Making necessary investments for the establishment of the systems for certification, training, testing and evaluation of the creation and development of human resources of the sectors,
- d) Making operational and personnel expenses for the system to be run on a regular basis,
- e) Preparing and implementing educational programs in order to increase the number of specialized staff in the sectors and promoting related sectors,
- f) Organizing required promoting in order to ensure enhancing the sector mage to the highest level, publishing books, magazines and brochures, preparing video band, CD, DVD etc., to taking ads related to thefts, assuming, importing and selling the publication lights of related books, to make periodical and now-periodical publications, organizing seminars, symposiums, and conferences with technicality, organizing training courses towards the training of personnel working at member institution and other entities,
- g) Organizing various events, including dinner meetings to improve the feeling of social solidarity among employees of the Association's members companies,
- h) Engaging activities in the areas which focus on generating revenue front services within the area of its activity.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

Finansal Kurumlar Birliği Finansal Kiralama İktisadi İşletmesi was established on 27 February 2014. The Financial Leasing Commercial Enterprise’s purpose and scope are as follows:

- a) Making necessary investments according to Financial Leasing, Factoring, Financing and Saving Financing Companies Law numbered 6361, Articles 21 and 22 for the establishment of the system related to registration process,
- b) Making operational and personnel expenses for the system to be run on a regular basis,
- c) Performing all kind of activities in order to generate service revenue from registration process,
- d) Organizing trainings, conferences, publications and consulting activities regarding the registration process,
- e) Investing the revenue collected as a result of financial activities and depositing the revenue to the bank accounts that are deemed appropriate, being authorized for such actions,
- f) Signing of financial leasing contracts to be signed by financial leasing companies with their customers, making transactions regarding the receipt of guarantees within the scope of the contract, valuation and on-site supervision of the goods subject to the financial lease or the guarantee received in this context, assembly, transportation, storage and sale of goods returned to financial leasing companies from their tenants, financial leasing companies realizing the activities of determining whether the companies that sell the contracted goods to the leasing companies are production adequacy and/or whether they are authorized dealers, or coordinating the realization by a third party;
- g) Producing, developing, processing, reproducing, distributing, trading, and providing services related to software products that are software or inseparable parts of them, and service packages created with this software and any other similar software.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

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

Additional paragraph for convenience translation to English:

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosures requirement of the POA.

Approval of Financial Statements

The consolidated financial statements as of December 31, 2023 have been approved by the Board of Directors. The General Assembly is authorized to amend the consolidated financial statements.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

2.2 Functional and Presentation Currency

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

2.3 Inflation Accounting

With the decision taken on March 17, 2005, the CMB has announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards and therefore the preparation and presentation of financial statements in accordance with International Accounting Standard 29 “Financial Reporting in Hyperinflationary Economies” is no longer required.

On November 23, 2023, Public Oversight Accounting and Auditing Standards Authority (“POA”) announced the application of inflation accounting in Turkey and according to the announcement, financial statements of entities applying TFRS for the annual reporting period ending on or after December 31, 2023 should be presented as adjusted for the effects of inflation in accordance with the related accounting principles in TAS 29. As of the date of these financial statements, inflation adjustment has been made in accordance with TAS 29 while preparing the financial statements dated December 31, 2023.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms using the general price index. One of the conditions that require the application of TAS 29 is a three-year cumulative inflation rate of approximately 100% or more. In Turkey, based on the consumer price index (“CPI”) published by the Turkish Statistical Institute (“TURKSTAT”), the cumulative rate was 268% for the three-year period ended December 31, 2023.

TAS 29 should also be applied if there are signs of hyperinflation, such as the public keeping their savings predominantly in foreign currencies, prices of goods and services being determined in foreign currencies, interest rates, wages and prices being linked to general price indices, and prices being determined with a maturity difference to compensate for losses in purchasing power, including short-term transactions, although there is no increase in price indices at the level mentioned above.

Adjustments for inflation have been calculated based on the coefficients calculated using the Consumer Price Index in Turkey published by the Turkish Statistical Institute. As of December 31, 2023, the indices and coefficients used in the restatement of the accompanying financial statements are as follows:

Period	Index	Correction Coefficient
31 December 2023	1.859,39	1
31 December 2022	1.128,45	1,64773
31 December 2021	686,95	2,70673

The main lines of TAS 29 indexation transactions are as follows:

As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant consumer price index coefficients. Prior year amounts are restated in the same way.

Financial statements of previous reporting periods have been restated to reflect the current purchasing power of money at the latest balance sheet date. The current period restatement factor has been applied to the prior period financial statements.

Monetary assets and liabilities are not restated because they are expressed in terms of the purchasing power of money at the balance sheet date. Monetary items are cash and items to be received or paid in cash.

Non-monetary assets and liabilities are restated by reflecting the changes in the general price index from the date of acquisition or initial recognition to the balance sheet date in their acquisition costs and accumulated amortization amounts. Accordingly, property, plant and equipment, intangible assets, right-of-use assets and similar assets are restated to their acquisition values, which do not exceed their market values. Depreciation has been restated in a similar manner. Amounts included in shareholders’ equity have been restated by applying the consumer price indices for the periods in which such amounts were contributed to or arose within the Company.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognized in the financial statements.

The gain or loss arising on the net monetary position as a result of general inflation is the difference between the restatement adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

All items presented in the statement of cash flows are restated for the effects of inflation in the measuring unit current at the end of the reporting period. The effect of inflation on cash flows from operating, investing and financial activities is attributed to the related item and the monetary gain or loss on cash and cash equivalents is presented separately.

2.4 Basis of Consolidation

The accompanying financial statements include the accounts of the parent company and its subsidiary. The basis of consolidated financial statement preparation is as follows:

- The Subsidiary is a company in which the Company has the power to control the financial and operating policies for the benefit of the Company either through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself; or although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual dominant influence over the financial and operating policies.
- Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- The results of subsidiary acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition of control or up to the effective date of disposal, as appropriate. Where necessary adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by other members of the Group
- The financial statements of subsidiary are consolidated using the full consolidation method. In this context, subsidiary' shareholders equity and their book value are offsetting. The book value of the Company's shares and dividends that arise from these shares are offsetting from related shareholders and income statement accounts.
- The receivables and liabilities of subsidiary included in consolidation with each other, they are made to each other sales of goods and services, income and expense items with each other is formed due to the transactions are eliminated as a mutual.
- Consolidation of subsidiary under the equity share capital account, including all items of the group, the parent company and subsidiary to minority interests deducted from the amounts accrued and it is indicated under the name of "Non-Controlling Interest" in the consolidated financial position statement equity group.

2.5 Comparative Information and Adjustment of Previous Period Financial Statements

The accompanying financial statements are prepared comparatively with the previous period in order to determine the Group's financial position, performance and trends in cash flow. In order to provide comparability when the presentation or classification of the items in the financial statements changes, prior period financial statements are reclassified accordingly and explanations are made regarding these issues.

2.6 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.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

2.7 New and Revised Turkish Accounting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2023 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, 2023 and thereafter. The effects of these standards and interpretations on the Group'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, 2023 are as follows:

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 amendments did not have a significant impact on the consolidated financial position and performance of the Group.

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 amendments did not have a significant impact on the consolidated financial position and performance of the Group.

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 amendments did not have a significant impact on the consolidated financial position and performance of the Group.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

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 amendments did not have a significant impact on the consolidated financial position and performance of the Group.

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 amendments did not have a significant impact on the consolidated financial position and performance of the Group.

b) Standards Issued But Not Yet Effective and Not Early Adopted as of 31 December 2023

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 Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TFRS 16.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller lessee determining ‘lease payments’ that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8.

A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TFRS 16.

Amendments to TMS 7 and TFRS 7 - Supplier Finance Arrangements

On September 19, 2023, POA issued amendments to TMS 7 and TFRS 7 Supplier Finance Arrangements.

With these amendments, companies are expected to disclose the following regarding supplier finance agreements:

- The terms and conditions of the arrangements,
- The carrying amounts, and associated line items presented in the entity’s statement of financial position, of the financial liabilities that are part of a supplier finance arrangement. The carrying amounts, and associated line items, of the financial liabilities for which suppliers have already received payment from the finance providers,
- The range of payment due dates,
- Liquidity risk disclosures.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TMS 7 and TFRS 7.

Amendments to TMS 12 Income Taxes - International Tax Reform Pillar Two Model Rules

On September 19, 2023, POA issued amendments to Amendments to TMS 12 Income Taxes - International Tax Reform Pillar Two Model Rules.

With amendments to the International Tax Reform Pillar Two Model Rules, to provide a better understanding of a company’s income tax exposure resulting from the Pillar Two Model, additional disclosure obligations have been imposed on companies. As an exception to the requirements in TMS 12, an entity shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

The exception which are recognized in International Tax Reform Pillar Two Model Rules are applicable immediately however, companies must make disclosures for annual reporting periods beginning on 1 January 2024. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TMS 12.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

c) Amendments issued by the International Accounting Standards Board (IASB) but not issued by POA

The following amendments are issued by the IASB but not yet adapted/issued by POA to TFRS. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements and disclosures after the new standards are issued and become effective under TFRS.

Amendments to IAS 21 - Non-convertibility

In August 2023, the IASB issued amendments to IAS 21. The amendments clarify how to assess whether a currency is convertible and how to determine the exchange rate when a currency is not convertible. According to the amendments, when an exchange rate is estimated because a currency is not convertible, information is disclosed that enables users of the financial statements to understand how the non-convertibility of the relevant currency has affected, or is expected to affect, the entity's performance, financial position and cash flows. The Group does not expect that it will have a material impact on the consolidated financial statements.

2.8 Changes and Errors in the Accounting Policies and Estimates

Significant changes in accounting policies and significant accounting errors are applied retrospectively and prior period financial statements are restated. If the changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to the future periods, they are applied prospectively both in the period of change and in the future period.

2.9 Going concern

The Group prepared its consolidated financial statements in accordance with the going concern principle.

2.10 Summary of Significant Accounting Policies

The significant accounting policies applied during the preparation of the consolidated financial statements are as follows;

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and time deposits with maturities less than three months. Cash and cash equivalents are short-term highly liquid assets that are readily convertible to cash and that do not have a maturity of more than three months and have no risk of value loss.

Trade receivables

Trade receivables are carried at amortized cost using the effective interest rate method and, if any provision for doubtful receivables, after it is deducted.

Notes and postdated checks classified as trade receivables are carried at their discounted values by discounting them with the effective interest rate method.

Within the scope of TFRS 9, provision for doubtful receivables is recorded as expense. If there is a concrete indication that overdue receivables cannot be collected, provision for doubtful receivables is made considering the collaterals received from the customer. The Company uses the simplified approach in TFRS 9 to calculate the expected credit losses of these financial assets. This method requires the recognition of lifelong expected credit losses for all trade receivables.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

Trade payables

Trade and other payables are recorded with the amortized cost which represents the current market value of invoiced or not invoiced amount of future purchases of goods and services.

Tangible assets

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:

Type	Useful Lives (Year)
Buildings	4-25
Machinery-plant and equipment	2-16
Furniture and fixtures	2-17

Costs incurred in replacing any part of an item of property, plant and equipment, together with the costs of repair and maintenance, are capitalized if they are likely to increase the future economic benefits of the asset. All other costs are recognized as an expense in the statement of profit or loss as incurred. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and, if the carrying amount of the property, plant and equipment exceeds its recoverable amount, the carrying amount is written down to its recoverable amount.

The recoverable amount is the higher of the net cash flows expected to arise from the current use of the property, plant and equipment and its net selling price.

Gains and losses on disposals of property, plant and equipment are included in other operating income and expenses.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of the qualifying asset are capitalized as part of the cost of the related qualifying asset. Other borrowing costs are recognized as an expense in the period in which they are incurred

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 in order 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.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

Financial Borrowings

Financial borrowings are recognized initially at the proceeds received, net of transaction costs incurred. The financial borrowings are followed in the consolidated financial statements with their discounted values calculated with effective interest rate. Any difference between the proceeds and redemption value is recognized on an accrual basis over the period of the financial borrowings in the consolidated statement of profit or loss.

Revenue

The Group recognizes revenue when the goods are transferred to the costumer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to to the customers.

The Group recognizes revenue based on the following main principle:

- (a) Identification of customer contracts
- (b) Identification of performance obligation
- (c) Determination of transaction price in the contract
- (d) Allocation of price to performance obligations
- (e) Recognitions of revenue when the performance obligations are fulfilled.

Revenue involves the goods sales invoiced value. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes.

Capital and Dividends

Ordinary shares are classified as capital. Dividends distributed on ordinary shares are recognized as a deduction from retained earnings in the period in which they are declared.

Currency Transactions

The foreign currency transactions realized during the year are translated at the exchange rates prevailing on the transaction dates, the monetary items in the asset accounts of the balance sheet are translated over the buying rates, and the monetary items in the liabilities section are converted over the selling rates. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the exchange rates prevailing at the end of the period. Foreign exchange gains or losses arising from the translation of monetary assets and liabilities denominated in foreign currency are reflected in the profit or loss statement.

31 December 2023	Spot Currency Buying	Spot Currency Selling
USD	29,4382	18,6983
EUR	32,5739	19,9349

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.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

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.

Leases

As a lease

At the begining 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 Group 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.

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.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

Earnings per share

Earnings per share are determined by dividing the net income by the weighted average number of shares that have been outstanding during the year concerned. The companies can increase their share capital by making a pro-rata distribution of their shares ("Bonus Shares") to existing shareholders from retained earnings and allowed reserves. When calculating the earnings per share, these bonus shares are considered as issued shares. Therefore, the weighted average number of shares used in the calculation of the earnings per share is obtained by implementing retrospectively the bonus issuance of the shares.

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.

Taxation on income

Tax liability on current period's profit or loss includes current period tax and deferred tax.

Current Period Tax

Current tax liability includes the tax payable on the taxable income for the period using the tax rates enacted by the balance sheet at the balance sheet date and the tax legislation in effect.

Deferred Tax

Deferred income tax is provided in terms of temporary differences between the carrying amounts of assets and liabilities and their carrying values for financial reporting. The tax value of assets and liabilities represent the amounts that will affect the tax base in the future periods related to the assets and liabilities within the framework of tax legislation. Deferred income tax is calculated at the tax rates that are expected to apply in the period in which the tax asset will be realized or the liability will be realized by taking into consideration the tax rates and tax legislation in effect as of the balance sheet date.

Deferred tax assets or liabilities are reflected to the financial statements at the rate of increase and decrease expected to be incurred in the future taxable period in which the temporary differences will be eliminated. Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be obtained.

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

Deferred tax assets and deferred tax liabilities are deducted from each other on the condition that they are subject to tax legislation of the same country and there is a legally enforceable right to offset current tax assets from current tax liabilities.

2.11 Critical Accounting Estimates and Assumptions

Useful life:

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

Provision for doubtful debt

The Group management allocates provision for overdue and collection risk receivables, as well as for receivables at the stage of litigation and execution.

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.

Unused vacation provisions

Provision for vacation pay represents the unused vacation time of the personnel in the related and prior periods.

The estimates used are disclosed in the related accounting policies or notes.

NOTE 3 - RELATED PARTIES DISCLOSURES

As of 31 December 2023, and 31 December 2022, there are no benefits provided to senior management from related parties.

NOTE 4 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Group as of 31 December 2023 and 2022 are as follows :

	31 December 2023	31 December 2022
Cash	4.584	7.202
Banks		
- Time deposits	5.104.951	6.675.099
- Demand deposits	57.543.266	47.758.977
	62.652.801	54.441.278
	31 December 2023	31 December 2022
Cash and cash equivalents	62.652.801	54.441.278
Interest accruals (-)	1.800.174	415.537
Cash and cash equivalents in the statement of cash flows	60.852.627	54.025.741

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

The cash and cash equivalents of the Association as of 31 December 2023 and 2022 are as follows:

As of December 31, 2023, the weighted average annual interest rate of time deposits at banks is 26.50% (December 31, 2022: 16.50%) and accrued interest amounting to TL 1.800.174 (December 31, 2022: TL 415.537).

Maturity dates of time deposits at banks vary between January 2, 2024 and January 23, 2024 (December 31, 2022: January 2, 2023 and January 31, 2023).

NOTE 5 - FINANCIAL INVESTMENTS

	31 December 2023	31 December 2022
Financial investments		
JCR Avrasya Derecelendirme A.Ş.^(*)	5.788.186	9.537.368
Birleşik İpotek Finansmanı A.Ş.(**)	2.500.000	4.119.325
	8.288.186	13.656.693

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

(**) Group 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.

NOT 6 - TRADE RECEIVABLES AND PAYABLES

The trade receivables and payables of the Group as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Trade receivables		
Trade receivables	3.955.923	5.039.602
Doubtful receivables	377.215	1.016.788
Provision for doubtful receivables (-)	(377.215)	(1.016.788)
	3.955.923	5.039.602

The doubtful trade receivables of the Group as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Opening balance 1 January	(1.016.788)	(1.321.450)
Provision/collected on the current period, net	43.103	304.662
Monetary gain/loss	596.470	--
Closing balance as of 31 December 2023	(377.215)	(1.016.788)

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

The trade payables of the Group as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Trade payables		
Trade payables ^(*)	5.705.207	8.290.361
	5.705.207	8.290.361

^(*) As of 31 December 2023, trade payables include trade payables to the Central Registry Agency, with which the Group works together for the contract registration system, amounting to TL 520.159 (31 December 2022: TL 465.647 Central Registry Agency) and TL 2.230.459 classified under trade payables as of 31 December 2023. 459 TL of payables arising from the contract concluded with Kredi Kayıt Bürosu for the development of software for the aggregation, recording, querying, duplicate control and reporting of invoice information and other information and/or documents related to the receivables taken over by factoring companies and banks within the scope of the Law, and for the realization of the system and infrastructure installation to be used by the software (31 December 2022: 3.369.108 TL Kredi Kayıt Bürosu).

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

As of December 31, 2023, the Group has other short-term receivables amounting to TL 118 (December 31, 2022: TL 107.478).

As of December 31, 2023, the Group has no short-term other payables (December 31, 2022: TL 82.568).

NOTE 8 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022
Short term prepaid expenses		
Prepaid taxes and funds	112.550	89.450
	112.550	89.450

	31 December 2023	31 December 2022
Long term prepaid expenses		
Expenses for the following months^(*)	953.377	2.365.824
Other advances	--	159.439
	953.377	2.525.263

^(*) As of December 31, 2023, prepaid expenses amounting to TL 868.137 consist of amounts related to IT service purchases and insurance expenses and TL 85.240 consist of other expenses.

Deferred Incomes

As of December 31, 2023, the portion of the dues and expense participation shares collected from the members for the period January 31, 2023 - December 31, 2023 has been recognized as income and TL 15.191.758 belonging to the next year has been recognized as deferred income, except for the related amount, there are advances received amounting to TL 13.239. (December 31, 2022: TL 9.569.814 consists of the portion of the dues and expense participation shares collected from the members corresponding to the next period, TL 4.914 consists of advances received).

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

NOTE 9 - OTHER SHORT-TERM LIABILITIES

Other short-term periods of the Group on 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Other short-term liabilities		
VAT payables	708.101	420.387
Other liabilities	--	92.289
	708.101	512.676

NOTE 10 - FINANCIAL BORROWINGS

The financial borrowings of the Group as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Short-term lease liabilities		
Lease liabilities	790.081	2.081.355
	790.081	2.081.355
	31 December 2023	31 December 2022
Long-term lease liabilities		
Lease liabilities	385.120	17.543
	385.120	17.543

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

NOTE 11 - TANGIBLE ASSETS

	1 January 2022	Additions	31 December 2022	Additions	Monetary Gain/loss	31 December 2023
Cost						
Furniture and fixtures	3.428.248	1.804.618	5.232.866	723.885	(257.598)	5.699.153
Leasehold improvements	2.340.157	--	2.340.157	--	(628.701)	1.711.456
Right-of-use assets	11.757.988	--	11.757.988	2.483.228	--	14.241.216
	17.526.393	1.804.618	19.331.011	3.207.113	(886.299)	21.651.825
Accumulated depreciation						
Furniture and fixtures	2.554.879	611.245	3.166.124	760.797	--	3.926.921
Leasehold improvements	2.340.157	--	2.340.157	--	--	2.340.157
Right-of-use assets	7.054.717	2.579.936	9.634.653	2.386.251	--	12.020.904
	11.949.753	3.191.181	15.140.934	3.147.048	--	18.287.982
Net book value	5.576.640		4.190.077			3.363.843

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

NOTE 12 - INTANGIBLE ASSETS

Movements in intangible assets and related accumulated depreciation for the periods ending on 31 December 2023 and 2022 are as follows:

	1 January 2022	Additions	31 December 2022	Additions	31 December 2023
Costs					
Rights	17.237.700	2.246.017	19.483.717	39.201	19.522.918
Other intangible assets	358.693	297.564	656.257	--	656.257
	17.596.393	2.543.581	20.139.974	39.201	20.179.175
Accumulated depreciation					
Rights	6.888.465	1.660.163	8.548.628	1.873.265	10.421.893
Other intangible assets	333.125	59.492	392.617	109.086	501.703
	7.221.590	1.719.655	8.941.245	1.982.351	10.923.596
Net book value	10.374.803		11.198.729		9.255.579

NOTE 13 - OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
Other current assets		
Deferred VAT receivables	--	291.198
	--	291.198

NOTE 14 - EMPLOYEE BENEFITS

As of 31 December 2023 and 2022, the debts of the Group within the scope of employee benefits are as follows;

	31 December 2023	31 December 2022
Taxes and funds payable for personnel	1.089.129	1.220.286
Due to personnel	1.758	173.387
	1.090.887	1.393.673

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

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 2023	31 December 2022
Short term debt provisions for employee	1.717.634	1.719.578
	1.717.634	1.719.578

As of 31 December 2023 and 31 December 2022, the movement table of short term debt provisions for employee is as follows:

	31 December 2023	31 December 2022
Balance at January 1	1.719.578	122.641
Provision during the period	1.067.636	1.719.578
Monetary gain/loss	(1.069.580)	(122.641)
Provision as of the end of the period	1.717.634	1.719.578

15.2 Guarantees given/received

As of 31 December 2023, the Group has given a guarantee amounting to TL 969.342, and the related guarantee has been issued in favor of Özdilek AVM, from which the Group has leased real estate.

The Group has no guarantees received.

NOTE 16 - 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 2023 is calculated over the monthly severance pay ceiling of TL 35.058,58, valid starting from 1 January 2024 (31 December 2022: TL 19.982,83). 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.

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 2023 are calculated with a real discount rate of 3,12%, based on the assumption of an annual inflation rate of 21,70% and a discount rate of 25,50%. (31 December 2022: 2,92% 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.

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Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

The movement of the account for the provision for employment termination benefits of the Group as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Balance at 1 January	3.254.028	2.206.607
Payments	(328.704)	(210.186)
Interest cost	61.675	39.224
Current service cost	570.278	533.695
Actuarial (gains)/losses	844.158	1.548.012
Inflation adjustment effect	(1.278.812)	(863.324)
Balance at 31 December	3.122.623	3.254.028

NOTE 17 - REVENUE AND COST OF SALES

As the revenues of the Group 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 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Revenue		
MFKS, Private Integratorship and TFZS Revenues	18.713.239	21.330.883
Joint Data Center Revenues	15.242.347	10.959.568
Union Cost Participation Share	20.381.395	11.514.184
Union Entry Fee	2.956.860	5.437.509
Registration Fee Revenues	20.657.104	15.125.509
Financing Companies Cost Participation Share	4.053.333	3.007.107
Savings Financing Companies Cost Participation Share	3.120.000	1.977.276
Asset Management Companies Cost Participation Share	2.210.000	1.853.696
Financial Leasing Companies Cost Participation Share	2.695.000	2.237.617
Additional Cost Participation Share	435.000	1.433.525
Factoring Companies Cost Participation Share	3.296.667	2.317.806
Other Revenues	7.260.470	4.250.452
	101.021.415	81.445.132
Sales Returns	(15.696)	(1.878)
Net Sales	101.005.719	81.443.254
Cost of Sales	37.500.594	31.304.865

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Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
General administrative expenses		
Personnel expenses	40.980.656	29.921.584
Depreciation expenses	2.991.378	2.784.881
Donations expenses	3.821.063	--
Consulting service expenses	2.712.844	1.792.273
External benefits and services	1.642.428	1.420.103
Conference organization expenses	2.684.746	2.367.154
Dues and general office expenses	1.390.744	857.769
Membership expenses	1.307.078	1.529.296
Promotion and advertising expenses	120.816	196.475
Representation and entertainment expenses	1.473.466	960.824
Other expenses	2.137.941	2.191.686
	61.263.160	44.022.045

NOTE 19 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2023	1 January - 31 December 2022
Other income		
Doubtful receivables cancellation income	288.828	576.753
Account foreign exchange gains	292.949	48.751
Other income	81.423	19.965
	663.200	645.469
Other expenses		
Provisions for doubtful receivables	--	285.769
Other expenses	705	8.235
	705	294.004

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Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

NOTE 20- INCOME/EXPENSE FROM INVESTING ACTIVITIES

The income from investment activities of the Group as of January 1, December 31, 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Income from investing activities		
Interest income	16.522.141	9.345.351
Dividend income	1.349.978	2.412.842
Foreign exchange income	79.940	149.616
	17.952.059	11.907.809

NOTE 21 - FINANCING EXPENSES

The financial expenses of the Association as of January 1, December 31, 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Finance expenses		
Interest expenses	486.836	644.526
Other financial expenses	182.433	110.538
	669.269	755.064

NOTE 22 - INCOME TAXES

Corporate tax

The required provisions are reserved in the accompanying financial statements for the estimated tax liabilities with regard to the current period operating results of the Group.

The Group and its subsidiaries resident in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is payable in one installment until the end of the fourth month following the end of the accounting period to which it relates.

With the Law (Law No. 7456) published in the Official Gazette dated July 15, 2023, "Law on Additional Motor Vehicles Tax and Amendments to Certain Laws and Decree Law No. 375 for the Compensation of Economic Losses Caused by the Earthquakes Occurring on February 6, 2023", the corporate tax rate was increased from 20% to 25% and the new rate entered into force to be applied as of the 3rd provisional tax period of 2023 (23% in 2022 and 25% in 2021).

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividends paid to non-resident corporations which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

The corporate tax liabilities reflected to the balance sheet of the Group as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Corporate tax provision	1.967.046	2.566.700
Prepaid taxes and funds	(1.673.715)	(1.503.952)
Corporate tax payable	293.331	1.062.748

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Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

The corporate tax liabilities reflected to the statement of profit of loss of the Company as of 1 January-31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Current corporate tax	(1.967.046)	(2.566.700)
Deferred income tax benefit/(expense)	1.369.417	(601.575)
Corporate tax income/(expenses)	(597.629)	(3.168.275)

The reconciliation of the tax expense of the period with the income for the period is as follows:

Profit before tax	(1.166.623)	(8.061.016)
Tax calculated	(291.656)	(1.854.034)
Tax effect of the legally disallowable expenses	(137.799)	(89.711)
Effect of inflation adjustments	(664.173)	--
Impact of tax-exempt income	2.997.689	1.371.703
Other	(2.501.690)	(2.596.233)
Tax provision	(597.629)	(3.168.275)

Deferred Tax

The Group accounts for the deferred tax assets and liabilities for the temporary timing differences resulting from the differences between the statutory financial statements that set the basis of the tax and the financial statements prepared according to TFRS. The said differences in general result from the financial statements that set the basis of the tax, as well as their being in different periods in the financial statements prepared according to TFRS, and these differences in question are specified below. The calculation of deferred tax assets and liabilities is based on tax rates of 25% for the year 2023 and other years, which are expected to be applied in the periods when the assets are converted to income or when the liabilities are paid.

	Cumulative differences		Deferred Assets/(Liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Right of use assets adjustments effect	(355.706)	(116.531)	(88.927)	(23.306)
Tangible and intangible assets adjustments effect	1.878.512	(7.663.228)	469.628	(1.532.646)
Provision for employee termination benefits	642.029	677.682	160.507	135.536
Unused vacations adjustments effect	272.961	340.423	68.240	68.085
Allowances for doubtful receivables	(87.989)	179.235	(21.996)	35.849
Deferred tax assets			698.375	(1.329.025)
Deferred tax liabilities (-)			(110.923)	12.543
Deferred tax assets, (liabilities) net			587.452	(1.316.482)

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

	31 December 2023	31 December 2022
Balance on 1 January	(1.316.482)	(1.251.231)
Deferred tax income/(expense)	1.369.417	(601.574)
Reflected to equity	23.164	50.523
Effect of inflation adjustments	511.353	485.800
	587.452	(1.316.482)

NOTE 23- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial risk management

The Group 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 Group 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:

	31 December 2023	31 December 2022
Cash and cash equivalents (excluding cash in hand)	62.648.217	54.434.076
Trade receivables	3.955.923	5.039.602
Other receivables	118	107.478
	66.604.258	59.581.156
Secured with guarantees part of maximum credit risk	--	--

Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

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 Group’s is as follows:

31 December 2023	Book Value	Contractual cash outflow totals	Between 3-12 months	More than a year
Contractual cash flows	6.880.408	6.880.408	6.495.288	385.120
Lease liabilities	1.175.201	1.175.201	790.081	385.120
Trade payables	5.705.207	5.705.207	5.705.207	--
31 December 2022	Book Value	Contractual cash outflow totals	Between 3-12 months	More than a year
Contractual cash flows	10.471.827	10.471.827	10.454.284	17.543
Lease liabilities	2.098.898	2.098.898	2.081.355	17.543
Trade payables	8.290.361	8.290.361	8.290.361	--
Other payables	82.568	82.568	82.568	--

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.

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Notes to Consolidated Financial Statement for the Year Ended 31 December 2023

(Amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the TL as of 31 December 2023, unless otherwise indicated.)

NOTE 24 - EVENTS AFTER THE BALANCE SHEET DATE

None.

NOTE 25 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR’S

1) The independent audit fee expense of the Group for the reporting period ending on 31 December 2023 is 132.000 TL (31 December 2022: 217.500 TL).

2) In the reporting period ending on 31 December 2023, there is no other service other than the independent audit of the financial statements received from the independent audit firm.

NOTE 26- OTHER ISSUES

None.



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