



Association of  
Financial  
Institutions

**United, we are stronger**

Annual Report 2016





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## 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, and Financing Companies Law no: 6361 dated 21 November 2012.

AFI is an umbrella organization for concerns in Turkey that provide

**Financial Leasing**

**Factoring**

**Financing**

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

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## 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 financial leasing, factoring, and financing sectors; 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.

## Message from the Chairman

### The non-bank financial sector continues to grow.

The Turkish non-bank financial industry, the members of which we represent as the Association of Financial Institutions, increased its consolidated assets by 19%, its consolidated receivables by 20%, and its consolidated equity by 15% on average every year between 2006 and 2016.



**MEHMET CANTEKIN**  
Chairman

### Global-growth and terms-of-trade did not meet the expectations in 2016.

As a year that was characterized by a dizzying pace of economic and political developments, 2016 was witness to an array of momentous breakpoints, particularly the UK's decision to leave the European Union in its "Brexit" referendum and the largely unexpected outcome of the US presidential elections.

It appears that the global economy failed to grow enough in 2016 and that global trade was at its lowest level within recent years.

As US growth continued to gain momentum, the US Federal Reserve Bank reached the opinion that the growth was indeed sustainable and therefore not only raised interest rates but also announced its interest rate projections including a rise for the period ahead. This was a crucial signpost pointing to the future course of the global economy.

Although the US economy's modest recovery and growth performance does inspire hope, low inflation and a persistently low propensity to consume keep the possibility of a need for more reflation firmly on the agenda. Furthermore concerns about the banking system remain just as valid as ever.

Despite recovery in developed countries in 2016, uncertainties as to global monetary policies continued to fuel volatility in financial markets, which in turn had an adverse impact on developing countries' asset prices and risk premium indicators. The currencies of the countries in this group suffered as a result and the erosion in their value speeded up even more in the aftermath of the US election results and the Fed's decision to raise rates.



## Economic growth

Driven by domestic consumption, growth continued to falter in parallel with developments taking place in the third quarter of the year.

### Turkey has been through extraordinary times.

2016 was a difficult year both economically and politically in Turkey: besides global macroeconomic pressures our country also had to contend with a heinous attempted coup which it thwarted thanks to its commitment to democracy. Meanwhile Turkey's risk premiums also suffered from the conflicts in neighboring countries and from the ongoing struggle against both internal and cross-border terrorism.

Driven by domestic consumption, growth continued to falter in parallel with developments taking place in the third quarter of the year. Thanks to countervailing measures which those responsible for managing the economy took in order to encourage consumer spending in the aftermath of the unsuccessful coup of July 15<sup>th</sup>, something of an uptick was to be observed throughout the economy in the last quarter and in some cases there was even a recovery in private-sector consumption that was attributable to demand being brought forward.

### Members of AFI performed successfully.

Despite both financial market volatilities and the regional geopolitical problems that seriously beset our country, members of AFI continued to support real-sector business concerns and to power their growth by increasing their contributions to the economy.

As of end-2016, the leasing, factoring, and financing companies that make up AFI had total assets worth TL 114.4 billion, up by 21% year-on. The combined business volumes of these three sectors reached TL 163.6 and their operational receivables

## Supporting the real sector

AFI members continued to support real-sector business concerns and to power their growth by increasing their contributions to the economy.

amounted to TL 102.9, figures which correspond to year-on rises of 4.8% and 20.3% respectively. Total equity, which was up by 17.9%, was worth TL 15.6 billion and our industry's aggregate return on equity was up to 13.5%. At TL 1.9 billion, our members' total net profit was also up by 25.4% as compared with the previous year.

The non-bank financial institutions which we represent as AFI account for 4% of the overall financial services industry's total assets, 5.6% of its total receivables, and 4.9% of its total equity. Their combined business volumes correspond to about a 6.3% share of Turkey's GDP.

These financial results, which were achieved in a macroeconomic and political context that was dominated by unfavorable conditions, confirm that our industry continues to advance successfully on the sound foundations that underpin it.

### Our members work closely with 750 thousand SMEs.

While fulfilling our duties to improve the competitive environment in 2016, AFI also continued to maximize its efforts to manage communication between the public sector and its members' sectors in the most effective way possible, to increase small- and medium-sized enterprises' abilities to access financing, and to identify the need for statutory and regulatory changes that would support our sectors' development and to make recommendations accordingly.

We continue to expand and improve our support for the small- and medium-sized enterprises which are the capillaries of the Turkish economy and which shoulder the brunt the economic development and the future..

## Message from the Chairman

### Working closely with nearly 750 thousand SMEs

The companies that make up our association work together with about 750 thousand SMEs, for which they provide high-value products, services, and solutions.

We also continue to work with all of our members in an ongoing effort to achieve our long-term goals of deepening their sectors and of supporting economic growth and expansion. The companies that make up our association work together with about 750 thousand SMEs, to which they provide high-value products, services, and solutions.

Under AFI's duties in the SME Strategy and Action Plan, whose underlying slogan is "Strong and Secure Tomorrows with SMEs", we travel around the country visiting such businesses and tell them about the innovations and advantages that our members can offer.

For this purpose, during 2016, AFI worked with the Ministry of Science, Industry and Technology, the Banking Regulation and Supervision Agency, the Turkish Exporters Assembly and Turkish Eximbank in the conduct of gatherings in the provinces of Denizli, Bursa, Samsun, and Adana that sought to meet with SMEs at many different locations and to explain to them financing methods which could be of help to them.

### We continue to focus on ways to promote sectoral development.

The Central Invoice Recording System, a registry of information about receivables which are assigned to factoring companies and banks, became one of Turkey's major data centers in 2016 when, with the inclusion of information about cheques, notes, policies, and similar payment instruments as well as about their collections, it also became possible to check invoicees' payment performance through the system as well.

The Contract Registration System, which serves as a central database for financial leasing agreements, continued to be used effectively and productively as a result of IT improvements that were made in 2016.

### Increasing share in economic growth

One of AFI's most important goals is to bring our country's non-bank financial institutions' contributions to economic growth to the level seen in other developing countries.

Effective use was also made last year of CBRT-Turk Eximbank rediscount credit while AFI members continued to take part in Takasbank money market operations.

Tendering, technical testing, and similar stages were completed last year in the "Supply-Chain Finance System" and "Private Integrator" projects. Work on both projects' infrastructure is still in progress. The first of these projects keeps electronic-format track of multiple suppliers' and financial institutions' successive approvals and makes the information accessible through a web portal with a user-friendly interface. The other is intended to help businesses adapt more quickly to the steadily increasing presence of e-invoices, e-registers, and e-archives in commercial life. We expect that both these projects will be up and running in 2017.

### To increase both our depth and our contributions to the national economy

One of AFI's most important goals is to increase the depth of our country's factoring, financial leasing, and financing sectors and to bring its non-bank financial institutions' contributions to economic growth to the level seen in other developing countries.

In this, our aim as the non-bank financial institutions industry in 2017 will be to reach out to more customers by increasing the technology-intensive financial solutions that we can offer. We believe that this is the way to reduce costs while also increasing efficiency and customer satisfaction. In line with this, we are continuing our efforts to expand and proliferate our technology-intensive projects with no loss of momentum.

## Technology-intensive financial solutions

Our aim as the non-bank financial institutions industry in 2017 will be to reach out to more customers by increasing the technology-intensive financial solutions that we can offer.

Likewise in an effort to reach customers through a variety of channels and to broaden financing opportunities, the ranks of existing financing companies are being joined by newcomers who focus on supplying micro-sized general-purpose consumer loans at points-of-sale. This trend, which gained momentum in 2016, has already resulted in significant customer-acquisition gains. Another new development is to be seen in endeavors to set up participation financing companies. Vigorous efforts are currently being made to develop and expand both participation financing companies' principles and the infrastructure needed to support them.

We will be moreover standing by the real sector not just with our financial resources but also with the steadily improving quality of our human resources, our needs-specific innovative solutions, our enhanced collaborations, and our nationally-expanding influence.

## Education is of the utmost importance

One of AFI's medium-term goals is to increase its effectiveness and the competencies of its human resources. In line with that mission, considerable support was provided in 2016 to encourage our members' employees to take part in the training programs conducted by the Association's training subsidiary.

Such support and efforts to provide training to personnel will remain high among our members' priorities in the years ahead as well.

## Strong synergy

With the benefit of the steadily-stronger synergies among our three sectors-leasing, factoring, and financing-we will be able to take our performance to even higher levels.

## So long as the macroeconomic cycle continues to move forward effectively and productively...

So long as the macroeconomic cycle of which we are a part continues to move forward effectively and productively, we will also be making an enduring contribution to the wellbeing of our Association's members, their customers, and ultimately also more than 80 million people who constitute our stakeholders in the broadest sense.

We are therefore striving with all of our might to ensure that 2017 is a much more successful year for our members and our country's economy than 2016 was. With the benefit of the steadily-stronger synergies among our three sectors-leasing, factoring, and financing-we will be able to take our performance to even higher levels.

In closing I take this opportunity to thank the Board of Directors and all of my colleagues at the Association of Financial Institutions and to extend my respects to our esteemed members.

Sincerely,

**Mehmet Cantekin**

Chairman of the Board of Directors

## Message from the Financial Leasing Sector Representatives Board

### Supporting private-sector investment

Turkey's financial leasing companies supplied TL 14 billion worth of financing for the TL 284 billion in machinery and equipment investments undertaken by the country's private sector in 2016.



**ÜNAL GÖKMEN**  
Deputy Chairman

(on behalf of Financial Leasing Sector Representatives Board)

### The leasing sector continues to grow and develop.

At the service of customers with 26 leasing companies and more than 1,500 employees, Turkey's financial leasing industry increased its total assets by 19.3% to TL 48.5 billion in the twelve months to end-2016. During the same period, total leasing receivables also grew by about 20% and reached TL 44 billion in value.

The value of new business to which finance is provided last year was TL 18.6 billion. Looking at a breakdown of leased assets by transaction value, we see that 25% of the total consisted of business and construction machinery, 24% of real estate properties, 7% of textile machinery, and 7% of metalworking machinery.

Turkey's leasing sector supplied TL 14 billion worth of financing for the TL 284 billion in machinery and equipment investments undertaken by the country's private sector in 2016. With total assets corresponding to 1.7% of those of the country's bank and non-bank financial institutions, our sector serves nearly 60 thousand customers.

Thanks to the beneficial impact of infrastructure and renewable energy projects and of equipment purchases by firms involved in them, the financial leasing sector achieved a 5% rate of market penetration in 2016.

However when we consider that this rate is on the order of 25% in the United States and of 20% in the European Union, it is an undeniable fact that our country still has a long way to go. That said, the positive development to which we are witnessing are both encouraging and exciting.

Turkey's financial leasing industry has become operational in 1985. In the years since then, it has financed investments worth a total of about USD 85 billion.



## TL 18.6 billion the value of new business

The value of new business to which finance is provided last year was TL 18.6 billion.

## Recognizing our social responsibilities

We inaugurated the AFI Financial Leasing Memorial Forest Project with the planting of 23,125 saplings.

### The Contract Registration System has become operational.

Since 9 February 2015, when Turkey's new Contract Registration System became operational, all financial leasing agreements must be recorded in a registry maintained by AFI.

Registration involves entering an electronic format agreement whose electronic signature ensures that it cannot subsequently be fraudulently altered. The agreement is then entered into the Contract Registration System of AFI from any computer terminal belonging to the lessor.

Designed and built by the Central Registry Agency for AFI, the Contract Registration System is also operated by that agency.

### There has been substantial growth in transactions involving commercial real estate properties.

In late 2012, Law numbered 6361 introduced a new financial leasing product known as "sale-and-leaseback". With the introduction of various tax exemptions on leaseback deals in August 2013, there was a significant rise in the use of this method to finance purchases, especially of real estate properties. In the leaseback method of financing, leasing companies purchase properties (which may or may not be real estate) from a seller and then lease them back to the same seller under a leasing agreement.

### We regard our membership of Leaseurope as a valuable platform.

Since September 2015 we have been a full member of Leaseurope, an umbrella body whose membership consists of 45 leasing industry unions or associations in 33 countries. Besides representing the Turkish leasing industry on this European platform, AFI also benefits from the knowledge, experience, and statistics that its membership gives access to.

### Looking to the future with confidence, we create multidimensional value for our country.

With our sense of responsibility towards our country, we allocate resources for social responsibility projects. In order to protect our country's natural environment and to help ensure that a clean, green, and livable world will be passed on to future generations for example, we have decided to donate towards the planting of one sapling for every financial leasing agreement that we register as AFI. As a first step in this direction we signed a protocol with the forests ministry to have 23,125 saplings planted for the 23,125 contracts which AFI registered in 2015. This protocol marked the beginning of the AFI Financial Leasing Memorial Forest Project, which we will continue to conduct in the same way in the years ahead as well.

In 2017 and the years that follow the Turkish financial leasing industry will continue to mobilize its high-quality human capital and its knowledge and experience in order to make an increasingly greater contribution to the sustainable development of the Turkish economy and to improve the wellbeing of our country's people.

Sincerely,

**Ünal Gökmen**  
Deputy Chairman

(on behalf of Financial Leasing Sector Representatives Board)

## Message from the Factoring Sector Representatives Board

### Average annual growth 16% in the last ten years

While the worldwide factoring industry was witness to an average annual growth rate on the order of 16% during the last ten years, here in Turkey the rate of growth was 16% a year. In 2016 the Turkish factoring industry wrote TL 122.8 billion worth of business.



**M. ÇAĞATAY BAYDAR**

Deputy Chairman

(on behalf of Factoring Sector Representatives Board)

We come before you at this time with a new management team whose members were voted in at our fourth annual general meeting that was held in 2016. First of all we thank all of the former members of the Board of Directors and our General Secretariat for having so fully shouldered the burden of setting up our association in its first three years of life.

2016 is the tenth year that Turkish factoring industry has been subject to Banking Regulation and Supervision Agency oversight and we continue to reap the benefits which that entails. The law underlying our industry was passed by Parliament in 2012 and our regulations were published on 4 February 2015. In 2015 our Central Invoice Recording System became operational. As our industry's practices become increasingly more standardized, we will all be reaping the benefits as people's perceptions of our business change positively.

While the worldwide factoring industry was witness to an average annual growth rate on the order of 16% during the last ten years, here in Turkey the rate of growth was 16% a year. In 2016 the Turkish factoring industry wrote TL 122.8 billion worth of business. Although the economic uncertainties of 2016 and a failed military coup frustrated our industry's steady growth somewhat, we believe that growth will resume and continue in 2017.

The Central Invoice Recording System, which was mandated by our industry's governing law (Law numbered 6361), became operational on 2 January 2015. Every factoring company in Turkey has joined this system and has also eighteen banks as members. For many years our industry had to contend with the serious risks inherent in such under-handed practices as duplicate invoicing and financing. That problem has at last been

## International success

Until last year we were second only after China in terms of such deals but a surge in business volume boosted us to first place.

overcome by this centralized system, which the Association of Financial Institutions set up together with the Credit Bureau of Turkey and which is under our association's control. It is also an indication that it has prevented 230 thousand duplicate transactions since its establishment.

Last year we organized a successful legal symposium during which various legal issues were discussed, not the least of which is the problem of suits for declaratory relief. We hope to see the benefits of such gatherings towards improving the legal and regulatory frameworks in the future as well.

Turkey now ranks first in the world in terms of correspondent-guaranteed export factoring transactions. Until last year, we were the second after China in terms of such deals but a surge in business volume boosted us to first place.

Turkey's factoring companies also continued to rack up international successes in 2016. A major one was achieved when six of the firms active in this country were ranked among the top ten cross-border factors in the "Export Factoring" category by the members of Factors Chain International, the world's biggest factoring industry association. That two of them (Garanti Faktoring and TEB Faktoring) placed first and second respectively in the voting was a source of pride for both our industry and our country.

For all of that however, we are of the opinion that our industry has still not reached a desirable level where domestic factoring is concerned. During 2016 we conducted an extensive program of events in which four cities around the country were visited in order to publicize and promote factoring products. In the period ahead, we will be working on new projects at the AFI level that will focus on corporate communication and perception issues.

## New products

Our efforts to expand the Turkish factoring industry with new products and technology are also continuing.

Our efforts to expand the Turkish factoring industry with new products and technology are also continuing. We are looking to involve ourselves in a variety of collaborative efforts that bring buyers, suppliers, dealership organizations, major financing companies, and credit insurers together on an electronic platform that will both increase our business volumes and lighten our operational workloads in every aspect of business dealings. This electronic platform has been tendered and we hope to have it up and running and at the service of our members towards the end of 2017.

We believe that the Turkish factoring industry will continue to grow steadily in 2017 and be able to make an even bigger contribution to the sustainable development of the Turkish economy.

Sincerely,

**M. Çağatay Baydar**

Deputy Chairman

(on behalf of Factoring Sector Representatives Board)

## Message from the Financing Companies Sector Representatives Board

### Strong growth performance

The more than TL 22 billion worth of business that Turkey's financing companies wrote in 2016 corresponds to a 16.2% year-on increase.



**MEHMET CANTEKIN**  
Chairman

(on behalf of Financing Companies Sector Representatives Board)

### Healthy growth continues.

Financing companies, which supply credit to finance purchases of goods in a host of sectors ranging from automotives, commercial vehicles, and mortgages to durable consumer goods, educational services, and telecommunications, continued to grow in 2016. The said companies make substantial contributions to economic growth by supporting domestic demand through the provision of financing for purchases of goods and services not only by individuals but also by companies, especially those of the small- and medium-sized enterprises.

In 2016 Turkey's financing companies' total assets were up by 20.5% year-on and reached TL 33 billion in value while their aggregate business volume, which topped TL 22 billion, also grew by 16.2%. During the same twelve-month period, financing companies' total receivables rose to TL 28 billion.

### Commercial loans accounted for 53% of total lending.

53% of the loans extended by financing companies in 2016 qualified as commercial lending. These loans were granted to finance purchases of such goods as light commercial vehicles, heavy vehicles, trucks, buses, trailers, and automobiles (the majority of which were manufactured in Turkey) needed by the economic powerhouse that is the construction industry's highway, bridge, airport, and infrastructure projects as well as a variety of sectors such as tourism where SMEs are also active.

### Personal loans grew by 32%.

In 2016 financing companies that provide consumer credit were included in the financing companies sector. With this addition, the sector's total portfolio increased by about 32% from TL 10 billion to TL 13 billion in one go. In the years ahead we can also expect to see still more newcomers joining our sector and further expanding its business. This increase in consumer loans was even more noticeable in terms of borrower numbers, which shot up from 600 thousand or so to 2.4 million.

It is in this context then that I should emphasize that financing companies play crucially important roles in trade finance.

## 52% share in the motor vehicle loan market

With a 52% share of market in motor vehicle loans, financing companies keep a close watch on worldwide practices and trends.

### The potential for sustainable growth in motor vehicle and general purpose loans

According to figures published by TurkStat, the Turkish Statistical Institute, there has been a 61.9% increase in the number of motor vehicles licensed to travel on Turkey's roads in the most recent ten-year period. As of end-2016, there were 142 motor vehicles for every 1,000 people. These numbers tell us that motor vehicle ownership is continuing to increase at a high rate and that there exists significant untapped potential in the business of motor vehicle financing.

Again as of end-2016, the aggregate value of the motor vehicle loans held by financing companies amounted to TL 25 billion. Of the new loans that were extended last year, fully 86.5% were to finance purchases of motor vehicles by individual and corporate borrowers.

### At a time when fast, one-stop service is gaining importance...

Because they can use the internet and mobile apps to look for the car they want to buy and to shop around comparing price and equipment options, prospective buyers nowadays no longer visit showrooms as much as they used to. The same technology also makes it possible for them to check out their own credit scores. It is essential therefore for financing companies to proactively adapt themselves to deal with these technology-adept buyers by keeping a close watch on new developments, innovations, and trends, by employing innovative products, and by maximizing their own use of technology.

Just as is the case elsewhere in the world, today the financing companies which represent 52% of the Turkish finance industry's motor vehicle loans are undertaking investments that will allow them to provide business-to-business (B2B) and business-to-customer (B2C) solutions that are compatible with their business partners' needs while also developing mobile and online apps that respond to customers' wishes. In effect they are creating platforms that make it possible for a customer to take care of every aspect of a car purchase from financing

## Huge surge in the number of customers

Financing companies witnessed a huge 298% surge in the number of their customers, which reached 2.4 million in 2016.

to insurance, vehicle registration, and guarantee extension in a one-stop operation without a necessity for leaving the showroom for any other operation.

### Many domestic and international investors are taking an interest in Turkey's finance industry.

Besides new investors entering the market, there are also companies that have joined or are in the process of joining the Turkish finance industry as firms that provide point-of-sale service in many different areas such as brown goods, white goods, furniture, education services, telecommunications, and logistics. Driven in part by new players entering the market with so-called "microloans", financing companies witnessed a huge 298% surge in the number of their customers, which reached 2.4 million people in 2016. Credit products that are offered in line with responsible lending principles are an important advance from the standpoint of safeguarding the interests of both consumers and vendors.

Last year two companies that abide by sharia-compliant lending principles applied for financing company licenses in 2016. These are just the first newcomers of this sort to make an appearance and it is thought that there will be many more of them joining the market in the period ahead.

### We are focused on the future in line with Turkey's 2023 Vision.

Working together with other sectors of AFI as well as with the Banking Regulation and Supervision Agency and all other regulatory bodies, in line with Turkey's 2023 Vision, our Association will continue its efforts to make our country's finance industry and its practices a model to be followed by others around the world.

Sincerely,

**Mehmet Cantekin**  
Chairman

(on behalf of Financing Companies Sector Representatives Board)



## Board of Directors



### STANDING (L-R)

Kahraman Günaydın  
Hasan Hulki Kara  
Sinan Çevik  
Yeşim Pınar Kitapçı  
M. Çağatay Baydar  
Mehmet Cantekin  
Hasan Kimya Bolat  
Ünal Gökmen  
Betül Kurtuluş

Member of the Board  
Member of the Board  
Member of the Board  
Member of the Board  
Deputy Chairman of the Board  
Chairman of the Board  
Member of the Board \*  
Deputy Chairman of the Board \*\*  
Member of the Board

Deniz Finansal Kiralama A.Ş.  
Garanti Faktoring A.Ş.  
Ziraat Finansal Kiralama A.Ş.  
Koç Finansman A.Ş.  
TEB Faktoring A.Ş.  
Turkcell Finansman A.Ş.  
İş Finansal Kiralama A.Ş.  
Garanti Finansal Kiralama A.Ş.  
Strateji Faktoring A.Ş.

### SEATED (L-R)

Nilüfer Günhan  
Alper Tunga Emecan  
Gülşay Güner  
Özgür Öztürk  
Tijen Akdoğan Ünver  
Yiğit Özkes

Member of the Board  
Member of the Board  
Member of the Board  
Member of the Board  
Member of the Board  
Member of the Board

ALJ Finansman A.Ş.  
Deniz Faktoring A.Ş.  
Yatırım Finansal Kiralama A.Ş.  
Orfin Finansman A.Ş.  
Volkswagen Doğu Fin. A.Ş.  
Kapital Faktoring A.Ş.

\* Replaced by Mehmet Karakılıç on 8 May 2017

\*\* As of 11 May 2017

## 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 De Lage Landen Finansal Kiralama A.Ş.
- 9 Deniz Finansal Kiralama A.Ş.
- 10 Enka Finansal Kiralama A.Ş.
- 11 Finans Finansal Kiralama A.Ş.
- 12 Garanti Finansal Kiralama A.Ş.
- 13 Haliç Finansal Kiralama A.Ş.
- 14 Halk Finansal Kiralama A.Ş.
- 15 ING Finansal Kiralama A.Ş.
- 16 İş Finansal Kiralama A.Ş.
- 17 Mercedes-Benz Finansal Kiralama Türk A.Ş.
- 18 Pamuk Finansal Kiralama A.Ş.
- 19 Pervin Finansal Kiralama A.Ş.
- 20 Siemens Finansal Kiralama A.Ş.
- 21 Şeker Finansal Kiralama A.Ş.
- 22 Vakıf Finansal Kiralama A.Ş.
- 23 VFS Finansal Kiralama A.Ş.
- 24 Yapı Kredi Finansal Kiralama A.O.
- 25 Yatırım Finansal Kiralama A.Ş.
- 26 Ziraat Finansal Kiralama A.Ş.

### Factoring Sector

- 27 ABC Faktoring A.Ş.
- 28 Acar Faktoring A.Ş.
- 29 Ak Faktoring A.Ş.
- 30 Akdeniz Faktoring A.Ş.
- 31 Akın Faktoring A.Ş.
- 32 Anadolu Faktoring A.Ş.
- 33 Analiz Faktoring A.Ş.
- 34 Arena Faktoring A.Ş.
- 35 Atak Faktoring A.Ş.
- 36 Atılım Faktoring A.Ş.
- 37 Başer Faktoring A.Ş.
- 38 Bayramoğlu Faktoring A.Ş.
- 39 Berg Faktoring A.Ş.
- 40 C Faktoring A.Ş.
- 41 Creditwest Faktoring A.Ş.
- 42 Çağdaş Faktoring A.Ş.
- 43 Çözüm Faktoring A.Ş.
- 44 Deniz Faktoring A.Ş.
- 45 Destek Faktoring A.Ş.
- 46 Devir Faktoring A.Ş.
- 47 Doğa Faktoring A.Ş.
- 48 Doğan Faktoring A.Ş.
- 49 Eko Faktoring A.Ş.
- 50 Ekspo Faktoring A.Ş.
- 51 Eren Faktoring A.Ş.
- 52 Fiba Faktoring A.Ş.
- 53 Finans Faktoring A.Ş.
- 54 Garanti Faktoring A.Ş.
- 55 Global Faktoring Hizm. A.Ş.
- 56 GSD Faktoring A.Ş.
- 57 Halk Faktoring A.Ş.
- 58 Huzur Faktoring A.Ş.
- 59 ING Faktoring A.Ş.
- 60 İstanbul Faktoring A.Ş.
- 61 İş Faktoring A.Ş.
- 62 Kapital Faktoring A.Ş.
- 63 Kent Faktoring A.Ş.
- 64 Kredi Finans Faktoring Hizm. A.Ş.
- 65 Lider Faktoring A.Ş.
- 66 Merkez Faktoring A.Ş.
- 67 Mert Finans Faktoring A.Ş.
- 68 MNG Faktoring A.Ş.

- 69 Optima Faktoring A.Ş.
- 70 Pamuk Faktoring A.Ş.
- 71 Para Finans Faktoring A.Ş.
- 72 Prime Faktoring Hizmetleri A.Ş.
- 73 Sardes Faktoring A.Ş.
- 74 Strateji Faktoring A.Ş.
- 75 Sümer Faktoring A.Ş.
- 76 Şeker Faktoring A.Ş.
- 77 Şirinoğlu Faktoring A.Ş.
- 78 Tam Faktoring A.Ş.
- 79 TEB Faktoring A.Ş.
- 80 Tuna Faktoring A.Ş.
- 81 Ulusal Faktoring A.Ş.
- 82 Vakıf Faktoring A.Ş.
- 83 VDF Faktoring Hizm. A.Ş.
- 84 Yapı Kredi Faktoring A.Ş.
- 85 Yaşar Faktoring A.Ş.
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- 87 Zorlu Faktoring A.Ş.

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- 88 ALJ Finansman A.Ş.
- 89 DD Finansman A.Ş.
- 90 Evkur Finansman A.Ş.
- 91 Hemenal Finansman A.Ş.
- 92 Koç Fiat Kredi Finansman A.Ş.
- 93 Koç Finansman A.Ş.
- 94 Mercedes Benz Finansman Türk A.Ş.
- 95 Orfin Finansman A.Ş.
- 96 Şeker Finansman A.Ş.
- 97 TEB Finansman A.Ş.
- 98 Tirsan Finansman A.Ş.
- 99 Turkcell Finansman A.Ş.
- 100 VFS Finansman A.Ş.
- 101 Volkswagen Doğu Finansman A.Ş.

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Factoring

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**Emre Kırşan**  
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**Hande Demirkol**  
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**Nisa Karakaş**  
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**Kerim Koca**  
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**Mevlüt Karakuş**  
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**Muzaffer Kırdaal**  
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# **Funding the real sector**

**Our goal: Contribute to the creation of funding for the real sector**

## Financial Indicators

### TL 18,620 million

As of year-end 2016, total business volume of financial leasing companies grew by 7.6% year-over-year to TL 18,620 million. While heavy-duty and construction machinery got the biggest share out of total financial leasing receivables with 25.1%, real estate accounted for 24.2%. The sector is projected to grow by 15% in 2017.

#### Financial Leasing

(TL million)	2016	2015	% Change
Transaction Volume	18,620	17,312	7.60%
Total Assets	48,500	40,656	19.30%
Receivables	44,022	36,718	19.90%
NPL	2,939	2,355	24.80%
Special Provisions (-)	1,818	1,488	22.20%
Shareholders' Equity	7,800	6,930	12.60%
Borrowings	31,244	27,237	14.70%
Net Profit	922	809	14.00%

#### (units)

Number of Companies	26	28	-7.10%
Number of Branches	141	143	-1.40%
Number of Employees	1,519	1,504	1.00%
Number of Customers	58,373	56,396	3.50%

Return on Equity	12.50%	12.40%	0.1 pps
Return on Assets	2.10%	2.20%	-0.1 pps
NPL Ratio	6.30%	6.00%	0.2 pps

### TL 122,761 million

Total business volume of factoring companies was up by 2.6% to TL 122,761 million in the twelve months to end-2016. Domestic and international factoring transactions made up 82.5% and 17.5% of the total business volume, respectively. The sector's anticipated growth is 10% for 2017.

#### Factoring

(TL million)	2016	2015	% Change
Transaction Volume	122,761	119,652	2.60%
Total Assets	33,090	26,685	24.00%
Receivables	31,027	24,984	24.20%
NPL	1,521	1,467	3.70%
Special Provisions (-)	1,299	1,196	8.60%
Shareholders' Equity	5,085	4,587	10.90%
Borrowings	23,502	18,011	30.50%
Net Profit	665	387	71.80%

#### (units)

Number of Companies	62	66	-6.10%
Number of Branches	360	379	-5.00%
Number of Employees	4,716	4,804	-1.80%
Number of Customers	98,908	95,416	3.70%

Return on Equity	13.70%	8.60%	5.2 pps
Return on Assets	2.20%	1.50%	0.8 pps
NPL Ratio	4.70%	5.50%	-0.9 pps

## TL 22,186 million

Total business volume of financing companies, which increased 16.2% year-on-year, rose to TL 22,186 million in 2015. 98% of the new loans extended during 2015 consisted of personal and corporate auto loans. The sector is predicted to expand by 20% in 2017.

### Financing

(TL million)	2016	2015	% Change
Transaction Volume	22,186	19,100	16.20%
Total Assets	32,798	27,220	20.50%
Receivables	27,855	23,825	16.90%
NPL	937	730	28.30%
Special Provisions (-)	425	325	30.80%
Shareholders' Equity	2,705	1,701	59.10%
Borrowings	25,535	22,023	16.00%
Net Profit	358	356	0.70%

### (units)

Number of Companies	14	12	16.70%
Number of Branches	0	2	-100.00%
Number of Employees	869	827	5.10%
Number of Customers	2,439,186	613,049	297.90%

Return on Equity	16.30%	23.00%	-6.7 pps
Return on Assets	1.20%	1.50%	-0.3 pps
NPL Ratio	3.30%	3.00%	0.3 pps

## TL 163,567 million

The aggregate business volume of financial leasing, factoring and financing companies increased to TL 163,567 million in 2016, translating into a year-on growth of 4.8%.

### Total

(TL million)	2016	2015	% Change
Transaction Volume	163,567	156,064	4.80%
Total Assets	114,388	94,560	21.00%
Receivables	102,903	85,527	20.30%
NPL	5,398	4,553	18.60%
Special Provisions (-)	3,542	3,009	17.70%
Shareholders' Equity	15,590	13,218	17.90%
Borrowings	80,282	67,270	19.30%
Net Profit	1,945	1,551	25.40%

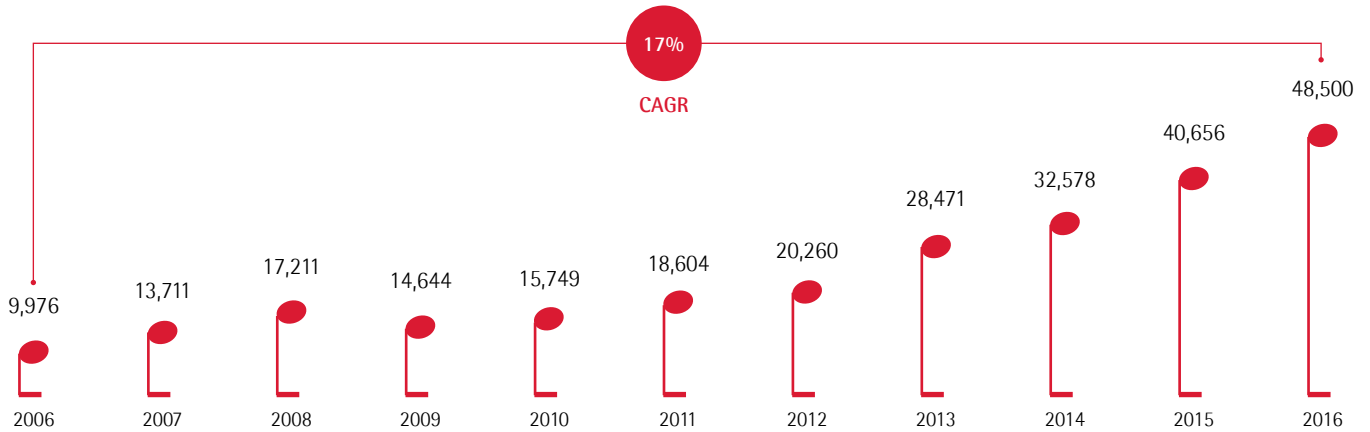
### (units)

Number of Companies	102	106	-3.80%
Number of Branches	501	524	-4.40%
Number of Employees	7,104	7,135	-0.40%
Number of Customers	2,596,467	764,861	239.50%

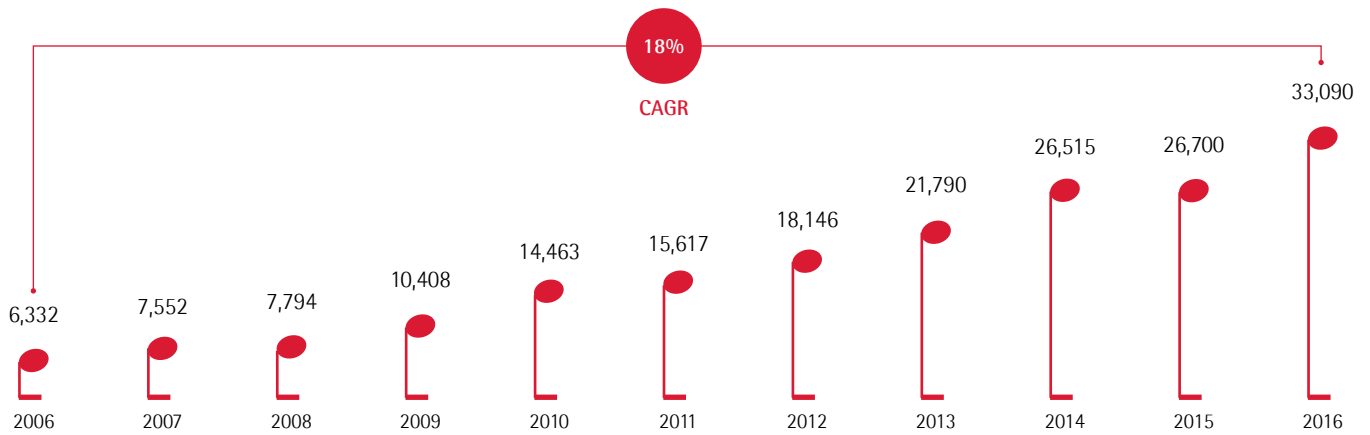
Return on Equity	13.50%	12.30%	1.2 pps
Return on Assets	1.90%	1.80%	0.1 pps
NPL Ratio	5.00%	5.10%	-0.1 pps

## Financial Indicators - Assets

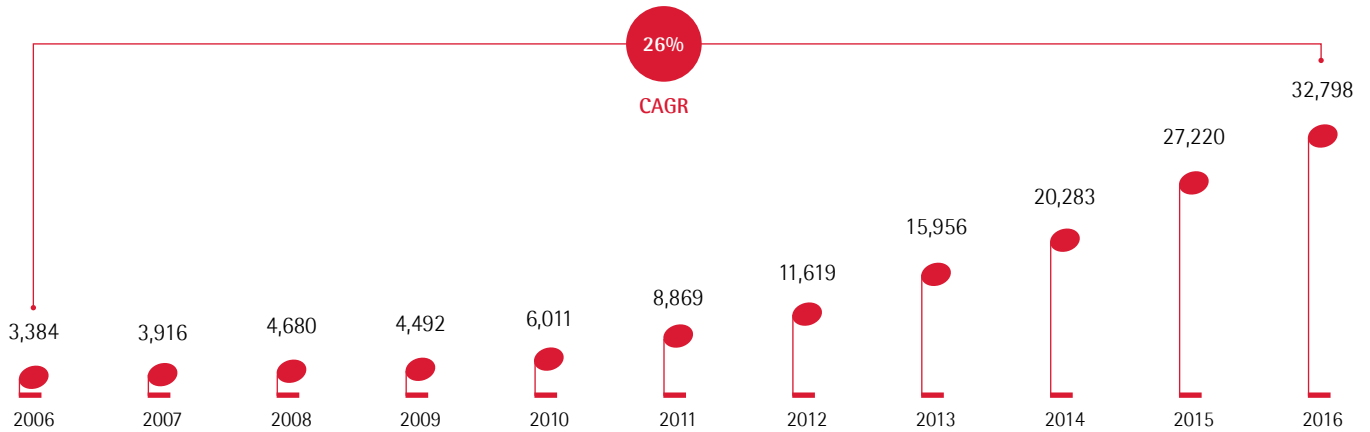
Financial Leasing Sector - Total Assets (TL million)



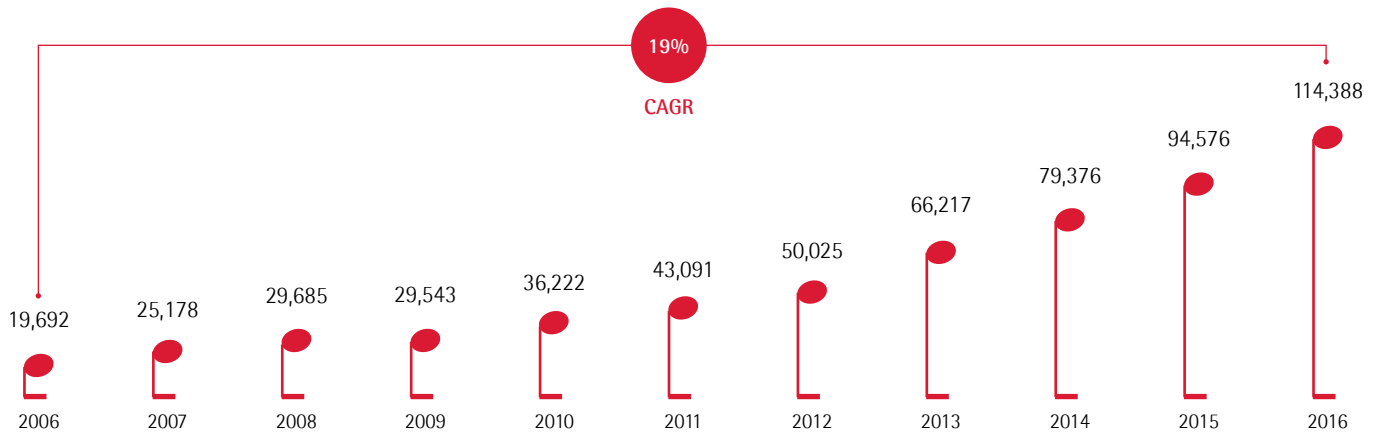
Factoring Sector - Total Assets (TL million)



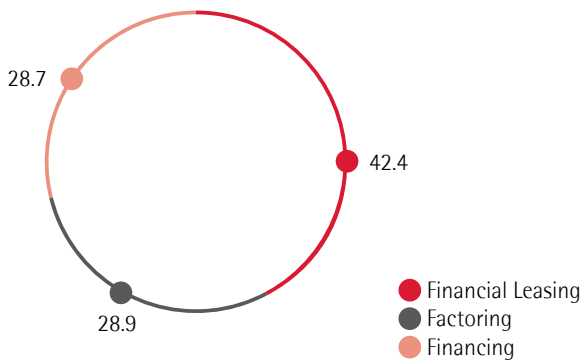
Financing Sector - Total Assets (TL million)



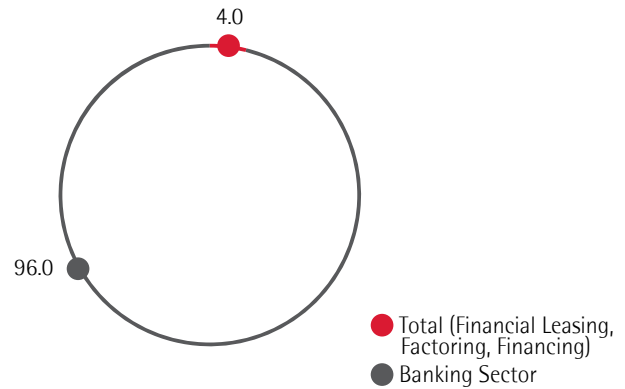
Total Assets of the Financial Leasing, Factoring, Financing Sectors (TL million)



Sectoral Breakdown of Total Assets (%)



Position in the Finance Sector (%)



## TL 114,388 million

In 2016, total assets of the financial leasing, factoring and financing companies grew 21.0% year-on-year and reached TL 114,388 million. Total return on assets was registered as 1.9%.

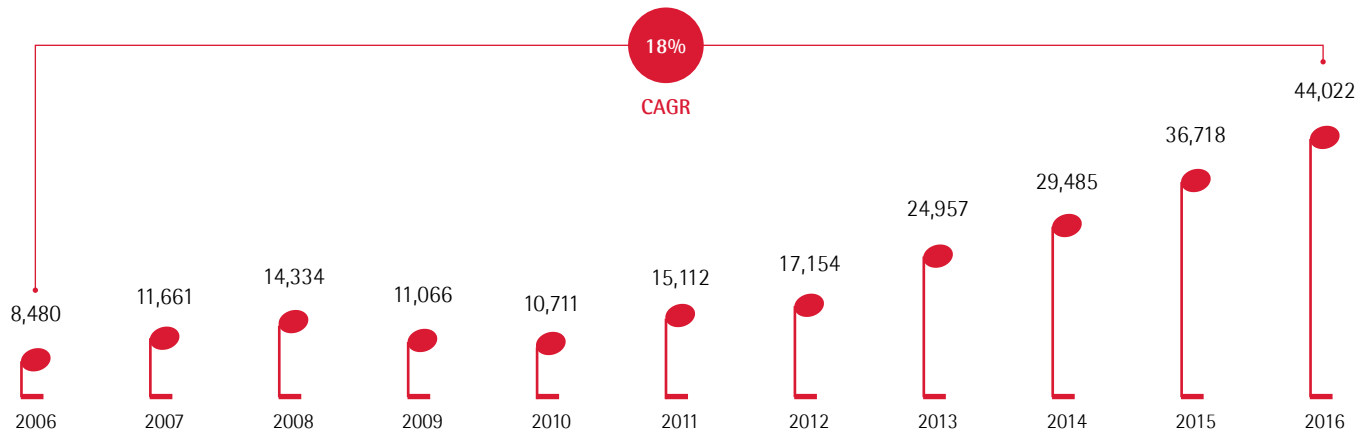
## 19%

Total assets of the sectors displayed a remarkable rise of 19% on average from 2006 to 2016. In terms of asset size, the sectors represent 4.0% of the Turkish finance industry.

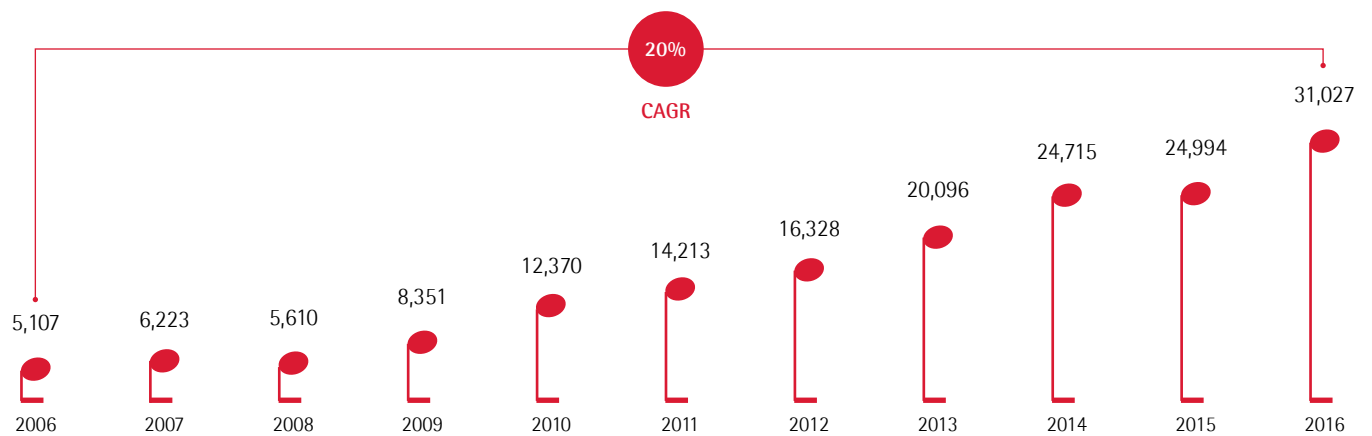


## Financial Indicators - Receivables

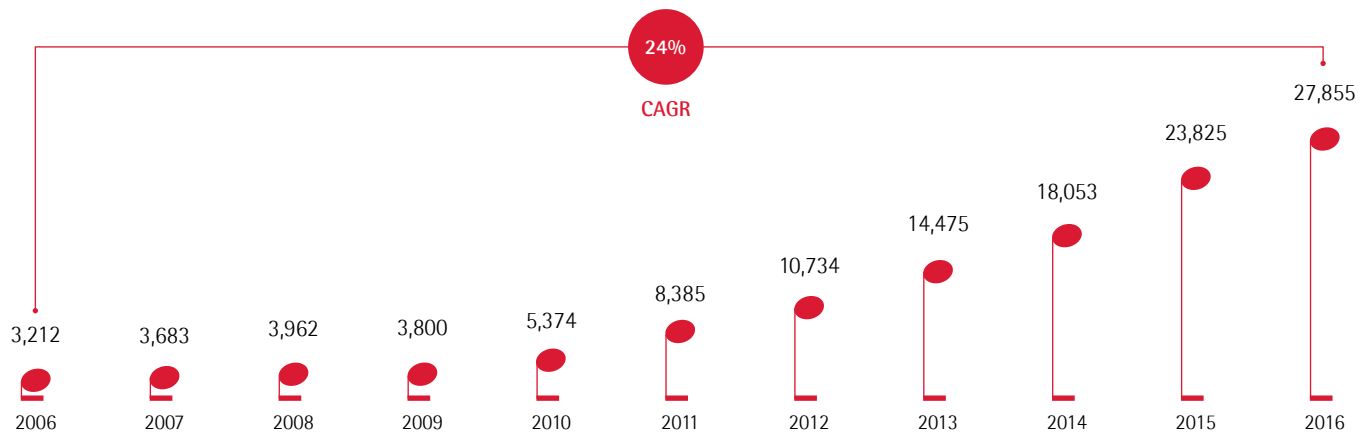
Financial Leasing Sector - Receivables (TL million)



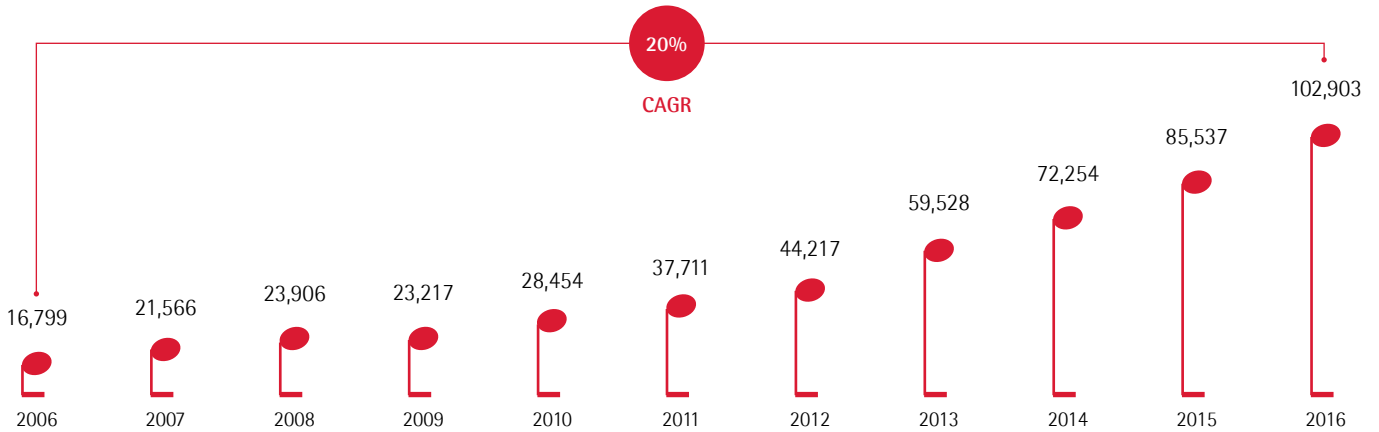
Factoring Sector - Receivables (TL million)



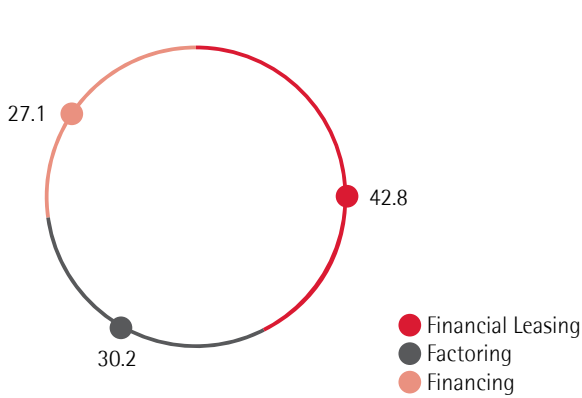
Financing Sector - Receivables (TL million)



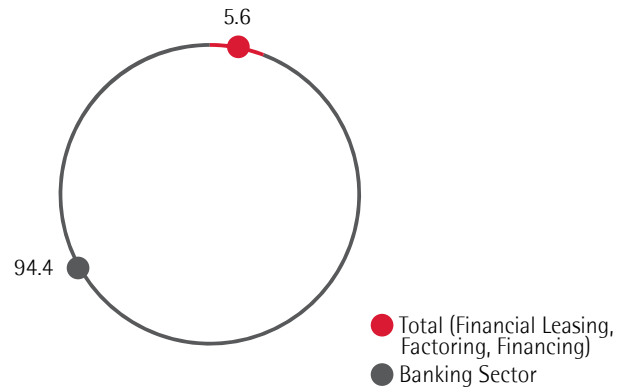
### Total Receivables of the Financial Leasing, Factoring, Financing Sectors (TL million)



### Sectoral Breakdown of Total Receivables (%)



### Position in the Finance Sector (%)



### TL 102,903 million

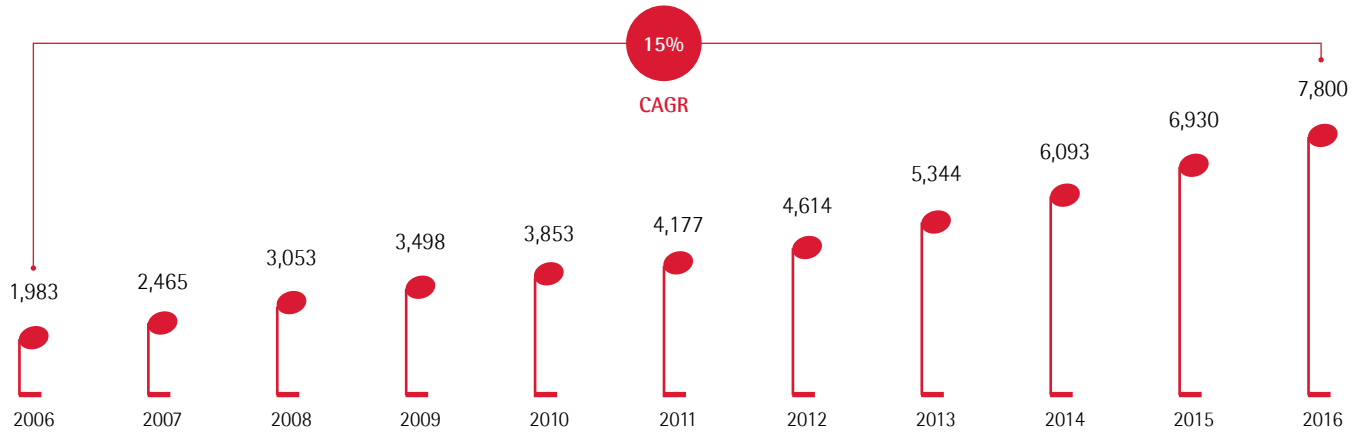
Total receivables of the three sectors were up by 20.3% year-on-year, and reached TL 102,903 million at year-end 2016. Financial leasing sector gets the largest share out of total receivables with 42.8%.

### 20%

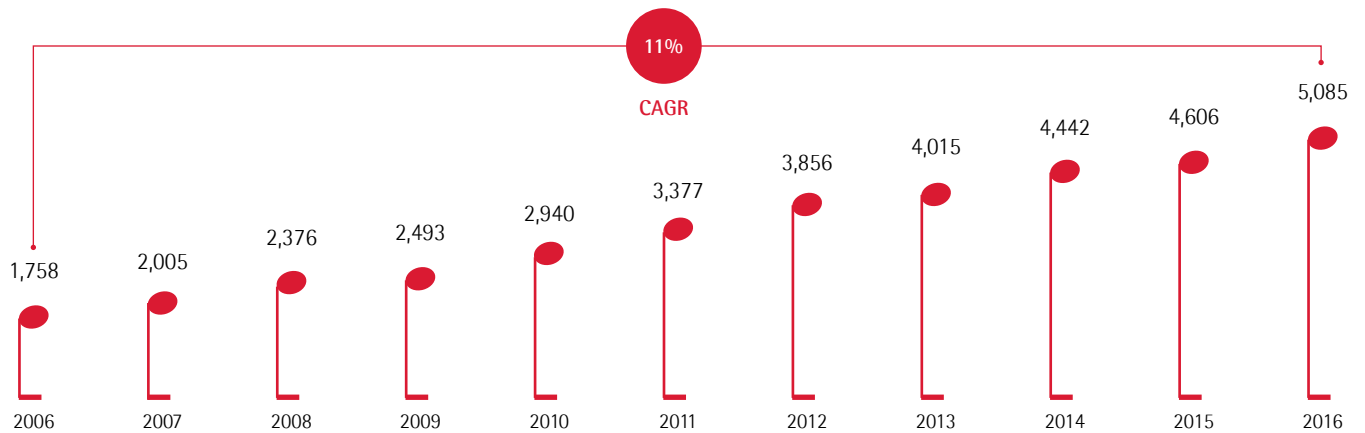
Having grown by 20% on average between 2006 and 2016, total receivables account for 5.6% in the Turkish finance industry.

## Financial Indicators - Shareholders' Equity

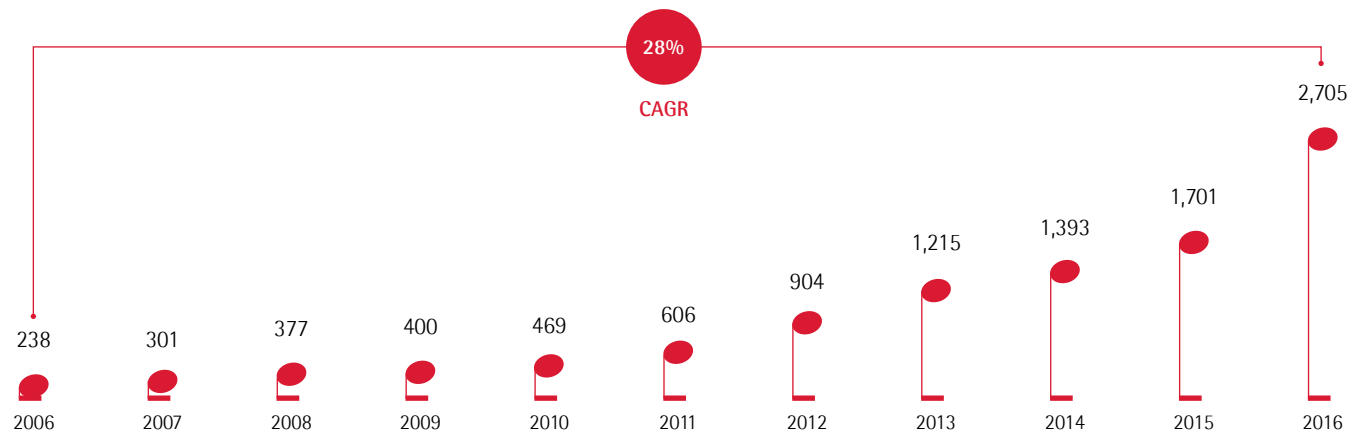
Financial Leasing Sector - Shareholders' Equity (TL million)



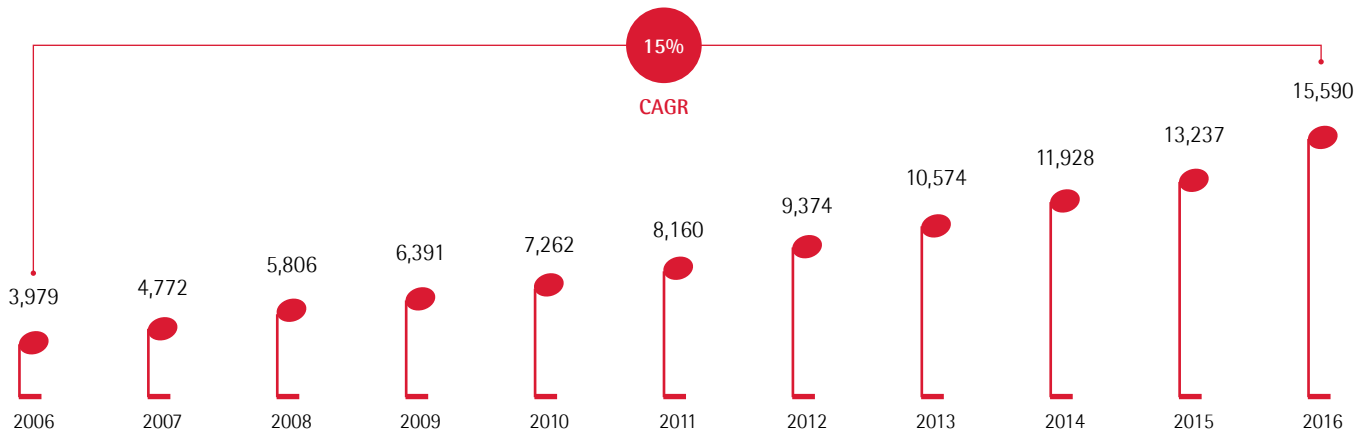
Factoring Sector - Shareholders' Equity (TL million)



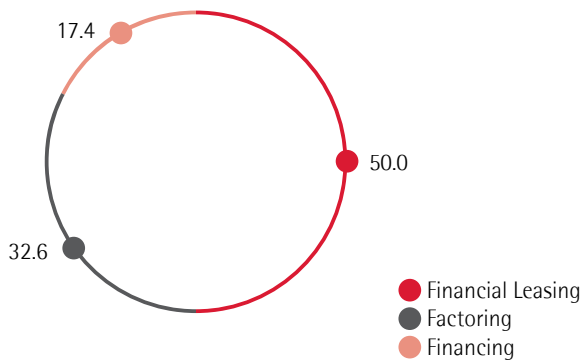
Financing Sector - Shareholders' Equity (TL million)



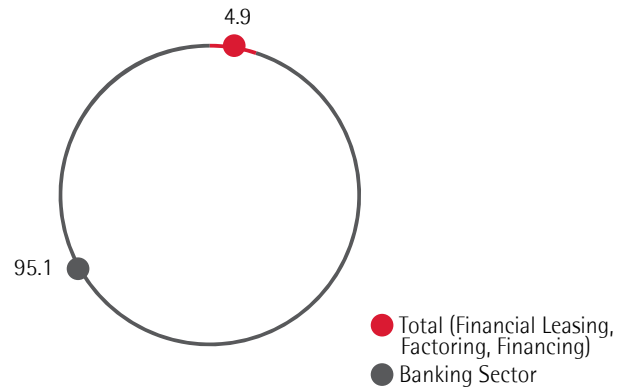
Total Shareholders' Equity of the Financial Leasing, Factoring, Financing Sectors (TL million)



Sectoral Breakdown of Total Shareholders' Equity (%)



Position in the Finance Sector (%)



## TL 15,590 million

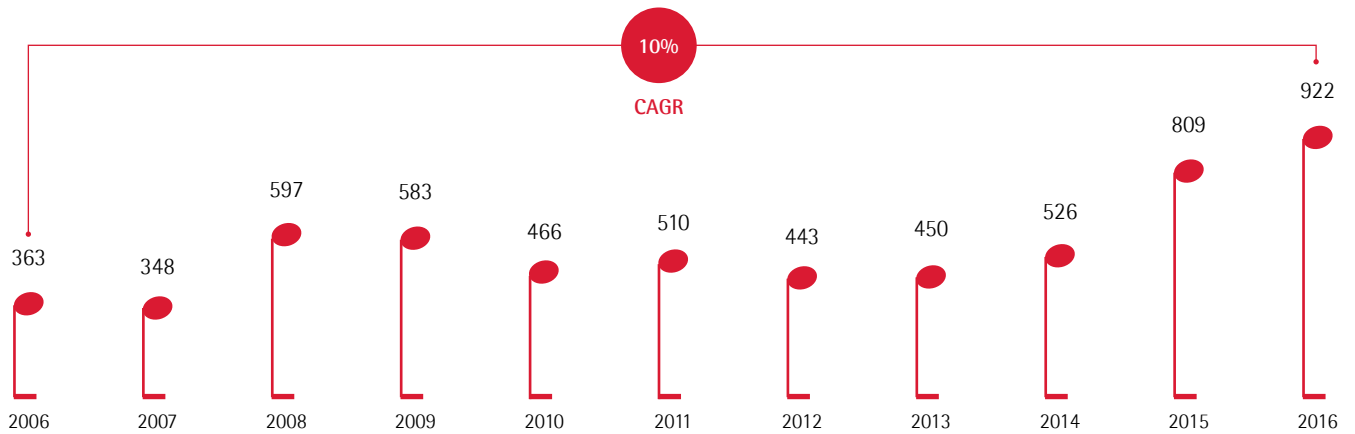
In 2015, total shareholders' equity of the three sectors grew 17.9% year-on-year and reached TL 15,590 million, whereas return on equity rose to 13.5% in 2016.

## 15%

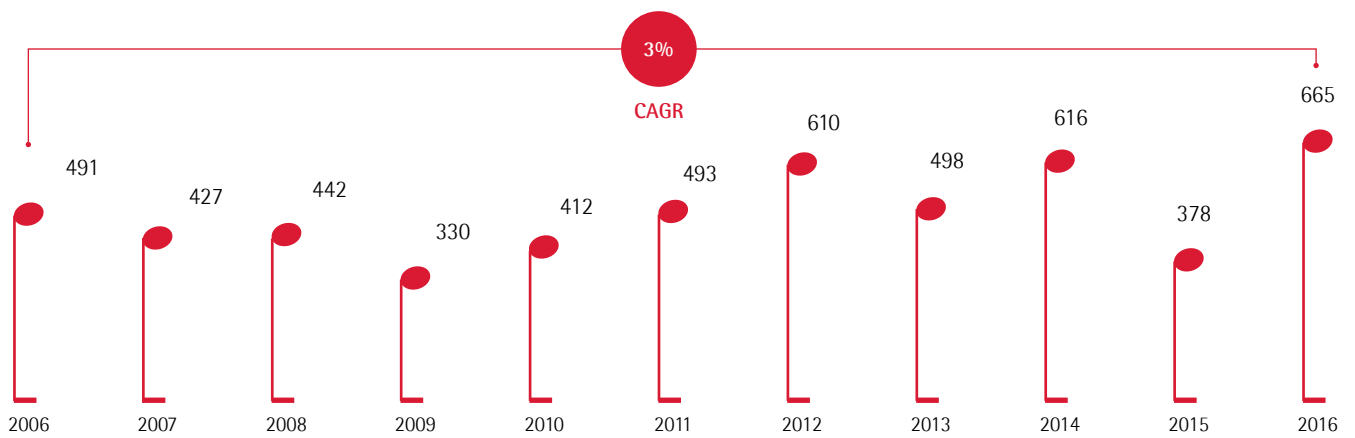
Total shareholders' equity of the sectors increased by 15% on average from 2006 to 2016. In terms of shareholders' equity, the three sectors constitute 4.9% of the Turkish finance industry.

## Financial Indicators - Net Profit

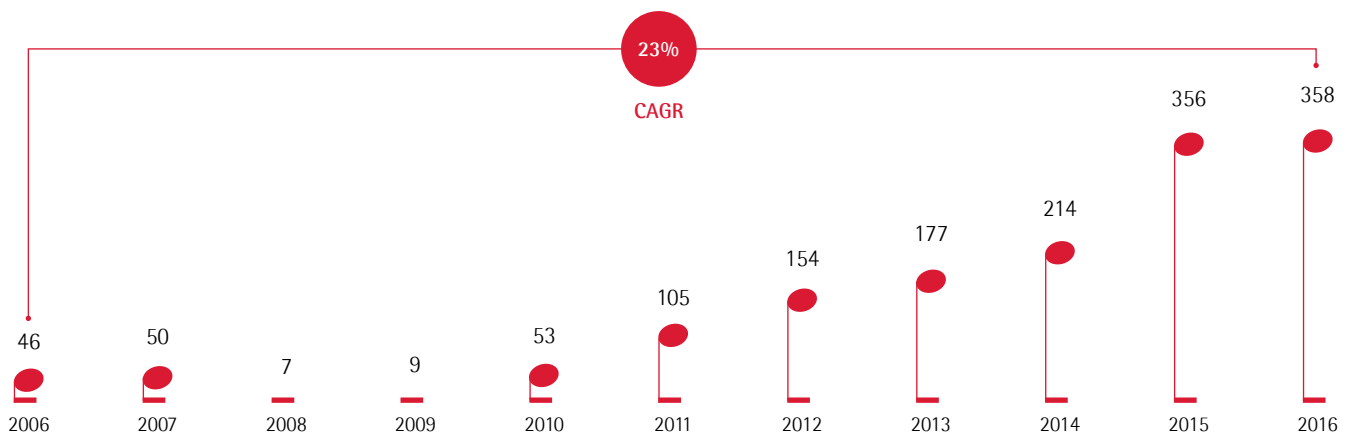
Financial Leasing Sector - Net Profit (TL million)



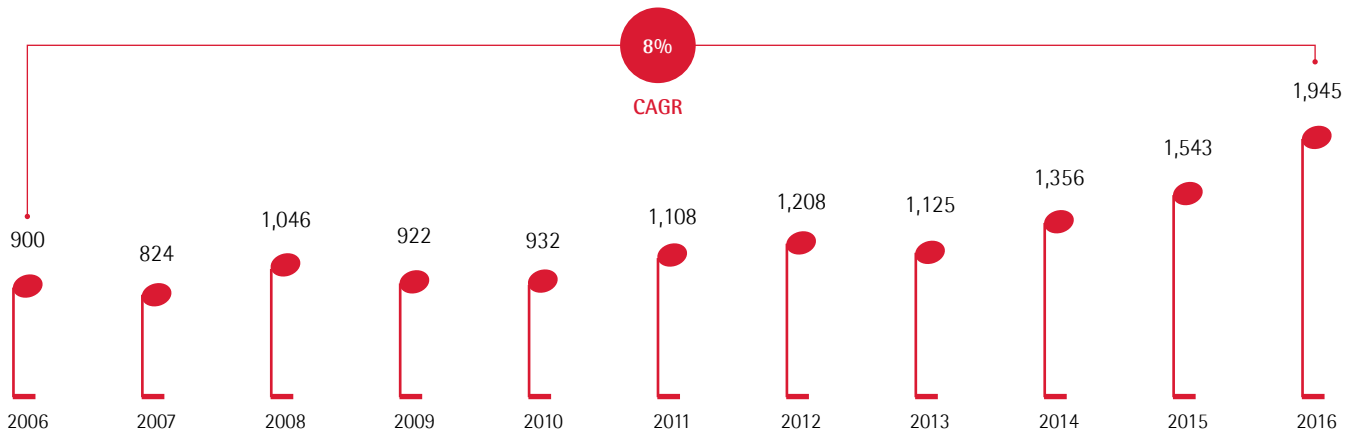
Factoring Sector - Net Profit (TL million)



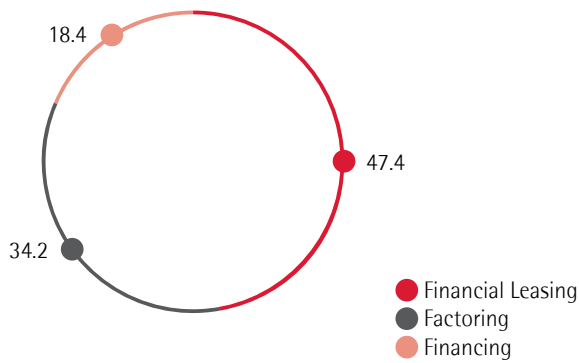
Financing Sector - Net Profit (TL million)



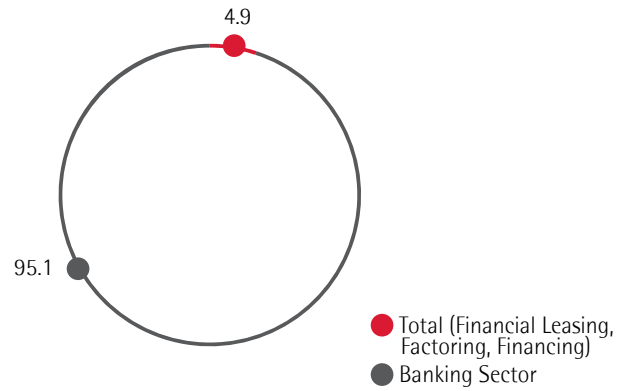
Total Net Profit of the Financial Leasing, Factoring, Financing Sectors (TL million)



Sectoral Breakdown of Total Net Profit (%)



Position in the Finance Sector (%)



## TL 1,945 million

At the end of 2016, total net profit of the sectors reached TL 1,945 million, up 25.4% on an annual basis. Financial leasing sector was the greatest contributor to total net profit with a share of 47.4%.

## 8%

Total net profit of the sectors showed an average rise of 8% from 2006 to 2016. With the net profit they generated, the sectors got 4.9% share in the Turkish finance industry.







# Deepenning the financial system

Our goal: Contribute to increasing the depth of the financial system

## Developments in the World and Turkish Economies

### Weak global economic growth

Having achieved only a fairly modest recovery in the aftermath of the worldwide financial crisis, global growth remained as weak as ever in 2016.

#### THE WORLD ECONOMY

##### The outlook for global growth remains uncertain.

Having achieved only a fairly modest recovery in the aftermath of the worldwide financial crisis, global growth remained as weak as ever in 2016. Improvements in economic growth figures coming from such places as the US, the euro area, the UK, and Japan were hampered by weak performance in developing countries other than China and India.

The emergence of a "Yes" majority in the UK's so-called "Brexit" referendum on whether or not to leave the European Union that took place in June last year was one of the triggers that altered the world's political climate. That result currently makes it impossible to make any meaningful predictions about the future course of economic policy in Europe.

The second trigger was the outcome of the US presidential and congressional elections that took place in November. Given their implications of a more introverted US policy stance, these results also raise a host of uncertainties with respect to upcoming elections due in Europe.

The likelihood that these two developments will influence the approaches and decisions of other countries will also determine the course of global economic policies in the period ahead as well. Because of the uncertainty and volatility with which it is beset, the world's overall political landscape poses a variety of problems for both the developed and the developing countries. The first indications of the impact that recent developments (mainly in trade) are viewed as being likely to have on fiscal and monetary policies and on capital flows have already begun to manifest themselves in global financial markets in the form of higher interest rates and the repricing of assets.

##### The global economy's growth rate remains below its long-term average.

In the April 2017 update of its Global Economic Outlook report the IMF said that global growth, which had weighed in at 3.4% in 2015, slipped to 3.1% in 2016. According to the same report, 2016 economic growth among the developed countries was only 1.7% whereas among the developing countries it was on the order of 4.1%.

While upwards revising its 2017 and 2018 growth rate projections for developed countries in general by a tenth of a percentage point, the IMF also did the same for the US economy based on its assumptions about the impact which the Trump administration's growth-focused policies would have. In the case of its 2018 projection, the 0.4 percentage point upward revision in the US economy's growth rate drew particular attention.

In the case of the UK, the IMF said that, subject to the contingencies of its post-Brexit referendum performance, the British economy was likely to grow somewhat faster in 2017 than previously anticipated however the fund also lowered its 2018 projection. Elsewhere there was a surprising recovery in economic activity in Japan thanks to strong net exports as well as in euro area countries such as Germany and Spain as a result of strong domestic demand.

Economic performance across emerging market and developing economies remained mixed however said the IMF. While China's growth remained a strong 6.7% reflecting continued policy support, activity slowed to 6.8% in India because of the impact of the currency exchange initiative and in Brazil, which has been mired in a deep recession, the economy shrank by 3.6%. Activity also remained weak in both fuel and nonfuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East and Turkey.



### 3.1% global growth

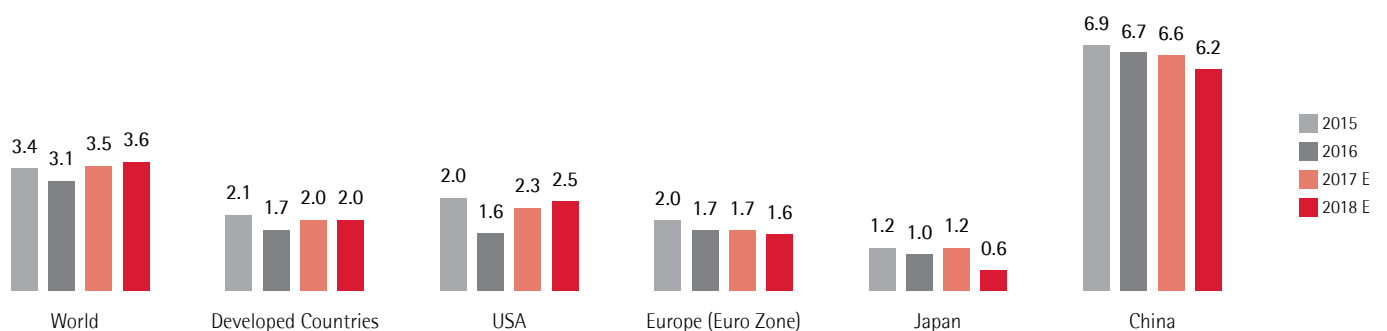
Global growth, which had weighed in at 3.4% in 2015, slipped to 3.1% in 2016.

#### World Economic Growth

	Realization (%)		Projection (%)	
	2015	2016	2017	2018
<b>World</b>	<b>3.4</b>	<b>3.1</b>	<b>3.5</b>	<b>3.6</b>
<b>Developed Countries</b>	<b>2.1</b>	<b>1.7</b>	<b>2.0</b>	<b>2.0</b>
USA	2.6	1.6	2.3	2.5
Europe (Euro Zone)	2.0	1.7	1.7	1.6
Japan	1.2	1.0	1.2	0.6
UK	2.2	1.8	2.0	1.5
Canada	0.9	1.4	1.9	2.0
Others	2.0	2.2	2.3	2.4
<b>Developing Countries</b>	<b>4.2</b>	<b>4.1</b>	<b>4.5</b>	<b>4.8</b>
Russia	-2.8	-0.2	1.4	1.4
China	6.9	6.7	6.6	6.2
India	7.9	6.8	7.2	7.7
Brazil	-3.8	-3.6	0.2	1.7
Mexico	2.6	2.3	1.7	2.0
Saudi Arabia	4.1	1.4	0.4	1.3
Nigeria	2.7	-1.5	0.8	1.9
South Africa	1.3	0.3	0.8	1.6

Source: IMF World Economic Outlook, April 2017

#### Economic Growth Rates (%)



E: Estimate

Source: IMF World Economic Outlook, April 2017

## Developments in the World and Turkish Economies

### 2.2% growth rate of international trade

The total volume of international trade grew by only 2.2% in 2016, which is a half a percentage point less than what it was in 2015.



#### Global trade continued to lose momentum in 2016.

Growth in global trade remained rather low in parallel both with the rather limited recovery that global economic activity has managed to achieve since the financial crisis and with weak investment. The total volume of international trade grew by only 2.2% in 2016, which is a half a percentage point less than what it was in 2015.

Looking at growth performance broken down by country group, production increases of 2.4% and 1.9% were achieved in the world's developed and developing countries respectively in 2016.

One of the principal reasons given for the contraction in global trade is the failure of the euro area to recover to the degree expected of it; however ongoing economic and political problems in the Middle East and North Africa are also cited.

In the Chinese economy, which is one of the principal actors in global trade, the ongoing process of changing over from an investment-based to a consumption-based growth model continues to be the proximate cause of global trade's weakness. Having said that however, the recent uptick in protectionist measures in foreign trade, especially among developed

countries, is also regarded as one of the most important stumbling-blocks frustrating the recovery in global trade.

#### The Primary Commodities Price Index was on an upward trend in the last quarter of 2016.

The energy and industrial metal indexes were up by 9.8% and 8.9% respectively in the last quarter of 2016, averaging 5.7% more than what they were in the same quarter of the previous year. Two things that played a decisive role in the rise in the industrial metal index were increased demand in China's construction industry and expectations that there would be a surge in infrastructure investment in the US in the wake of the country's November elections.

Another outcome of those elections was a drop in the gold price, a downward trend that gained additional momentum in the second half of December in response to the US Federal Reserve Bank's decision to raise interest rates and a relatively strong performance in oil and other commodity prices. Having continued to decline without interruption for three years in a row since 2013, the price of an ounce of gold at the end of 2016 was USD 1,158-only 9% higher than what it had been at the start of the year.

#### Growth in the World Trade Volume (2015-2018)

	Realization (%)		Projection (%)	
	2015	2016	2017	2018
World Trade Volume	2.7	2.2	3.8	3.9
Imports-Developed Countries	3.5	2.4	4.0	4.0
Imports-Developing Countries	3.7	1.9	4.5	4.3
Exports-Developed Countries	3.5	3.4	2.5	3.5
Exports-Developing Countries	3.1	2.1	3.6	4.3
Oil Prices	-47.2	-15.7	28.9	-0.3

Source: IMF World Economic Outlook, April 2017





### **\$54.7 price of a barrel of crude**

Having been confined to the USD 40-50/barrel range during the third quarter of 2016, the price of a barrel of crude closed the year at USD 54.70.

### **OPEC decided to cut back oil production in order to stabilize the world's fuel markets.**

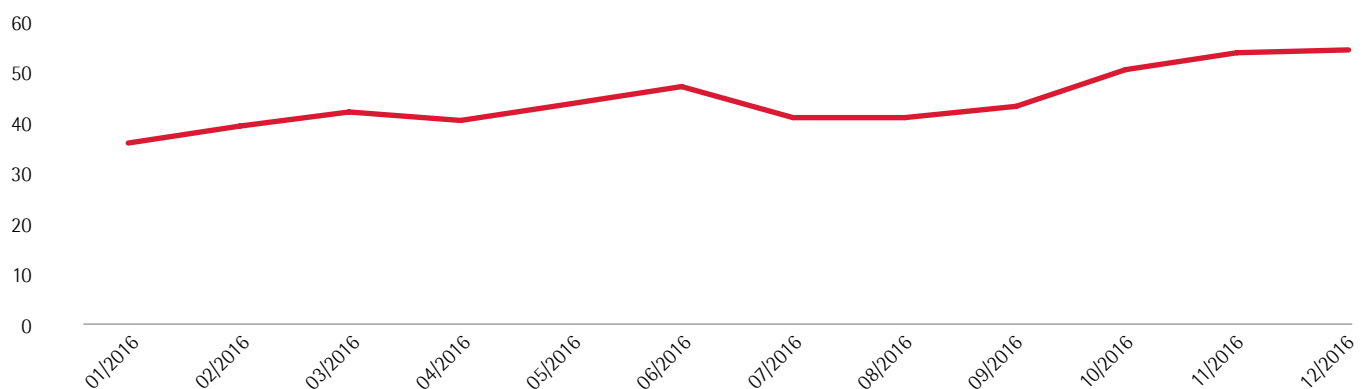
Having fallen to their lowest levels since 2003, oil prices began to show some volatility during the first three quarters of 2016. At an extraordinary OPEC meeting that was called on 30 November 2016, a decision was taken to reduce daily output by 1.2 million barrels to 32.5 million. It was also announced that this cutback would not go into effect until January 2017.

Besides being approved by the fourteen members of OPEC, this decision was also supported by non-member oil-exporters like Russia, which led to the price of a barrel of Brent crude jumping to USD 52.6, the highest hitherto witnessed during the year. Having been confined to the USD 40-50/barrel range during the third quarter of 2016, the price of a barrel of crude closed the year at USD 54.70, 45.4% higher than what it had been twelve months earlier.

The OPEC's decision applied only to the first half of 2017 but it was also made clear that it might be extended for another six months should circumstances make it necessary. Most of the cuts called for in the agreement were to be made by Saudi Arabia, the United Arab Emirates, and Kuwait while Libya, Nigeria, and Iran were not required to make cuts at all.

Although OPEC's production cutback will adversely affect consumers by making oil costlier, it can be expected to have a positive impact on those countries that are net oil exporters. In the wake of OPEC's late-November decision, the OECD revised its oil price projection for 2017 from USD 53 to USD 55 a barrel. The Institute of International Finance however, citing shale oil exploitation and high stock levels in the US, expressed the view that any increases in Brent oil prices would be much more modest and that, despite the OPEC cutback decision, prices would remain within the USD 49-52/barrel range during 2017.

### **Brent Oil Price (USD/barrel)**



## Developments in the World and Turkish Economies

### \$157.7 billion Market capitalization of Borsa İstanbul

At year-end 2016 the market capitalization of Borsa İstanbul stood at USD 157.7 billion with a year-on decrease of 16.5%.



### Growth, Unemployment, Consumer Prices – Selected Countries (%)

	Growth			Unemployment			Change in Consumer Prices		
	Realization	Projection		Realization	Projection		Realization	Projection	
	2016	2017	2018	2016	2017	2018	2016	2017	2018
USA	1.6	2.3	2.5	4.9	4.7	4.6	1.3	2.7	2.4
Germany	1.8	1.6	1.5	4.2	4.2	4.2	4.2	0.4	1.7
France	1.2	1.4	1.6	10.0	9.6	9.3	0.3	1.4	1.2
Italy	0.9	0.8	0.8	11.7	11.4	11.0	-0.1	1.3	1.3
Spain	3.2	2.6	2.1	19.6	17.7	16.6	-0.2	2.4	1.4
UK	1.8	2.0	1.5	4.9	4.9	5.1	0.6	2.5	2.6
Japan	1.0	1.2	0.6	3.1	3.1	3.1	-0.1	1.0	0.6
Canada	1.4	1.9	2.0	7	6.9	6.8	1.4	2.0	2.1
China	6.7	6.6	6.2	4.0	4.0	4.0	2.0	2.4	2.3
India	6.8	7.2	7.7	-	-	-	4.9	4.8	5.1
Russia	-0.2	1.4	1.4	5.5	5.5	5.5	7.0	4.5	4.2
Brazil	-3.6	0.2	1.7	11.3	12.1	11.6	8.7	4.4	4.3
Mexico	2.3	1.7	2.0	4.3	4.4	4.4	2.8	4.8	3.2
South Africa	0.3	0.8	1.6	26.7	27.4	27.7	6.3	6.2	5.5

Source: IMF World Economic Outlook, April 2017

Looking at crude oil market developments in demand, the International Energy Agency pointedly refrained from making any changes in its demand forecasts for 2017 and it kept an especially tight lid on its projections for any increases in demand taking place in either China or India.

In the event that the rise in protectionist foreign trade policies among developed countries do cause global trade to slow down even more, it is within the realm of possibility that the demand for crude oil will decline still further.

**Although inflation rates were up in developed countries in 2016, they showed modest declines among the developing countries.**

In 2016 the twelve-month inflation rate rose to 1.3% and 2.1% in the US and China respectively while in the euro area it increased by only 0.2% and in Japan it fell by 0.1%.

The rise in inflation in developed countries would appear to stem from a somewhat more positive economic outlook as well as from higher oil prices. The prospects of more expansionist economic policy planning in the United States in the wake of the country's November elections and expectations as to what the US Federal Reserve Bank might do nourished the strength of the US dollar, which gained value. While there may be modest increases in euro area inflation rates fueled by somewhat higher energy prices in the near term, it is likely that

Japan will continue to underperform its medium-term inflation target for yet some time to come. Owing to uncertainties over British-EU relationships in the post-Brexit landscape and the resulting weakness in the pound, it is forecast that inflation in the UK will fall below the 2% target set for 2017 and 2018 but that it may achieve it in the years that follow.

Although developing countries' capital markets generated higher yields in 2016, there were some improvements to be seen in those of developed countries.

According to figures published by the World Federation of Exchanges, the aggregate market value of the world's capital markets amounted to USD 67.1 trillion as of end-2015; in the twelve months to end-2016, that figure slipped slightly to USD 65.9 trillion.

Looking at market value on a regional basis we see that US exchanges were the best performers with their combined market value increasing by 10.8% year-on to USD 31 trillion in 2016.

Exchanges in the Asia-Pacific region by contrast saw their combined market value fall by 18.5% to USD 18.9 trillion. European, African, and Middle East markets registered a barely perceptible 0.5% rise year-on and amounted to USD 16.9 trillion in value.

The exchange that registered the highest twelve-month increase in its market value on a percentage basis was the

Belarus Currency & Stock Exchange, whose market value shot up by 132% to USD 1.2 billion last year. That was followed in quick succession by TROP-X (Seychelles) with the Moscow Exchange and BM&F BOVESPA (Sao Paulo) coming in a distant third and fourth place with rises of 61.7% and 57.8% respectively.

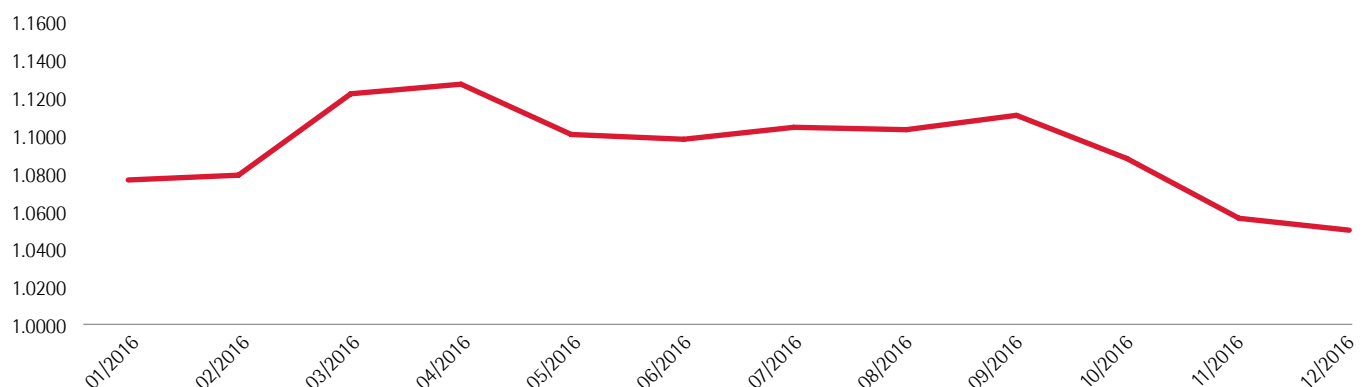
The exchange which suffered the biggest twelve-month percentage loss was Nigeria's, which saw its market value plummet by 42.2% from USD 50 billion in December 2015 to USD 28.9 billion in December 2016.

The Nigerian Stock Exchange was followed by the nearly equally dismally-performing Egyptian Exchange (down 41.8% year-on). Coming in third and fourth places were the Ukrainian Exchange (down 22.1%) and Borsa İstanbul, whose market value fell by 16.5% to USD 157.7 billion.

Long the world's biggest stock exchange in terms of total market capitalization, the New York Stock Exchange easily maintained that standing in 2016. The market capitalization of its listed companies, which amounted to about USD 17.8 trillion at end-2015, increased by 10% to USD 19.6 trillion over the next twelve months.

NASDAQ OMX saw its aggregate market value increase by 6.8% to USD 7.8 trillion in the twelve months to end-2016 while the market capitalization of the Japan Exchange Group increased by 3.4% to USD 5.6 trillion during the same period.

## EUR/USD Parity



## Developments in the World and Turkish Economies

### 2.9% GDP growth rate

Twelve-month GDP as expressed as the total of four previous quarters calculated using the production method was 2.9% higher year-on in 2016 according to the chain index method.



## THE TURKISH ECONOMY

### Turkey had to contend with quite difficult issues on both the political and the economic fronts in 2016.

In 2016 the Turkish economy was overshadowed by adverse global developments, by intractable conditions in the Middle East, and by a diplomatic crisis with Russia. In addition to all of that, the country also had to contend with an attempted military coup on July 15<sup>th</sup> and with the state of emergency that had to be imposed in its aftermath. The confluence of so many hardships inevitably obstructed the ordinary course of economic activity.

### Gross domestic product increased by 2.9% in 2016.

Internal/national dynamics contributed as much to the difficulties that confronted the Turkish economy last year as did global ones. Despite such an unfavorable environment however, the growth rate, which is the most telling indicator of economic activity, continued to hold up.

In line with revisions in national income account calculations according to the chain index method (2009=100) made by TurkStat in the third quarter of 2016, projected 4<sup>th</sup>-quarter 2016 GDP was 3.5% higher than what it was in the second quarter of the previous year. In terms of current prices it amounted to TL 734.4 billion.

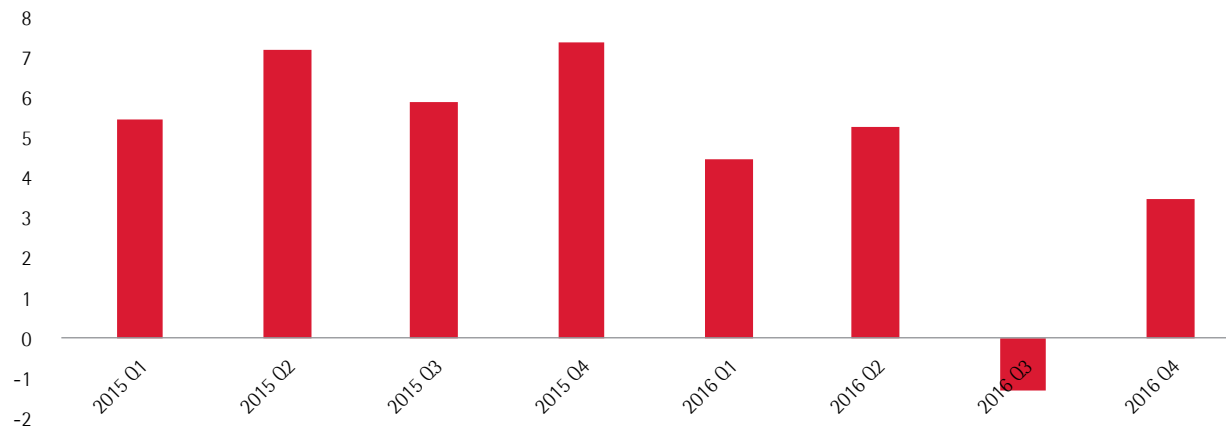
Twelve-month GDP as expressed as the total of four previous quarters calculated using the production method was 2.9% higher year-on in 2016 according to the chain index method. Current-price GDP increased by 10.8% year-on in 2016 and reached TL 2.6 trillion. Looking at a breakdown of year-on changes in activities that make up GDP as reported according to the same method we see that the total added-value contribution of agriculture was down by 4.1%, that the contributions of manufacturing and construction were up by 4.5% and 7.2% respectively, and that the contribution of services slipped by 0.8%.

Current-price per capita GDP weighed in at TL 32,676 (USD 10,807) in 2016.

## GDP Growth

Year	GDP (Current prices – TL million)	Change (%)	Growth rate (%)	GDP per capita (USD)
2010	1,160,014	16.1	8.5	10,560
2011	1,394,477	20.2	11.1	11,205
2012	1,569,672	12.6	4.8	11,588
2013	1,809,713	15.3	8.5	12,480
2014	2,044,466	13.0	5.2	12,112
2015	2,337,530	14.3	6.1	11,014
2016	2,590,517	10.8	2.9	10,807

Source: TurkStat

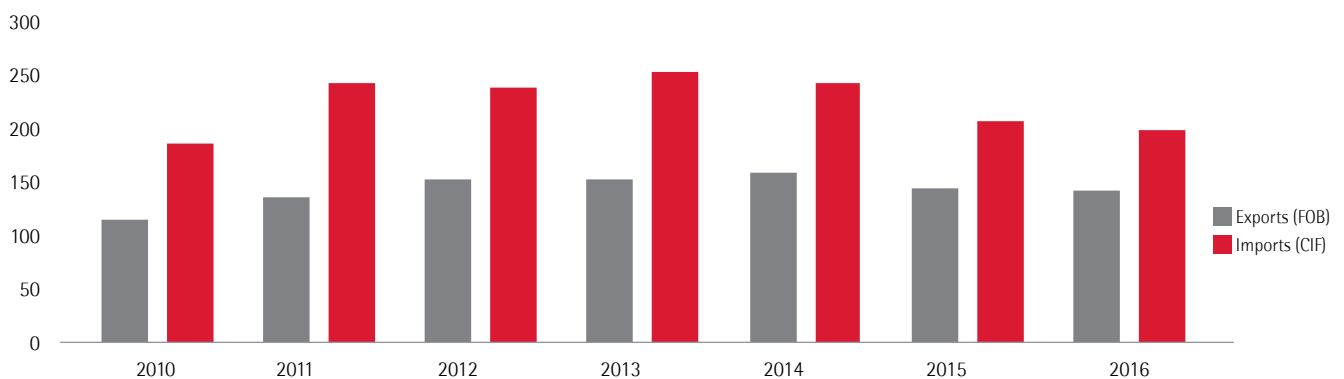
**GNP Growth (%)**

Source: TurkStat

**The downward trend in both exports and imports continued in 2016.**

Despite the gradual recovery that European economies experienced in 2016, violence and tensions in Turkey's immediate region adversely impacted on the country's export performance. Besides the geopolitical problems, the pressures exerted by low oil prices on the national incomes oil-exporting countries caused contractions in Turkey's exports to Middle Eastern and North African countries as well as to Russia and Iraq. On a twelve-month basis, Turkish exports were down by 0.9% and were worth USD 143 billion in 2016.

The depressed price of oil was also the determining factor in the contraction observed in Turkey's import trade in 2016, a year in which the volume of the country's imports shrank by 4.2% and amounted to USD 199 billion in value. As a result of such developments Turkey's foreign trade deficit shrank by 11.7% last year and weighed in at USD 56 billion. The country's terms of trade (TOT) ratio, which was 69.4% in December 2015, was up slightly to 71.8% twelve months later.

**Foreign Trade (USD million)**



## Developments in the World and Turkish Economies

### \$143 billion total exports

On a twelve-month basis, Turkish exports were down by 0.9% and were worth USD 143 billion in 2016.



Supported by favorable TOT developments and by macroprudential measures, the improvement in Turkey's current balance continued during the first eight months of the year. This was followed by a period of expansion in the current account deficit (CAD) as the effects of low energy prices dissipated but also due to a contraction in tourism revenues. As of November 2016 the 12-month CAD amounted to USD 33.7 billion. It was financed by foreign direct capital investment and by long-term borrowing.

### The pronounced recovery in core inflation indicators ended.

Consumer prices were up by 8.53% on a twelve-month basis in 2016. Although their rise appeared to be gradually slowing down after July, they shot up significantly in December and ended the year well above the inflation target's uncertainty band. This performance was largely attributable to a weak Turkish lira, to "tax adjustments", and to rises in some food prices. An analysis on the basis of subgroups shows that the most outstanding developments took place in last-quarter energy prices and in alcohol & tobacco, food, and

## Foreign Trade and Balance of Payments

USD million	2010	2011	2012	2013	2014	2015	2016
Exports (FOB)	113,883	134,907	152,462	151,803	157,610	143,839	142,606
Imports (CIF)	185,544	240,842	236,545	251,661	242,177	207,234	198,602
Foreign Trade Balance	-71,661	-105,935	-84,083	-99,859	-84,567	-63,395	-55,996
Foreign Trade Volume	299,428	375,749	389,007	403,464	399,787	351,073	341,208
Foreign Trade Volume /GDP (%)	38.8	45.2	44.7	42.5	42.9	40.8	39.8
Exports/Imports (%)	61.4	56.0	64.5	60.3	65.1	69.4	71.8
Energy Imports	38,497	54,117	60,116	55,916	54,889	37,842	27,154
Brent Oil Barrel Price (USD)	80.2	113.4	112.0	109.4	97.5	52.5	44.0
Current Account Balance	-44,616	-74,402	-47,962	-63,621	-43,597	-32,118	-32,605
Current Account Balance /GDP (%)	-5.8	-8.9	-5.5	-6.7	-4.7	-3.7	-3.8
Current Account Balance (excluding gold)	-44,163	-69,624	-53,671	-51,842	-39,701	-36,073	-34,395
Current Account Balance (excluding gold)/GDP (%)	-5.7	-8.4	-6.2	-5.5	-4.2	-4.2	-4.0
Travel Revenues	22,585	25,054	25,345	27,997	29,552	26,616	18,743
Net Direct Investment	-7,617	-13,812	-9,522	-9,269	-5,781	-12,455	-8,998
Direct Investment Inflow	9,099	16,182	13,628	12,896	12,828	17,550	12,116
CBRT Gross FX Reserves	80,721	78,458	99,923	110,928	106,902	92,922	92,051
CBRT Total Reserves	110,027	110,510	137,518	147,880	141,854	128,077	129,555

Source: TurkStat, CBRT

basic commodity prices during the month of December. The pass-through effects of the erosion in the Turkish lira after September manifested themselves rather quickly in energy prices. When combined with late-year upward movements in crude oil prices, the result was a sharp surge in inflation.

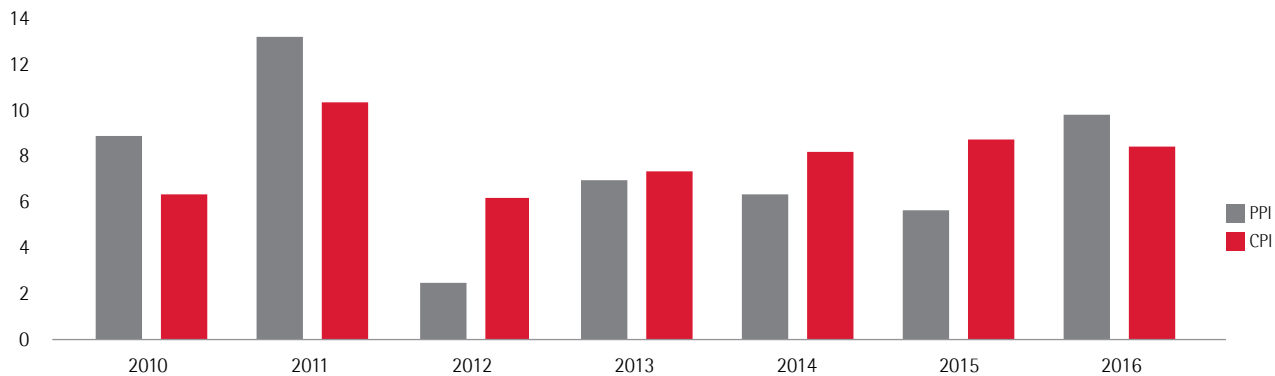
Driven by developments in manufacturing industry prices, domestic producer prices rose by 9.4% in 2016. Last year's rises in international commodity prices, particularly those of oil and metal, adversely impacted on producer prices and the price increases associated with these developments were to be seen in the subgroups.

With manufacturing industry prices up by 6.73% on a quarterly basis, twelve-month inflation in this group weighed in at 12.07%. Significant increases in manufacturing industry inflation were to be seen in every group other than oil and primary metal.

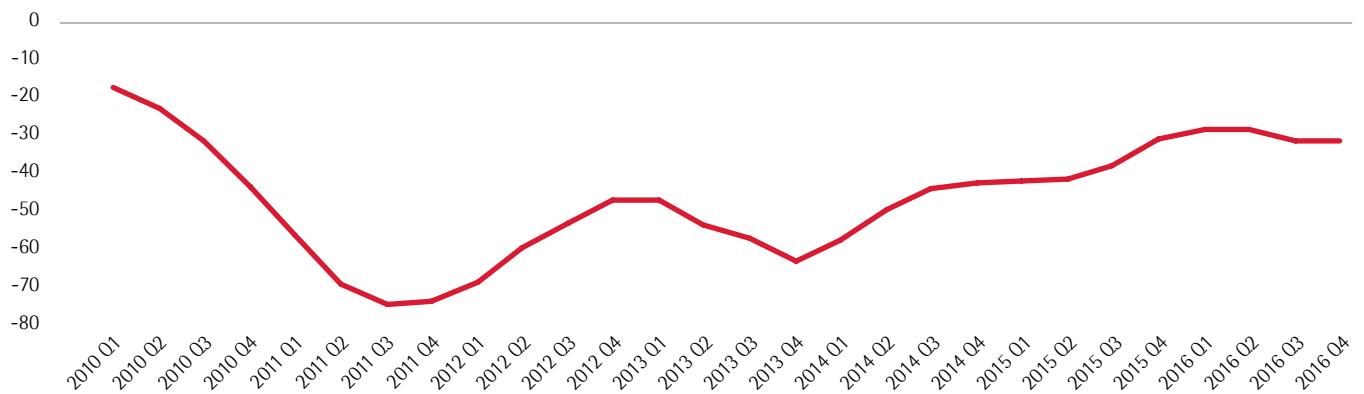
#### The current account deficit remained sedate.

The overall downward course that was to be observed in the Turkey's current accounts in previous years was reversed and replaced with a slight rise in 2016. The current account deficit as of year-end was USD 32.6 billion.

**Inflation (Annual - %)**



**Current Deficit (USD million)**





Our goal: Contribute to the development of our sectors through adherence to best practices

**Contributing to sectoral development**



## 2016 AFI operations

### Central Invoice Recording System

The Central Invoice Recording System, a project undertaken by the Association of Financial Institutions in partnership with the Credit Bureau of Turkey to protect factoring companies and banks against the potential harm caused by duplicate invoicing and financing in the conduct of their vitally important trade-finance operations, has been operating effectively since 2015.

#### Major projects and developments

##### Central Invoice Recording System

The Central Invoice Recording System (CIRS) is a system that has been created to aggregate all information and documents pertaining to factoring receivables so as both to prevent the same receivable from being assigned more than once and to provide a means to monitor and report factoring-industry data.

The Association of Financial Institutions (AFI) was given the duty of setting up this system under article 43 of the Leasing, Factoring, and Financing Companies Act (Law no: 6361), which went into effect with its publication in the official gazette on 13 December 2012.

As per that mandate as well as that of applicable articles of AFI's charter that went into effect with their publication in the official gazette on 25 July 2013, AFI began working on CIRS. As a first step, a separate subsidiary to be in charge of the project was set up within the association and the Factoring Sector Representatives Board was given responsibility for its

management. In February 2014, AFI decided to work with the Credit Bureau of Turkey on the design and composition of CIRS's software infrastructure.

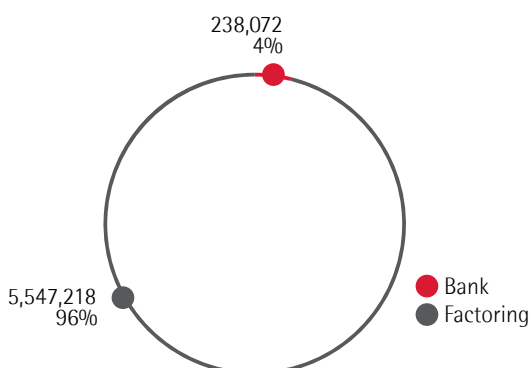
Created in collaboration with the Credit Bureau of Turkey as a project to protect factoring companies and banks against the potential harm caused by duplicate invoicing and financing in the conduct of their vitally important trade-finance operations, CIRS became operational in 2015. As of end-2016, the system was being used by 17 banks and 61 factoring companies.

As a first step, invoices and similar documents related to the assignment of commercial receivables began to be fed into the system. The immediate effect of this was to spot the duplicate assignment of a quarter of a million documents (65 thousand in 2016 alone) and prevent the fraud they would have led to.

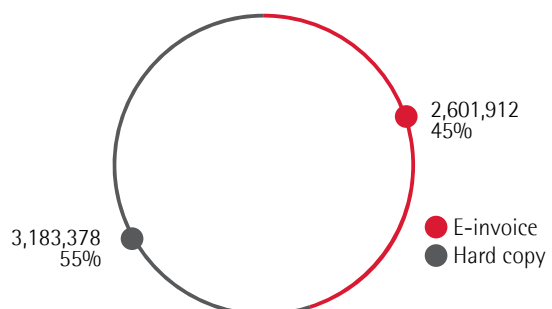
#### # of Risky Transactions

2015	2016
185,000	65,000

#### 2016 # of Transfers (Type of Business)



#### 2016 # of Transfers (Type of Document)





## 2.6 million documents

In 2016, 2.6 million instances of electronic documents were checked through the Revenue Administration integration.

### CIRS has become a data center.

After intensive analysis carried out during 2015, the second stage of the project (software design and commissioning) was turned over to the Credit Bureau of Turkey. In this phase, which became operational in 2016, information about payment instruments such as checks, notes, and bills as well as their collection was also fed into the system. With these additions, CIRS became a data center which allows invoicees' payment performance to be monitored and whose importance to the country is second only to that of the Banks Association of Turkey's Risk Center.

### The Department of Revenue Administration's e-invoices have been integrated into CIRS.

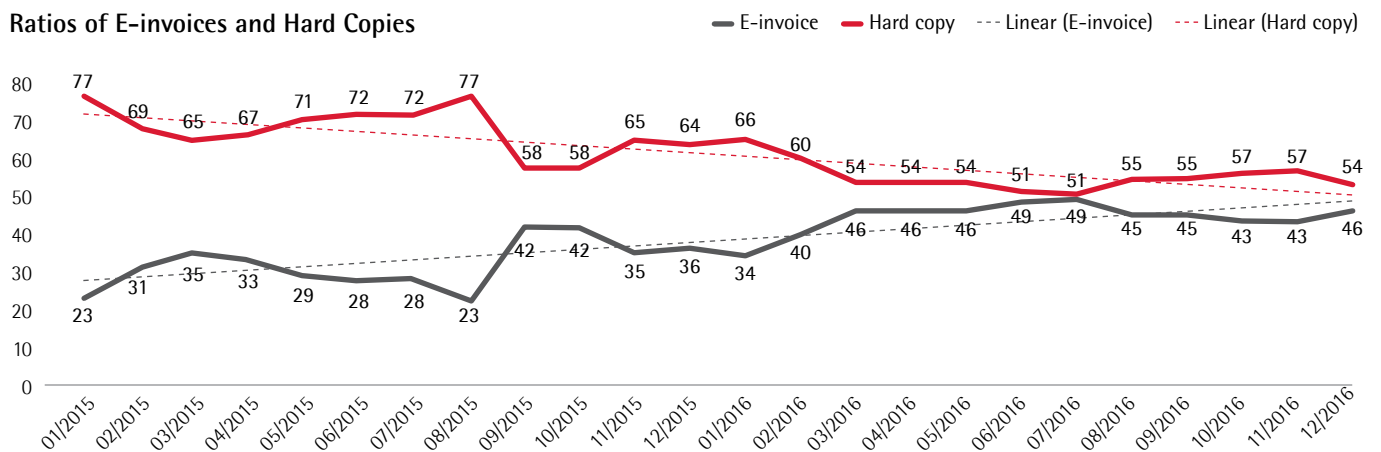
Under an agreement between AFI and the Department of Revenue Administration personal identification-number, tax-registration number, e-invoicing obligations, and e-invoice verification functions were also linked into CIRS. These additions have made CIRS an innovative system that provides

the means for the integrated querying, monitoring, and reporting of all of the information contained within it.

When CIRS first became operational, e-invoices accounted for only about 20% or so of the total number of issuances; by the end of 2016, that had more than doubled to 49% on a monthly basis. Last year, a total of 5.8 commercial invoices issued by 148 thousand vendors to 355 thousand buyers in 81 provinces were checked against CIRS. The 2.6 million instances of electronic documents among that number were checked through the system's Revenue Administration links and 868 thousand emails were sent out to inform CIRS user companies about the results.

Document Type	Units	Average Amount of Document	Share (%)
E-archive	239,559	7,724	4
E-invoice	2,362,353	29,402	41
Hard copy	3,183,378	20,749	55
<b>General Total</b>	<b>5,785,290</b>	<b>23,743</b>	<b>100</b>

### Ratios of E-invoices and Hard Copies



## 2016 AFI operations

### CBRT-Turk Eximbank Rediscount Credits

Since 2015, factoring companies have started to provide export companies with CBRT-sourced and cost advantageous post-shipment export credits through Turk Eximbank.

#### Users can now access CIRS reporting functions.

With the completion of analysis and software development work, CIRS's reporting functions were made accessible to users. During 2016 users made effective use of the thirty different report formats that the system recognizes.

#### A new database is being put together for all collateral that is put up as credit guarantees.

Information about all factoring contracts that banks and factoring companies enter into must be fed into CIRS: this is a requirement of the law and compliance is mandatory. However banks also accept assignments as collateral for loans that they make and some banks have also begun to voluntarily report these to CIRS as well in order to prevent them from being used more than once.

#### The Central Invoice Recording System's name and logo have been officially registered.

CIRS's name and logo were officially registered during 2016.



#### CBRT-Turk Eximbank rediscount credit

Under a set of instructions concerning the implementation of export and foreign exchange earning services rediscount credit published by the Turkish Central Bank (CBRT) on 4 February 2015, bills which exporters assign to factors and which the factors then endorse over to Turk Eximbank

qualify for CBRT post-shipment rediscount credit. This CBRT decision, which was taken as a result of the joint efforts of the Association of Financial Institutions, Turk Eximbank, and the Turkish Exporters Assembly, will increase the value that the factoring industry creates for Turkey's export industries by supporting and serving the country's small- and medium-sized enterprises.

Channeling more financial support through CBRT to AFI-member factoring companies generates significant cost advantages for exporters. By creating opportunities for Turkish exporters to do business in new markets through the finance, guarantee, and collection services that it provides, the factoring sector is also undertaking an important mission in aid of Turkey's efforts to achieve its USD 500 billion/year exports target by 2023. SMEs are responsible for a big part of Turkey's export trade and the financing alternatives which are provided to them through factoring companies will give them access to financing support that is capable of lowering their average credit costs and enhancing their competitive strength.

#### Turk Eximbank export credit insurance

2015 saw the completion of a project which was conducted jointly by the AFI Exim Insurance Committee and Turk Eximbank officials and whose aim was to integrate Turk Eximbank's export credit insurance system into the operations of the Turkish factoring industry. As a result of this collaboration between industry and Turk Eximbank representatives that was achieved under AFI auspices, Turk Eximbank short-term export credit insurance began playing an even greater role in Turkish exporters' ability to venture into global markets.

Correspondent-guaranteed export factoring is a form of factoring that is used in 90 countries around the world but mostly in Europe and the Americas. Such deals, which account for about 7% or so of total exports, involve providing payment

## Supply-Chain Finance System

Work continued in 2016 on the development of an electronic platform for supply-chain financing products and services which, in keeping with practices elsewhere in the world, the Banking Regulation and Supervision Agency treats as a form of factoring.

guarantees for receivables that arise from unsecured cash-against-goods sales, monitoring collections, and converting receivables to cash before their due date. With the addition of Turk Eximbank export credit insurance to its existing portfolio of factoring products and services, Turkey's factoring companies are now providing service in 238 countries in Africa, the Middle East, and elsewhere around the world.

### Sale-and-leaseback

Sale-and-leaseback (leaseback) is a form of asset financing in which the owner of a property sells an asset-typically real estate-to a leasing company under a leasing agreement and then immediately leases it back from the buyer. The payment that the former owner receives from the leasing company can be used as operating capital. The leaseholder subsequently pays rent on the asset during the lifetime of the agreement, at the end of which he recovers the asset against payment of a token value. Businesses that make use of the leaseback method of asset financing are in effect making use of a long term, fixed-interest business loan and the rent they pay is really the repayment of that loan. Leaseback also allows businesses that value real estate properties shown in their balance sheets at their historical cost to value them at their current cost instead. Law no: 6728, which went into effect on 9 August 2016, cleared up certain uncertainties about leaseback-related tax issues.

### Contract Registration System AFI registry for financial leasing agreements

A government circular requiring all financial leasing agreements to be registered with the Contract Registration System (CRS) that went into effect on 9 February 2015 inaugurated a new era in the Turkish financial leasing industry. With the introduction of the requirement that all such agreements be registered in AFI's CRS registry, it is no longer necessary for them to be notarized.

Under the new rules, all financial leasing agreements entered into in Turkey must be registered with or reported to the AFI CRS registry, which serves as a centralized database that provides quick and trustworthy access to information about the agreements and the parties to them.

Created by the Central Registry Agency on AFI's behalf, this system is now functioning effectively.

### Supply-Chain Finance System

Work continued in 2016 on the development of an electronic platform for supply-chain financing products and services which, in keeping with practices elsewhere in the world, the Banking Regulation and Supervision Agency treats as a form of factoring. When this new market is added and becomes operational in the financial system, it is expected that SMEs' share of the total credit supply will increase from 26% to 35%.

Supply-chain finance is a method that provides financing by accepting as collateral the commercial receivables of suppliers (many of whom will be SMEs) who supply goods and services to large firms (on whose credit-worthiness the system rests) that deal with a large number of suppliers. In this system, suppliers whose own access to credit may be limited owing to the modest dimensions of their operations benefit because they immediately convert their receivables to cash without having to wait until the due-date and can use that money to finance production for new orders. The system also makes it possible for SME suppliers to benefit from borrowing rates which are very close to those that are enjoyed by buyers whose own creditworthiness is high. For buyers, the supply-chain finance system means that they are spared the operational costs of having to keep track of payments to a large number of suppliers and can do it instead through a single financial institution or perhaps just a few.

## 2016 AFI operations

### Last stage at the Private Integrator Project

The activities in the Private Integrator Project gained considerable momentum in 2016 and on 23 September 2016 an application was made to the Department of Revenue Administration for licensing approval. It is planned that the project will begin operating before the end of 2017.

The AFI Supply-Chain Finance System is being set up within the association as an online portal to which factoring companies, banks, and thousands of suppliers and buyers will have access. A world-beating project as unique and exceptional as the Central Invoice Recording System, the AFI Supply-Chain Finance System is slated to become operational before the end of 2017. Working with an outside consultancy, AFI announced system tendering last year with a cutoff date of 12 January 2017. Firms' bids are currently being evaluated.

The specifications of the AFI Supply-Chain Finance System online portal call, among other things, for a user-friendly interface that allows buyers, suppliers, and financial institutions to view the progress of transactions in an electronic environment.

#### Private Integrator Project

The Private Integrator Project is a project that AFI is working on in order to help businesses adapt more quickly to the steadily increasing presence of e-invoices, e-registers, and e-archives in commercial life. Formalities have been initiated to qualify AFI's factoring subsidiary for a "private integrator" license. A firm has been selected and a contract has been signed for this purpose.

We have reached the last stage of this project, which was started in 2015. Project-related activities gained considerable momentum last year and on 23 September 2016 we applied to the Department of Revenue Administration for licensing approval. System testing and verification procedures began immediately and upon their successful completion the Revenue Administration approval was received. All associated infrastructure is now in place.

It is planned that AFI's Factoring Commercial Enterprise will begin operating as a private integrator before the end of 2017.

### Member-related developments

Having been awarded its Banking Regulation and Supervision Agency license, Turkcell Finansman A.Ş., a microloan provider, joined AFI on 22 February 2016 and moved rapidly into the sector.

Evkur Finansman A.Ş., a consumer-finance company set up by Evkur Mağazacılık, a retailing chain that sells everything from kitchen appliances and telephones to furniture and cars, joined AFI on 23 August 2016.

At the request of the firms themselves, the Banking Regulation and Supervision Agency cancelled the operating licenses of Değer Faktoring A.Ş. (4 February 2016), Erişim Faktoring A.Ş. (11 February 2016), ACL Faktoring A.Ş. (18 August 2016), Smart Finansal Kiralama A.Ş. (11 November 2016), and De Lage Landen Faktoring A.Ş. (5 January 2017).

The name of PSA Finansman A.Ş., a company which was acquired by QNB Finansbank and which is intended to specialize in consumer finance, was changed to Hemenal Finansman A.Ş.

Pursuant to a resolution passed at its company general meeting on 14 October 2016, the name of Kaynak Finansal Kiralama A.Ş. was changed to Pervin Finansal Kiralama A.Ş.

## Member Meetings

Date	Description	Sector
7 January	Supply-Chain Finance Committee	Factoring
12 January	Sector Representatives Board Meeting	Factoring
13 January	Regulatory and Legal Committee	Factoring
14 January	Sector Representatives Board and Board of Directors Meetings	AFI
20 January	Financial Crimes Investigation Board and Internal Control Committee	Factoring
20 January	Meeting of General Managers	Financial Leasing
9 February	Sector Representatives Board Meeting	Factoring
10 February	Regulatory and Legal Committee	Factoring
11 February	Sector Representatives Board Meeting	Financial Leasing
18 February	Financial Crimes Investigation Board and Internal Control Committee	Factoring
22 February	Regulatory and Legal Committee	Factoring
26 February	Small Et Medium Business Development and Support Administration - COSME Program Introduction	AFI
9 March	Review Meeting for the Audits of Member Companies in Cooperation with KPMG	AFI
10 March	Sector Representatives Board and Board of Directors Meetings	AFI
17 March	CIRS Working Group Meeting	Factoring
23 March	Regulatory and Legal Committee	Factoring
23 March	CIRS Working Group Meeting	Factoring
28 March	Meeting of General Managers	Financial Leasing
29 March	Briefing for Sector Executives regarding Taxation in Cooperation with EY	AFI
8 April	CIRS Working Group Meeting	Factoring
13 April	Sector Representatives Board Meeting	Financial Leasing
13 April	Credit Bureau of Turkey CIRS Meeting	Factoring
15 April	Credit Bureau of Turkey CIRS Meeting	Factoring
19 April	Financial Affairs Committee	Factoring
20 April	Sector Representatives Board Meeting	Financing Companies
20 April	Board of Directors Meeting and Dinner with Exiting Members of the Board of Directors	AFI
21 April	Finans Factoring CIRS Visit	Factoring
27 April	Sector Meeting	Factoring
29 April	Information Meeting about the Law on the Protection of Personal Data in Cooperation with EY	AFI
10 May	IV. AFI Annual General Meeting	AFI
16 May	Sector Representatives Board and Board of Directors Meetings	AFI
24 May	Supply-Chain Finance Working Group	Factoring
24 May	Supply-Chain Finance Working Group	Factoring
24-27 May	CIRS Member Test Studies	Factoring
27 May	Sector Representatives Board Meeting	Financial Leasing

Date	Description	Sector
31 May	Board of Directors Meeting	AFI
3 June	Meeting of General Managers	Financial Leasing
13 June	Sector Meeting	Factoring
21 June	Sector Representatives Board Meeting	Financing Companies
1 July	Eximbank Insurance Policy Introductory Meeting	Factoring
13 July	Meeting of General Managers	Financial Leasing
14 July	Board of Directors Meeting	AFI
19 July	CIRS Working Group Meeting	Factoring
27 July	Legal Committee; Opinion Exchange Meeting on Draft Law on Pledge on Commercial Movables and Movables	Financing Companies
27 July	Credit Bureau of Turkey CIRS Meeting	Factoring
3 August	Financial Affairs Committee; Meeting for Forming a Joint Opinion on Sector Reports Published by AFI	Financing Companies
11 August	Sector Representatives Board Meeting	Factoring
12 August	TEB Factoring CIRS Meeting	Factoring
18 August	Sector Representatives Board Meeting	Financing Companies
26 August	Supply-Chain Finance Working Group	Factoring
27 August	CIRS-Credit Bureau of Turkey PHASE 2 Meeting	Factoring
1 September	Financial Crimes Investigation Board and Internal Control Committee	Factoring
22 September	Sector Representatives Board and Board of Directors Meetings	AFI
23 September	Financial Affairs Committee, hosted by Koç Fiat Kredi Finansman A.Ş.	Financing Companies
26 September	Islamic Factoring Working Group	Factoring
1 October	Financial Crimes Investigation Board and Internal Control Committee	Factoring
3 October	Meeting with Member Company and Software Company	Factoring
4 October	Perception and Corporate Communications Committee	Factoring
5 October	IT Committee	Factoring
11 October	Sector Representatives Board Meeting	Factoring
11 October	Sector Meeting	Factoring
12 October	Meeting of General Managers	Financial Leasing
13 October	Legal Committee; Meeting on Conclusion of Distance Contracts and Their Digital Signing	Financing Companies
15 October	Regulatory and Legal Committee	Factoring
20 October	Financial Affairs and Legal Committees; Meeting on Distance Contracts, Digital Signature, Personal Data Protection Policies, E-archiving in Distance Transactions	Financing Companies
24 October	Meeting on X-raying Businesses, Sustainability and Risk Management	AFI
25 October	Sector Representatives Board Meeting	Financial Leasing

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### Member Meetings (cont')

Date	Description	Sector
27 October	Sector Representatives Board Meeting	Financing Companies
1 November	Legal Committee; Meeting for a Comprehensive Discussion of Digital (Biometric) Signing of Finance Agreements Concluded with Consumers on a Tablet PC and for Obtaining the Valuable Preliminary Opinions of Prof. Yeşim Atamer, Prof. Hakan Pekcanitez, Assoc. Prof. Leyla Keser and Memet Doğan, Ph.D. graphologist	Financing Companies
2 November	IT Committee	Factoring
4 November	Financial Affairs Committee	Factoring
15 November	Supply-Chain Finance Working Group	Factoring
16 November	Sector Representatives Board Meeting	Factoring
16 November	Information Meeting about the Law on Protection of Personal Data in Cooperation with KPMG	AFI
20 November	Meeting with Member Company Software Team and Credit Bureau of Turkey	Factoring
21 November	CIRS-Credit Bureau of Turkey Reporting Meeting	Factoring
23 November	Sector Representatives Board Meeting	Financing Companies

Date	Description	Sector
23 November	Financial Affairs Committee; Information Exchange regarding the Sector, Hosted by Hemenal Finansman A.Ş.	Financing Companies
26 November	İş Factoring CIRS Meeting	Factoring
29 November	Legal Committee; Meeting regarding the Opinion to be requested from Assoc. Prof. Leyla Keser regarding Digital Signature, Drafting the Framework Agreement to be Obtained from the Customer in Distance Contracts and Digital (Biometric) Signature	Financing Companies
30 November	Kapital Factoring CIRS Meeting	Factoring
1 December	Perception and Corporate Communications Committee	Factoring
6 December	Zorlu Factoring CIRS Reporting Meeting	Factoring
7 December	Meeting of General Managers	Financial Leasing
13 December	Sector Representatives Board Meeting	Factoring
13 December	Sector Meeting - Year-End Cocktail	Factoring
19 December	New Year's Eve Dinner with Sector Executives	Financial Leasing
22 December	Sector Representatives Board and Board of Directors Meetings- New Year's Eve Dinner	AFI

### Meetings and Collaborations with Public Institutions and International Organizations

Date	Description	Sector
2016	Various Contacts with the BRSA	AFI
21 January	Coordination Council for the Improvement of Investment Environment in Turkey - Work on the Law on Pledge on Commercial Movables	AFI
5 February	Board of Directors visit to the Minister of Finance, Naci Ağbal	AFI
15 February	Türk Eximbank Meeting	Factoring
12 May	Participation in the Meeting of the Turkish Parliament's Subcommittee on Plan and Budget	Financial Leasing
24 May	Participation in the Meeting of the Turkish Parliament's Subcommittee on Plan and Budget	Financial Leasing
15 June	Contact with the World Bank Representatives regarding Interest-Free Finance	AFI
28 June	Participation in the Contacts of the Turkish Parliament's Committee on Plan and Budget	Financial Leasing
29 June	Participation in the Contacts of the Turkish Parliament's Committee on Plan and Budget	Financial Leasing
30 June	Participation in the Contacts of the Turkish Parliament's Committee on Plan and Budget	Financial Leasing
19 July	Factors Chain International (FCI) Turkey Meeting	Factoring
23 September	Revenue Administration - Visit for Applying for Acting as a Private Integrator	Factoring

Date	Description	Sector
28 September	Visit to the Financial Crimes Investigation Board	Financial Leasing
28 September	Visit to the Ministry of Finance	Financial Leasing
28 September	Visit to the Undersecretariat of Treasury	Financial Leasing
28 September	Visit to the Ministry of Transport	Financial Leasing
2 November	Risk Center Board of Directors Meeting	AFI
10 November	Information Meeting on our Sectors for Undersecretariat of Treasury Personnel	AFI
14 November	Visit to the Ministry of Transport	Financial Leasing
23 November	Contact with Türk Eximbank	Financial Leasing
9 December	Contact with the SDIF Vice President	Financial Leasing
16 December	Contact with UN Secretary General Regarding Self-Owned	Financial Leasing
23 December	Signing of the Protocol for the Leasing Memorial Forest	Financial Leasing

## Attended or Sponsored Conferences and Meetings Organized

Date	Description	Sector
9 January	CIRS Training for Participation Banks	Factoring
13 January	TechMark CIRS Trademark Registration Meeting	Factoring
21 January	Dijital Planet Integrator Service Meeting	Factoring
8 February	T-Bank CIRS Meeting	Factoring
18 February	Participation Banks Association of Turkey CIRS Meeting	Factoring
19 February	Citi Bank CIRS Meeting	Factoring
23 February	AFI Press Conference for Disclosure of 2015 Data	AFI
24 February	"Strong and Secure Tomorrows with SMEs" Meetings - Denizli	Factoring
26 February	T-Bank CIRS Meeting	Factoring
10 March	T-Bank CIRS Meeting	Factoring
24 March	IFC CIRS Meeting	Factoring
25 March	Uludağ Economy Summit	AFI
6 April	"Strong and Secure Tomorrows with SMEs" Meetings -Bursa	Factoring
9 April	Non-Bank Financial Institutions Legal Symposium - Galatasaray University	AFI
14 April	Uyumsoft/Aksan Law Firm Private Integrator Service Meeting	Factoring
27-28 April	XII. SME Summit	AFI
6 May	IFC CIRS Meeting	Factoring
8 June	40 <sup>th</sup> Anniversary of the OECD Guidelines for Multinational Enterprises	AFI
17 June	ING Bank CIRS Meeting	Factoring
26 July	IT-Safe Private Integrator Service Meeting	Factoring
15 August	IT-Safe Private Integrator Service ISO Audit Meeting	Factoring
16 August	IT-Safe Private Integrator Service ISO Audit Meeting	Factoring
18 August	AFI Press Conference of 1H 2016 Results	AFI
24 August	Uyumsoft Private Integrator Service Meeting	Factoring
30 September	III. Basic Expertise in Financial Institutions Program Certificate Ceremony	AFI

Date	Description	Sector
4-8 October	Eurofinas General Meeting	Financing Companies
6-7 October	Leaseurope Annual Convention of Leasing and Automotive Rental Industry	Financial Leasing
7 October	Citi Bank CIRS Meeting	Factoring
11 October	Financial Crimes Investigation Board Workshop - European Union	AFI
14-16 October	Legal Symposium on "Current Issues Associated with Factoring Practices within the Frame of the Financial Leasing, Factoring and Financing Companies Law no. 6361"	Factoring
17 October	Dünya Daily Round Table Meeting	AFI
2 November	Deloitte-Uyumsoft-AFI Financial Affairs Meeting	Factoring
2 November	Deloitte-Uyumsoft-AFI Financial Affairs Meeting	Factoring
7 November	İstanbul Financial Center Meeting	AFI
9 November	"Strong and Secure Tomorrows with SMEs" Meetings - Samsun	Factoring
10-11 November	6 <sup>th</sup> Meeting of the Russian-Turkish Working Group on Financial and Banking Cooperation (Sochi)	AFI
14 November	A-Bank CIRS Meeting	Factoring
17 November	Eurofinas Board of Directors Meeting (Brussels)	Financing Companies
17-26 November	Uyumsoft Private Integrator Service Study	Factoring
20 November	Deloitte-Uyumsoft-AFI Financial Affairs Meeting	Factoring
22 November	Financial Crimes Investigation Board Workshop	AFI
24 November	A-Bank CIRS Meeting	Factoring
27 November	Bank of Tokyo CIRS Meeting	Factoring
7 December	"Strong and Secure Tomorrows with SMEs" Meetings - Adana	Factoring
24 December	IV. Basic Expertise in Financial Institutions Program Certificate Ceremony	AFI
27 December	Bank of Tokyo CIRS Meeting	Factoring



## 2016 AFI operations

### COMMITTEES AND WORKING GROUPS

In the wake of AFI's 2016 general meeting, the association's factoring sector working groups were reorganized.

#### AFI Factoring Sector Committees

- Legislative & Legal Committee
- Financial Affairs Committee
- Financial Crimes Investigation Board & Internal Control Committee
- IT Committee
- Innovation & Business Development Committee
- Corporate Reputation & Communications Committee

The following working groups also continue to meet as needs require:

- CIRS Working Group
- Supply-Chain Working Group
- Sharia-Compliant Products Working Group
- Refactoring Implementation Working Group

### SECTOR-RELATED DEVELOPMENTS

"Stock Finance Standard Procedure", which sets out procedures and practices that should be adhered to throughout the sector when financing goods and services that are being purchased for resale was published on 20 January 2016.

"Regulation on the Amendment of the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring, and Financing Companies" was published on 27 September 2016.

"Regulation on the Amendment of the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring, and Financing Companies" was published on 2 June 2016.

"Central Invoice Recording System (CIRS) Application Principles", which was prepared pursuant to "Regulation on the procedures and principles concerning the establishment, operation, and management of the Central Invoice Recording System" dated 8 July 2015 was updated on 28 August 2016.

Various uncertainties about leaseback-related tax issues were cleared up with the publication of Law no: 6728 on 9 August 2016.

### REQUESTS FOR CHANGES IN SECTOR-RELATED LAWS AND REGULATIONS

#### Suggestions for improving the competitive environment:

1. Non-bank financial institutions should be allowed, in the same way that banks are, to take advantage of the provisions of **article 5/1-f of the Corporate Tax Code** and of **article 17/4-r of the Value Added Tax Code** concerning assets that are sold in order to liquidate non-performing loans.
2. Amendments should be made in **Law 6361** and in the **Corporate Tax Code** to allow financial leasing, factoring, and financing companies to deduct, in the same way that banks do, specific reserves that they set aside pursuant to BRSA rules from their corporation tax assessment base.
3. **Article 22 of Law no: 6361** should be amended so as to make it clear that a lessee who becomes the owner of a property at the conclusion of a real estate property-based financial leasing contract in which a foreign-owned leasing company is involved is required to satisfy the conditions specified in **article 36 of the Land Registry Act (Law no: 2644)**.
4. Changes should be made to allow financial leasing, factoring, and financing companies to make use of the Address Sharing System specified in **article 45 of the Civil Registry Services Act (Law no: 5490)**.
5. **Article 26 of the Land Registry Act (Law no: 2644)** should be amended so as to exempt financial leasing, factoring, and financing companies to issue a bond when establishing property liens.
6. **Article 52 of CBRT's Governing Law no: 1211** should be amended so that financial leasing, factoring, and financing companies may also engage in open market operations.
7. **Article 25-3 of "Regulation on Roadway Transport"** should be amended so as to treat vehicles that are acquired through financial leasing as "self-owned vehicles".
8. Changes should be made so that financing companies are included within the scope of **"Council of Ministers Resolution 2016/9538 Concerning Treasury Support to Be Provided to Credit Institutions"** and so that financial leasing, factoring, and financing companies' capital stake requirements are made proportional to those of banks.

9. Changes should be made that allow SMEs that make use of leasing to finance investments to benefit from Small and Medium Enterprises Development Organization supports.
10. Changes should be made in **Law no: 6361** to allow factoring and financing companies to also take advantage of the facilitated-prosecution provisions of the **Bankruptcy and Enforcement Act**.
11. Line 20 of "Section IV: Documents Pertaining to Commercial and Civil Affairs" of Schedule 2 in the **Stamp Duty Act** should be amended so as to allow transfers and assignments of leasing agreements to qualify for the tax exemption.
12. **Article 123 of the Government Fees Act (Law no: 492)** should be amended so as to include factoring companies within the scope of the exclusion.
13. Changes should be made in article 7.c.6 of "**Law no: 6306 Concerning the Conversion of Areas That Are Exposed to Disaster Risk**" so that leasing and financing companies are also included among the financial institutions that are allowed to sell home-finance products.
14. Article 17/b of "Resolution 32 Concerning the Protection of the Value of the Turkish Currency" should be amended so that financing companies can also extend loans denominated in foreign currencies.

#### Suggestions for reducing intermediation costs:

1. The Resource Utilization Support Fund (RUSF) surcharge and the Banking & Insurance Transaction Tax (BITT) rates on consumer loans should be lowered.
2. The RUSF surcharge on loans that leasing and factoring companies receive from abroad should be set at 0%.
3. The scope of financial leasing transactions that qualify for the 1% rate should be expanded.
4. BITT should be charged on a lower rate in loans that non-bank financial institutions receive from banks.
5. The income tax withholding rate applicable to international borrowings that are backed by bond should be lowered.

#### Suggestions for increasing access to finance:

1. Interest charged on mortgage loans should be deductible from the income tax assessment base.
2. In the case of investments which are financed through leasing and are covered by investment incentives certificates, any taxes which must be recovered and any penalties which are levied if the terms of a certificate are not fulfilled should be collected from the lessee who holds the certificate.
3. At the conclusion of a leasing agreement, leasing companies should be allowed to convey any and all manner of responsibilities that they may incur under "Law no: 4703 Concerning the Preparation and Implementation of Technical Documentation for Products" as the importers of machinery and equipment that is procured from abroad under the agreement to the lessee who becomes the owner of the goods.
4. Financing companies' disbursements of loans totaling less than TL 7,500 to customers should qualify as a "simplified transaction" as defined in "Communique 5 Concerning the Investigation of Financial Crimes" and not require confirmation of identity.
5. Changes should be made in articles 9/2 and 9/3 of Law no: 6361 concerning suits for declaratory relief.

#### INFORMATIONAL ACTIVITIES

##### SME Strategy & Action Plan

The Ministry of Development's SME Strategy & Action Plan was prepared with the aims of raising, in a business environment that is mindful of the needs of small firms, SMEs' competitive strength to international levels and increasing the contributions that such businesses make to the national economy. Within this framework and in keeping with AFI's duties which are given by the article 5.2.6 of the SME Strategy & Action Plan, a variety of activities are organized in the strategically crucial area of giving SMEs easier access to financing by publicizing and promoting factoring services in cities around the country.

Led by AFI and supported by the Ministry of Science, Industry and Technology, the Banking Regulation and Supervision Agency, the Turkish Exporters Assembly, and Turk Eximbank, panel discussions were held in Turkey's manufacturing cities

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in order to reach out to SMEs in many different parts of the country and to explain the financing methods that might benefit them. "Strong and Secure Tomorrows with SMEs" events staged in Bursa, Denizli, Samsun, Adana, and İzmir were attended by local SMEs, mayors, governors, chamber of industry and commerce presidents, and commercial exchange presidents as well as by the head of the Small and Medium Enterprises Development Organization, the general director of the Credit Bureau of Turkey, and members of AFI.

During these gatherings a host of issues were discussed ranging from financing that SMEs can access and support programs that they can benefit from to forms of credit, from borrowing instruments in a contracting economy to alternative resources, and from insurance to guarantee services. On such occasions, factoring products were introduced to hundreds of SMEs, who were also provided with detailed explanations on how they could be used in financing. All the questions raised by participants were responded to.

### The first in the series of "SMEs Transcend Borders through Factoring" meetings took place in Denizli on 24 February 2016.

The first in the series of "SMEs Transcend Borders through Factoring" meetings in which representatives of the Ministry of Science, Industry and Technology, the Banking Regulation and Supervision Agency, the Small and Medium Enterprises Development Organization, the Turkish Exporters Assembly, and Turk Eximbank took part was held in Denizli. This meeting was also attended by Denizli Mayor Osman Zolan, AFI Chairman Osman Zeki Özger, and numerous participants from the business world. In a session that was moderated by journalist Noyan Doğan, Turk Eximbank Deputy General Manager Hayrettin Kaplan, AFI Deputy Chairman Zafer Ataman, AFI Board Member Çağatay Baydar, and TİM Vice President Süleyman Kocasert described the "SMEs Transcend Borders through Factoring" project to their listeners.

Emphasizing the importance to Turkey of the "SMEs Transcend Borders through Factoring" project's goal of achieving the country's USD 500 billion/year exports target by 2023, AFI Chairman Osman Zeki Özger noted that SMEs account for 99% of Turkey's company registrations and provide 75% of the country's jobs. Mr. Özger continued his remarks saying "We launched this program, which is part of AFI's "SME Strategy Action Plan", in Denizli. We know Denizli is important to Turkey's export trade and that's why we thought it would be a good place to start helping SMEs to transcend borders."

### The second in the series of "SMEs Transcend Borders through Factoring" gatherings took place in Turkey's R&D innovation colossus Bursa on 6 April 2016.

During the second "SMEs Transcend Borders through Factoring" meeting in Bursa, local businesses were given information on ways in which to benefit the most from the factoring industry in order to increase their access to foreign markets and to grow their export capacities. Also dealt with at the meeting were two of the most serious problems that SMEs face: insufficient equity and difficulties in gaining access to credit. Having to contend with these problems as they strive to be the engines of Turkey's export trade in many different sectors such as automotives, textiles, foods, and furniture, Bursa's SMEs listened to speakers' presentations about how the non-bank financial industry's alternative solutions can help them reduce their financing costs and increase their exports and competitive strength.

### A "Strong and Secure Tomorrows with SMEs" gathering was held in Samsun on 9 November 2016.

Led by AFI and supported by the Ministry of Science, Industry and Technology, the Banking Regulation and Supervision Agency, the Turkish Exporters Assembly, and Turk Eximbank, a heavily-attended "Strong and Secure Tomorrows with SMEs" meeting was held in Samsun.

Speaking at the gathering AFI Chairman Mehmet Cantekin said that the association was making a concerted effort to make SMEs aware that their two most serious problems were insufficient equity and access to credit and that only by addressing these issues could they hope to increase their competitive strength and export capacities, to grow, and to penetrate foreign markets. Noting that during the first six months of the current year the Turkish factoring industry had negotiated TL 60 billion worth of trade finance and guarantee and collection services to SMEs and other businesses, Mr. Cantekin also said that AFI's priority was SMEs as the powerhouse of the Turkish economy.

Taking the floor, AFI Deputy Chairman Çağatay Baydar first said that Samsun's SMEs were not yet benefitting sufficiently from factoring services and then declared "It's important to us to make it convenient for SMEs in Samsun and indeed for SMEs all over Turkey to gain access to financing."

### A "Strong and Secure Tomorrows with SMEs" gathering was held in Adana on 7 December 2016.

The fourth in the series of "Strong and Secure Tomorrows with SMEs" meetings organized by AFI with the support of the Ministry of Science, Industry and Technology, the Banking Regulation and Supervision Agency, the Turkish Exporters Assembly, and Turk Eximbank was held in Adana.

Speaking as a member of the panel, AFI Chairman Mehmet Cantekin pointed out that while SMEs generated more than half of Turkey's exports, production, and employment, their share of total financing was less than 25% and that it ought to be raised at least to 50%. Mr. Cantekin also said that AFI worked with 760 thousand SMEs and that Turkey's factoring, leasing, and financing companies had provided TL 92 billion worth of financing in the nine months to end-September 2016.

AFI Deputy Chairman Çağatay Baydar for his part said that the factoring industry served SMEs in three main areas: insurance, collections, and credit. Noting that by guaranteeing SMEs' receivables AFI acted as a sort of "foul-weather friend" and pointing out that the only country in the world that made more use of export factoring than Turkey was China, Mr. Baydar added "Risk can only be dealt with by properly managing it. SMEs especially need to manage their credit, FX, and receivable risks wisely."

### OTHER ACTIVITIES

#### AFI was a "Support Sponsor" at the 25-26 March 2016 Uludağ Economic Summit.

Delivering the opening remarks in the "Becoming a global brand" panel discussion held during the second day of the Uludağ Economic Summit for which AFI was a "Support Sponsor", the Association's Chairman Osman Zeki Özger said that financial services providers needed to invest in human resources in order to boost their competitive strength to international levels. He also added that the goals of Turkey's 2023 Vision would not be hard to achieve.

#### AFI provided sponsorship support at the 12<sup>th</sup> SME Summit that took place at the İstanbul Dedeman Hotel on 27-28 April 2016.

The theme of the 12<sup>th</sup> SME Summit that took place at the İstanbul Dedeman Hotel on 27-28 April 2016 was the "Entrepreneurial Ecosystem". Discussed during the two days

of sessions that focused on this theme were such issues as "Development of an Entrepreneur-Friendly Regulatory Framework", "Support for Innovative Entrepreneurship and the Importance of Industrial Property Rights", "Thematic and General Support", "Facilitating Entrepreneurs' Access to Financing", "SMEs in the Defense Industry and in Satellite & Space Technologies", and "Developing an Entrepreneurship Culture: Training and Consultancy Services".

#### 40<sup>th</sup> Anniversary of the OECD Guidelines for Multinational Enterprises

In order to mark the 40<sup>th</sup> Anniversary of Guidelines for multinational enterprises published by the OECD, representatives of governments, businesses, trade & labor unions, and non-governmental organizations convened in meetings on 8-9 June 2016 to have a look at guideline-related problems and to debate what impact the guidelines really have on better business practices. In attendance at the gathering as the association's representative was AFI General Secretary Vahit Altun.

During the 2016 Global Forum on Responsible Business Conduct held on the same occasion, participants discussed emerging issues in supply chains and how to promote better contribution of the private sector to the achievement of sustainable development goals.

In his opening address OECD Secretary-General Angel Gurría said that the forum was being held on the occasion of the 40<sup>th</sup> anniversary of the publication of the OECD's multinational enterprise guidelines and that the forum would look at what the guidelines had achieved in four decades, where they are now, and where they should go next.

#### Eurofinas General Assembly

The general assembly of Eurofinas, the European Federation of Finance House Associations, convened in Athens on 4-8 October 2016. During the meeting, AFI Chairman Mehmet Cantekin and Deputy Secretary General Vahit Altun were elected to seats on the body's board of directors.

#### Factoring legal practices symposium in the Turkish Republic of Northern Cyprus

A symposium to discuss factoring practices within the framework of the Financial Leasing, Factoring, and Financing Companies Act (Law no: 6361) was convened in the Turkish

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Republic of Northern Cyprus (TRNC) on 14-16 October 2016. During the symposium, participants submitted papers, made presentations, and delivered speeches on suits for declaratory relief and other issues of concern to the leasing industry.

About 170 people took part in the symposium, whose attendees included the Supreme Court's first vice president and president of the General Assembly of Law; the heads, members, and examining justices of the 19<sup>th</sup> Civil Chamber; the chief justices of the 5<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup>, 11<sup>th</sup>, and 17<sup>th</sup> Commercial Courts; representatives of the Banking Regulation and Supervision Agency; the general director and representatives of the Credit Bureau of Turkey; justices from TRNC Supreme and District courts; and academicians and AFI Factoring Sector Board representatives

### 6<sup>th</sup> Meeting of the Russian-Turkish Working Group on Financial and Banking Cooperation

In response to an invitation received from the CBRT Headquarters General Directorate for Banking and Financial Institutions to attend the 6<sup>th</sup> meeting of the Russian-Turkish Working Group on Financial and Banking Cooperation held in Sochi on 10-11 November 2016 by the Joint Intergovernmental Russian-Turkish Commission on Trade and Economic Cooperation, AFI Board Member Alper Tunga Emecan and Deputy Secretary General Vahit Altun were deputed to represent the association. Among the matters discussed during the meeting were increasing the use of national currencies to increase bilateral trade between Russia and Turkey and the technical and practical issues involved in the creation of mechanisms between the two countries' central banks or other financial institutions to achieve this. A memorandum of understanding was signed in which the constructive and valued opinions of both sides were noted and the appropriate ministries of both countries were urged to consider the results of the meeting.

The issues referred to in the joint memorandum of understanding were discussed in detail at the first meeting of the AFI Board of Directors held after the Sochi gathering and it was noted that bilateral trade between the two countries would be developed by companies that are AFI members.

The memorandum of understanding also says that the next meeting will be held in İzmir.

## EDUCATION ACTIVITIES

During 2016, two certification and 64 training programs were offered in a total of 103 days, which were attended by more than 800 people.

### Certification Program and Training Sessions Organized

Faculty members from Marmara University and voluntary market professionals with training experience from the financial leasing, factoring and financing companies offer training within the frame of the Basic Expertise in Financial Institutions Certification Program launched under a protocol signed by and between AFI and Marmara University Continuing Education Center.

A total of 25 participants from the three sectors received training in 17 different topics, concentrated mainly on legal aspects, accounting standards, credit risk management and information on products offered by each sector. Following an intensive professional training of a total of 108 hours, participants received their certificates from the BRSA Chairman, Mehmet Ali Akben.

### Assets & Liabilities Management

Suggested to be taken by employees at any level, the program is intended to give an introduction to banks' balance sheet and off-balance sheet items and income statement, along with the skills to manage the risks involved in the financial world with a profit-orientation, to give an insight into derivative instruments, and to perform ratio analyses, trend analyses with respect to assets and liabilities management and to determine the strategy based thereupon. The course was attended by 9 people.

Trainer: Yenal Koçak

### Neuro Linguistic Programming (NLP)

NLP (Neuro Linguistic Programming) training deals with the way individuals build and make sense of their inner worlds based on the creation of their personal experiences, the formulation of their thoughts and moods, and their experiences. The course was attended by a total of 26 people.

Trainer: Ayşegül Ekmekçioğlu

### COSO Internal Control System and Three Lines of Defense in Non-Bank Financial Institutions

The two-day training is intended to educate the participants with case studies regarding the basic elements of the Three Lines of Defense that will leverage the implementation and effectiveness of COSO-based internal control system in non-bank financial institutions and to build on their knowledge so that they can contribute value to their institutions.

The training aims to provide an understanding of the ways to prevent additional burden that will be imposed on the organizations due to neglected oversight and audit services of the internal control mechanism, whose establishment entails costly budgets.

Trainer: Bülent Hasanefendioğlu

### Effective Budget Planning and Performance Measurement in Non-Bank Financial Institutions

The program is intended to teach about the general budget planning criteria and techniques for effectively using budget planning to measure corporate performance in non-bank financial institutions. The training was attended by a total of seven people.

Trainer: Nazır Kapusuz, AFI Factoring Sector - Executive

### Information Security

The program is aimed at equipping the participants with the capability to perform the necessary activities for fulfilling information security requirements specified in the BRSA Communiqué on Principles to be Considered in Information Systems Management in Banks as per membership to the Risk Center, for achieving compliance with information system audit requirements, and for meeting enterprise information security needs. The training was attended by 23 people.

Trainer: Fatih Emiral

### Procedure to be Followed in Transactions Involving Cheques and Important Considerations

The training primarily deals with important considerations in domestic factoring transactions for which cheques are received as payment instrument. The program was attended by a total of 52 people.

Trainer: Ebru Atasoy Akalın

### Early Warning Signals and Watch-List Management

The training is targeted at employees working in specialist and manager positions in credit analysis, allocation and risk monitoring departments in the financial leasing, factoring and financing companies. The training is also recommended for employees working in collection and risk monitoring departments of financing companies that undertake risk through fleet sales to corporate customers. The objective of the program is to consider the measures that may prevent receivables from turning into bad debts and to determine actions to be taken with respect to those that have become bad debts. The program was attended by a total of 12 people.

Trainer: Ali Koç

### Future Customer Profile of Financing Companies

The training is intended to acquire information that will support the formulation of future strategies based on an assessment of customer profiles. The training was attended by a total of 5 people.

Trainer: Arda Demir, Volkswagen Doğuş Finance, Strategy Manager

### Financial Mathematics

The program is targeted to train the participants so that they will be able to perform the necessary financial calculations independent of systems, to provide their clients with detailed information about cost computation methods, to make comparisons using alternative pricing techniques, and to offer consultancy to clients regarding alternative financial products, when necessary. Also aimed at enhancing the quality of service provided to customers, the training program was carried out twice, reaching a total of 14 participants.

Trainer: Mehmet Özel, Tam Factoring Assistant General Manager



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### Financial Markets

The goal is to help the participants analyze and interpret the macro data, market indicators, statistics and articles in relation to economy and markets, and enable them to create their own perspective. The training was attended by 30 people in total.

Trainer: Erkin Şahinöz

### An Overview of Financial Markets

General Manager and Assistant General Managers of the member companies of attended the seminar where current data in relation to the Turkish economy were assessed. The training was attended by a total of 28 people.

Trainer: Erkin Şahinöz

### Finance for Non-Financial People

Designed for those whose jobs are not directly related to finance management, the program is developed to communicate the easy ways to monitor macroeconomy and financial markets. The program was attended by a total of 13 people.

Trainer: Erkin Şahinöz

### Export Factoring

Providing information on processes of export factoring, which is a factoring service, the training focused on types of factoring and the operation of the two-factor system. The training was attended by a total of 11 people.

Trainer: Azra Deniz Kızılkaya, İş Factoring International Factoring and Correspondent Relations Manager

### Advanced Microsoft Excel

The objectives of the Advanced Excel Training are to increase efficiency by building on advanced skills for using the Microsoft Excel program, and to ensure efficient use of Excel in reporting and data analyses. The training was attended by a total of 13 people.

Trainer: Kerim Bağrıyanık

### A Comparison of IFRS and TAS

In the IFRS/TAS training, information and examples were provided to employees who have basic accounting knowledge, will do reporting in accordance with IFRS or CMB regulations, or to those working at any level and will use the said reports. The training was attended by a total of 22 people.

Trainer: Oğuz Kemal Bulut, Independent Financial Advisor

### Reaching Targets through Personal Awareness

The training is intended to help participants who have personal targets and are seeking methods to attain them see the big picture and follow-up processes through self-discovery, while pushing them out of their comfort zones. The program was attended by a total of 9 people.

Trainer: Arzu Baran

### Credit Rating and Scoring

In the financial services sector, firms that will be extended credit are evaluated based on credit rating criteria. Collateralization and the interest rate to be charged are determined based on the credit rating. The training allowed financial services sector professionals to analyze credit rating and scoring activities. The program was attended by a total of 15 people.

Trainer: Murat Nail Üzel

### Credit and Risk Management

The objective of the training is to build on the participants' abilities to gain an insight into businesses during the lending process through analysis of the sector structure and examination of financial statements; correct management of the post-credit extension process in accordance with the overall economy and market conditions; determination of potential risks in advance, and maintaining customer relationships through the credit model and products that best fit the respective businesses.

Trainer: Burçin Akçelik

### A Legal Approach to the Process of Credits from Allocation to Liquidation

The aim is to train the participants in relation to important considerations for minimizing the issues that may be involved in non-performing loans. The program was attended by a total of 19 people.

Trainer: Emel Tezcan, Attorney-at-Law

### Corporate Sales Skills

The training is aimed at giving the following competencies to participants: analytical thinking (strategic look), result-orientation (commercial mindset), sales skill, thorough knowledge (corporation, customer, product/service, competition), customer portfolio creation, ability to establish communication with customers, customer-focus, instilling trust in customers, impressing and convincing customers, handling objections and closing the sales. A total of 8 people attended the program.

Trainer: Haluk Emre

### Machinery Breakdown and Electronic Equipment Insurance

The training is intended to get the participants to learn about the general conditions and characteristics of "Machinery Breakdown and Electronic Equipment Insurance", which is a non-life insurance branch, and to interactively share real-life examples. The program was attended by 5 people in total.

Trainer: Assistant Prof. Hakan Özcan

### Financial Analysis

The training is aimed at giving an understanding of credits; getting to know the company and preparing a company introduction report; reading the balance sheet, income statement and trial balance, uniform chart of accounts and accounting practices, transfers/removals directed at financial analysis, financial analysis techniques and ratios; contracting firms and analyses thereof, and determination of credit limit, lending terms and collaterals which take place within the allocation process. The program was attended by a total of 85 people.

Trainers: Hüseyin Ünlü, Tam Factoring Credit Coordinator / Murat Türker, Yatırım Leasing Assistant General Manager

### Financial Crimes Investigation Board Training

A training session was organized which targets to raise increased awareness of Financial Crimes Investigation Board obligations and suspicious transactions. The program was attended by a total of 38 people.

Trainer: Sermet Aydın, Financial Crimes Investigation Board Specialist

### Breathing

Breathing correctly means entering through the doorstep of that sought-after happy life. As awareness gets higher, in other words as one gets to know oneself better, one can achieve the balance of life. The training was organized based on the principle that awareness starts first and foremost with recognizing the magic of breathing. The program was attended by a total of 14 people.

Trainers: Necla Tekin, Melek Sarısoy

### Auto Insurance

The training is intended to get the participants to learn about the general conditions and characteristics of "Auto Insurance", which is a non-life insurance branch, and to interactively share real-life examples. The program was attended by 7 people in total.

Trainer: Assistant Prof. Hakan Özcan

### Non-Performing Loans and Early Warning Systems

The program is intended to equip the participants with the perspective that will help them set up the early warning systems that will support an effective monitoring process, and with the systematic approach skills that will enable them to easily capture any changes in the company's risk level and to develop fitting strategies. The program was attended by a total of 11 people.

Trainer: Yenal Koçak

## 2016 AFI operations

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### Legal Proceedings in Non-Performing Loans - Practical Information on Enforcement, Bankruptcy, Proceedings, Law

The training is intended to raise awareness of the legal aspects of actions to be taken for speeding up the collection of bad debts in financial leasing, factoring and financing companies and for adeptly managing this process. In a similar vein, practical information is provided on types of litigation and proceedings including the most recent changes, and the issues in practice are addressed in an interactive manner. The program was attended by a total of 25 people.

Trainer: Emel Tezcan, Attorney-at-Law

### Important Considerations in the Preparation and Control of Contracts, Collaterals & Promissory Notes

The training was organized to ensure that financial leasing, factoring and financing contracts and payment notes are issued in a manner that will not pose any future risks. The courses were attended by 46 people in total.

Trainer: Emel Tezcan, Attorney-at-Law

### Strategic Planning and Thinking

Strategic planning is the process of contemplating and shaping the future and of formulating the necessary procedures to get there. The training provides basic information regarding the improvement of strategic thinking capability, how to contemplate, plan and execute a strategic study, challenges encountered along the way and the ways of overcoming them, as well as strategy creation. Another goal is to describe the underlying philosophy of strategic management and strategic planning, and the steps of strategic planning process in a practical fashion. The program was attended by a total of 8 people.

Trainer: Arda Demir, Volkswagen Doğuş Finance, Strategy Manager

### Pledge on Movables in Commercial Transactions - Requirements of the New Law

The training is intended to inform the sector about the new requirements introduced by the Law on Pledge on Movables in Commercial Transactions that will become effective as of 1 January 2017, the advantages the law introduces for

factoring, financial leasing and financing companies; and matters that companies should pay attention to in relation to the said law. The program was attended by a total of 20 people.

Trainer: Deniz Güngör, Attorney-at-Law

### Proper English for Meetings and Presentations

Sector professionals make presentations in order to tell about their services and activities. It is key in business life to make an effective public speech in English, and to address the target audience in English, talking about oneself, one's company or product.

Another important aspect is that the presentation is delivered by someone who is relaxed and self-confident. Presentations will reach their goals through speakers who have good command of presentation skills in English, speak confidently and work in a structured manner. A really good presentation is one that will be remembered by all and enjoyed also by the presenter. The training is intended to give these abilities. The program was attended by a total of 30 people.

Trainer: Iron Lopez

### Derivative Products and Forwards & Options Market

The training is aimed at providing information about the risks involved in transactions performed in financial derivatives markets and in positions held, as well as important considerations with respect to futures, forward, spot, and options transactions. The program was attended by a total of 10 people.

Trainer: Erkin Şahinöz

### Turk Eximbank Insurance

A training program was organized to inform factoring companies that will start intermediating the insurance service, a service offered by Turk Eximbank in order to support exports. The program was attended by a total of 12 people.

Trainer: Tuba Solak, Turk Eximbank Claims Department, Manager

### Turkish and World Economies: Indicators and Developments

The training is intended to help make a more accurate prediction of the future conjuncture of the Turkish and world economies. Within this frame, projections are made in an interactive fashion with respect to key macroeconomic and financial figures including growth, inflation, interest rates, parity ratios, gold and commodity prices and the like. The program was attended by a total of 21 people.

Trainer: Prof. Erhan Aslanoğlu

### General Rules for International Factoring - GRIF

The program is designed to familiarize the participants with the operation of guaranteed factoring service, rules of international factoring (FCI), the reflection of the rules on day-to-day business life, and precautions that will safeguard their companies and clients from technical errors. The training was attended by a total of 21 people.

Trainer: Azra Deniz Kızılkaya, İş Factoring International Factoring and Correspondent Relations Manager

### Creative Problem Solving

"Creativity is seeing what everyone else has seen, and thinking what no one else has thought."

The training is intended to encourage participants to break the boundaries and think differently, to learn the techniques and theories necessary to allow them to think creatively in the case of problems and to focus on the solution. The training is designed in simulation format, where four different groups work to come up with the most creative solutions for four different problem scenarios. The program was attended by a total of 30 people.

Trainer: Elif Tokman

### Responsibility of Board of Directors Members

Based on the definitions of administration and representation as set out in the Turkish Commercial Code, the scope of the responsibility, delegation of authority and its effect on responsibility, and cases where responsibility does not arise are established, using practical examples. Information has been provided on the responsibilities of board of directors members in AFI-member companies, and of board of directors members and independent members, executive and non-executive directors in publicly held companies. The program was attended by a total of 20 people.

Trainer: Assistant Prof. Fatih Aydoğan

### Time and Stress Management

The program defines the steps to be taken to attain the targets, touching upon the following topics along the way: accurate goal setting, effective communication, time management, stress management, career planning and active development, prioritization, personal motivation and goal setting, and creation of career development vision. The training was attended by a total of 9 people.

Trainer: Aytül Vatansever

### Managing Tough Situations and Tough People

It is impossible to totally avoid tough situations in business life! As a requisite of our jobs, we must overcome tough situations and we must secure cooperation with tough people/tough clients.

In this program, participants experience establishment of cooperation between the parties, while maintaining their confident stances thanks to the conflict management model, and providing win/win solutions for each case. The aim is to get the participants to determine the tactics and methods to manage the conflict instead of ignoring conflict and objection. The programs were attended by a total of 27 people.

Trainers: Ayşegül Ekmekçioğlu, Hasan Şimşek

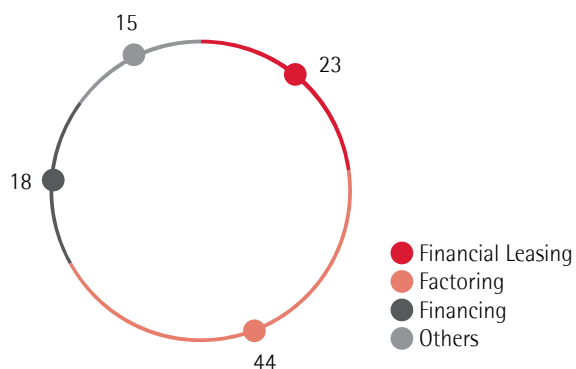
## 2016 AFI operations

### Calendar of 2016 Trainings

	Date	Training
1	11-12 January 2016	Non-Performing Loans
2	13-15 January 2016	Financial Markets
3	21-22 January 2016	Assets & Liabilities Management
4	26-28 January 2016	Financial Analysis
5	3-4 February 2016	Derivative Products and Forwards & Options Market
6	4-5 February 2016	Persuading Stakeholders for Change
7	8 February 2016	Financial Mathematics
8	9 February 2016	Procedure to be Followed in Transactions Involving Cheques and Important Considerations
9	11-12 February 2016	Creative Problem Solving
10	15-16 February 2016	Contracts and Collaterals
11	18-19 February 2016	Managing Tough Situations and Tough People
12	22-23 February 2016	The Macro-Prudential Policies Recently Applied in Turkey
13	25 February-22 April 2016	Certificate Program
14	1 March 2016	Future Customer Profile of Financing Companies
15	3-4 March 2016	Corporate Sales Skills
16	10 March 2016	Turkish and World Economies: Indicators and Developments
17	14-15 March 2016	Managing Tough Situations and Tough People
18	21-22-23 March 2016	Legal Process of Credits from Allocation to Liquidation
19	28-29 March 2016	Reaching Targets through Personal Awareness
20	6 April 2016	Laws of Development
21	11-12 April 2016	Information Security
22	13 April 2016	Procedure to be Followed in Transactions Involving Cheques and Important Considerations
23	18-19 April 2016	Credit and Risk Management
24	20 April 2016	Get the Real Success
25	25-26 April 2016	Credit Rating and Scoring
26	27-28 April 2016	Presentation Skills - English
27	2-3 May 2016	Non-Performing Loans and Early Warning Systems
28	5-6 May 2016	Strategic Planning and Thinking
29	9- 10 May 2016	GRIF
30	10-11 May 2016	Putting Sales Strategies into Practice
31	23-24 May 2016	Financial Analysis
32	25-26 May 2016	Neuro Linguistic Programming (NLP)
33	25-26 May 2016	Financial Markets
34	30-31 May 2016	Contracts and Collaterals
35	2-3 June 2016	COSO Internal Control System and Three Lines of Defense in Non-Bank Financial Institutions
36	6-7 June 2016	Time and Stress Management
37	13-14 June 2016	Advanced Microsoft Excel
38	24 June 2016	Financial Crimes Investigation Board Training
39	24 August 2016	Breathing
40	7 September 2016	Effective Budget Planning and Performance Measurement in Non-Bank Financial Institutions
41	19 September 2016	Working Flawlessly Like the Nature
42	23 September 2016	Procedure to be Followed in Transactions Involving Cheques and Important Considerations

43	27-28 September 2016	Proper English for Meetings and Presentations
44	29 September 2016	Turk Eximbank Insurance
45	3 October 2016	Export Factoring
46	7 October 2016	Machinery Breakdown and Electronic Equipment Insurance
47	10-11 October 2016	Reaching Targets through Personal Awareness
48	12-13 October 2016	Financial Markets
49	17 October 2016	Responsibility of Board of Directors Members (according to Turkish Commercial Code and Capital Markets Board)
50	18-19 October 2016	Financial Analysis
51	20-21 October 2016	Financial Analysis
52	25-26 October 2016	Neuro Linguistic Programming (NLP)
53	1-2 November 2016	Legal Proceedings in Non-Performing Loans
54	8 November 2016	Auto Insurance
55	14-15 November 2016	Creative Problem Solving
56	20-21 November 2016	Finance for Non-Financial People
57	23-24 November 2016	General Rules for International Factoring
58	28 November 2016	Service-Profit Chain
59	29-30 November 2016	Early Warning Signals and Watch-List Management
60	5 December 2016	Pledge on Movables in Commercial Transactions - Requirements of the New Law
61	12-13 December 2016	Examining the Balance Sheets of Financial Institutions and Legal Authority's Method of Monitoring the Companies
62	14-15 December 2016	Contracts and Collaterals
63	15 December 2016	An Overview of Financial Markets
64	19-20-21 December 2016	A Comparison of IFRS and TAS

### Sectoral Breakdown of Training Applications (%)

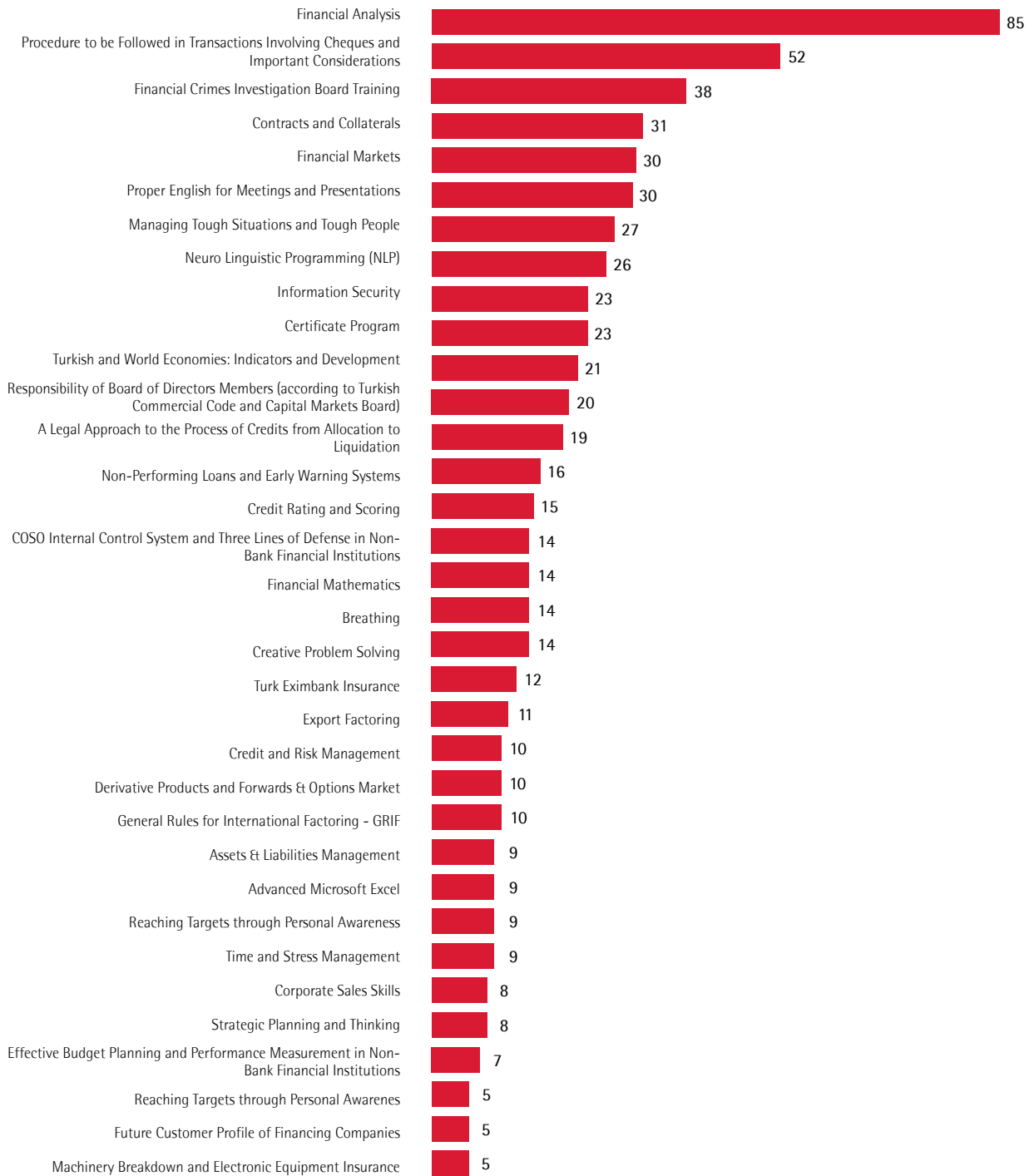


Sectors	# of Applications	# of Companies
Financial Leasing	220	23
Factoring	422	49
Financing	166	14
Others	146	7
<b>Total</b>	<b>954</b>	<b>93</b>

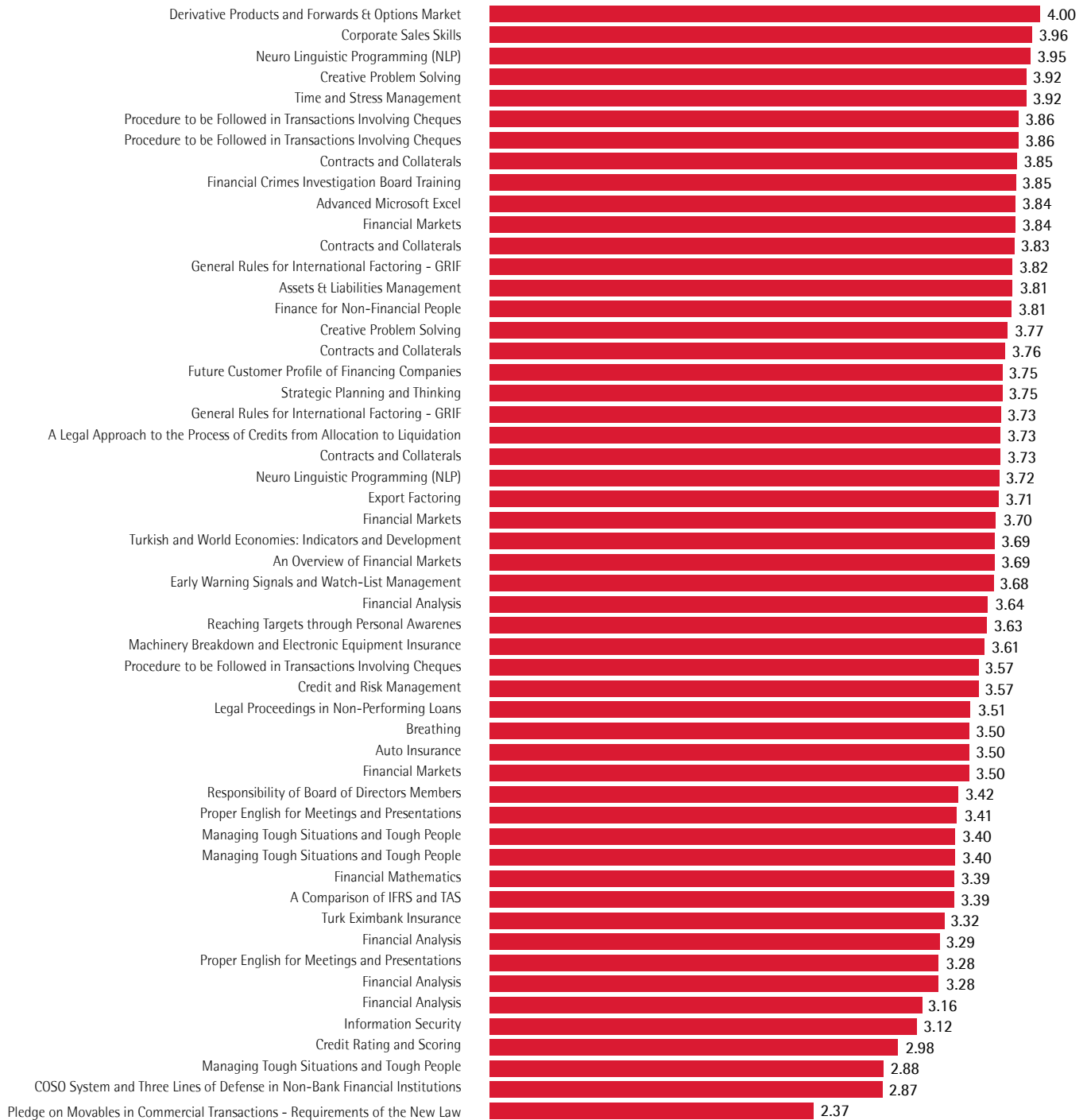


## 2016 AFI operations

### Number of Training Recipients



## Results of Training Evaluation Surveys



## AfI in the Press - 2016

**EXIMBANK SİGORTA POLİÇELERİ FAKTORİNG ŞİRKETİNE TEMİNAT VERİLEBİLECEK**

**İHRACATTA YENİ DÖNEM**

**238 ülkeyi kapsıyor**

**Yeni finansman imkânı**

**İhracatçının riski azalacak**

**EXIMBANK ÖYNEŞİNE**

EXIMBANK, Türkiye'nin en büyük ihracat bankasıdır. Banka, ihracatçıların ihracat risklerini karşılamak için sigorta ve faktoring hizmetleri sunar. Banka, ihracatçıların ihracat risklerini karşılamak için sigorta ve faktoring hizmetleri sunar. Banka, ihracatçıların ihracat risklerini karşılamak için sigorta ve faktoring hizmetleri sunar.

**'Dijitalde geri kalmayalım'**

Garanti Faktoring Genel Müdürü Hükel Kara, sektörün hem 'e-devlet' hem de sanayi ve ticaretteki dijital dönüşümü takip ederek çağın gerisinde kalmayacak düzenlemeleri yapması gerektiğini söyledi.

**'İşbirlikleri oldukça önemli...'**

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**KOBİ'LER ALTERNATİF KAYNAKLARI ÖĞRENDİ**

**FUAR SEHİRİ OLUYOR**

**KOBİ'lerin ihracat yapılarındaki daha güçlü finansman ve rekabet gücüne ulaşmalarına yönelik çözümlerin sunulduğu, "KOBİLER SİNIRLARI FAKTORİNG İLE AŞIYOR" buluşmalarının ikincisi Bursa'da yapıldı.**

**Finansal Kurumlar Birliği'nin öncülüğünde ve Bilim, Sanayi ve Teknoloji Bakanlığı, BDDK, Küçük ve Orta ölçekli İşletmeler Geliştirme İdaresi Başkanlığı (KOSGEB), Türkiye İhracatçılar Meclisi (TİM) ve Türk Eximbank'ın desteği ile gerçekleştirilen buluşmada, Bursalı**

**Bankacılık dışı finans ile akademik dirsek temasında**

'Bankacılık Dışı Finansal Kurumlar Hukuk Sempozyumu', FKB ile Galatasaray Üniversitesi işbirliğinde gerçekleştirildi. Birtık Baykara Osman Zeki Özger, pratik ile bilimsel buluşturacaklarını söyledi.

**SEKTORE KATKI SAĞLAYACAK**

**SEMPROZYUMU TÖRÜN İLİ**

**Bankacılık Dışı Finansal Kurumlar Hukuk Sempozyumu**



## Leasingde büyüme potansiyeli yüksek

Ziraat Leasing Genel Müdürü Sinan Çevik, leasing sektörünün gelişmiş ülkelerdeki penetrasyon oranının yüzde 20 - 25 seviyelerinde, Türkiye'de ise yüzde 6 olduğunu söyledi

Leasingin Türkiye'de işletime dayalı büyümenin artırılmasında çok önemli ve avantajlı bir finansman yöntemi olduğunu söyleyen Ziraat Leasing Genel Müdürü Sinan Çevik, "Leasingin doğru bir şekilde tanımlanarak, bilinirliğinin artırılması sonucunda müşteri sayısının ve penetrasyon oranlarının da gelişmiş ülkeler seviyesine geleceğini düşünüyoruz" dedi.

Çevik, "Gelişmiş ülkelerde penetrasyon oranı % 20 - 25 seviyelerine ulaşmıştır. Oysa ülkemizde, gerçekleştiren yatırımların leasing ile yapılma payını gösteren bu oran %'lar seviyesindedir. Bu durum Türkiye'de leasing sektörünün daha gidecek çok yolunun olduğunu göstermektedir" diye konuştu.

### 'Katkı sağlar'

Çevik görüşlerini şöyle açıkladı:

"6361 sayılı Finansal Kurumlar Birliği yasasının



Sinan Çevik

## TARIMA AĞIRLIK VERİYOR

■ Sirketinizin hedefi nedir?

Ziraat Leasing olarak Kobi'ler başta olmak üzere işletme destekleyecek ve verimliliği artırarak yatırımları finanse etmeyi öncelikli görüyoruz. Bu kapsamda Ziraat Leasing olarak gerek yurtiçi gerek yabancı kaynaklardan cazip faiz ve vadeli finansman temin etmekteyiz.

Sektörümüzde yoğun olarak kullanılan sabit konuları bir de etkin bir şekilde kullanıyoruz. Özellikle iş makineleri, tarım makineleri gibi işletmeler için daha da cazip olması sağlanmıştır.

Sektör bu düzenlemeler ile son yıllarda işlen hacmini önemli ölçüde artırarak Türkiye ekonomisine

katkı sağlanmıştır. Bu anlamda sabit konuların bir de etkin bir şekilde kullanılması, tarım makineleri gibi işletmeler için daha da cazip olması sağlanmıştır. Sektör bu düzenlemeler ile son yıllarda işlen hacmini önemli ölçüde artırarak Türkiye ekonomisine katkı sağlanmıştır.

Sektörel faaliyetler

## Heyecan verici reformlar mutfakta pişirildi, hazır

Finansal Kurumlar Birliği'nin Genel Kurulu'nda konuşan Başbakan Yardımcısı Mehmet Şimşek, "Yatırımların hızlandırılması yanında bir yandan düzenlemeler de etkin (Finansal Kurumlar Birliği) bir parçası haline gelecektir" dedi.

Ekonomiden Sorumlu Başbakan Yardımcısı Mehmet Şimşek, "Yatırımların hızlandırılması yanında bir yandan düzenlemeler de etkin (Finansal Kurumlar Birliği) bir parçası haline gelecektir" dedi. Şimşek, "Yatırımların hızlandırılması yanında bir yandan düzenlemeler de etkin (Finansal Kurumlar Birliği) bir parçası haline gelecektir" dedi.

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Mehmet Şimşek

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MERKEZ BANKASI KAYNAKLI KREDİLERDEN YARARLANIMLARININ ÖNÜ AÇILDI

## KOBİ'LERE YENİ KAYNAK

Yeni uygulama ile özellikle küçük işletmeler, Eximbank'ın kullandığı Merkez Bankası kaynaklı ve uygun maliyetli reeskont kredilerinden faktoring şirketleri aracılığı ile yararlanabilecek.

FAKTEKİNG ŞİRKETLERİ ile Eximbank'ın sağladığı reeskont kredisi yeni kaynak yaratıldı. Bu finansman yöntemi, işletmelerin işletme sermayesi için bir alternatif olarak kullanılabilecek. Eximbank'ın sağladığı reeskont kredisi, işletmelerin işletme sermayesi için bir alternatif olarak kullanılabilecek.

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Zeynep Akman

KOBİ'ye işletme sermayesi için yeni kaynak yaratıldı. Bu finansman yöntemi, işletmelerin işletme sermayesi için bir alternatif olarak kullanılabilecek. Eximbank'ın sağladığı reeskont kredisi, işletmelerin işletme sermayesi için bir alternatif olarak kullanılabilecek.

## İLAVE TEMİNAT MALİYETİ DOĞMUYOR



KAPAT, Faktoring Genel Müdürü

KAPAT, Faktoring Genel Müdürü Mehmet Ali Akben, "KOBİ'lerin işletme sermayesi için yeni kaynak yaratıldı. Bu finansman yöntemi, işletmelerin işletme sermayesi için bir alternatif olarak kullanılabilecek. Eximbank'ın sağladığı reeskont kredisi, işletmelerin işletme sermayesi için bir alternatif olarak kullanılabilecek."

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## Finans kurumlarının ekonomide ağırlığı arttı



Mehmet Ali Akben

Bankacılık Düzenleme ve Denetleme Kurulu (BDDK) Başkanı Mehmet Ali Akben, küresel finans merkezleri endeksinde ilk kez 2009 yılında 72. sıradan giren İstanbul'un Eylül 2015 itibarıyla 47.'liğe yükseldiğini belirterek, "2018 yılında 25, 2023 yılında da ilk 10 içinde yer alması hedeflenmektedir" dedi.

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## FİNANSIN

# "HIZLISI"

**ELÇİN ÇİRCİK** [aciklik@tekgazetesi.com.tr](mailto:aciklik@tekgazetesi.com.tr)

5 yılda 3'e katlandı		
T.Y.	Akıl Yıllık (Milya TL)	Büyüme (%)
2017	8.849	48
2012	11.619	81
2013	15.956	37
2014	20.283	27
2015	27.225	34

Kaynak: İİİ

**B**ankacılığın hızlı kartlarına geçişten dolayı son on yıllarda büyümeye 2 yılda dörtte bir finansman sektörünün yalınları gitti. 12 oyunculu sektör, 2015 yılında 34 büyümeyle kapandı. Sektör 2015 sonunda 27,2 milyar TL aktif büyüklüğe ve 238 milyar TL kredilerle bankaların hızla büyümeye başladığını gösteriyor.

Sektörün son 5 yıllık büyüme rakamları çok yüksek çıktı. Finansman sektörü, 2011-2016 yılları arasında aktif büyüklük ve kredilerden dolayı toplam 3'e katlandı. Bu dönemde yıllık ortalama büyüme yüzde 35 oldu. Finansal kurumlar bütçe, sektörün önümüzdeki 5 yıl için büyümesini yüzde 25-30 arasında elemanı edeceğini düşünüyor.

Finansman sektörü, kredilerden dolayı 2015 yılında da finansal aktif yüzde 66 oranı yükseklikte 238 milyar TL artışa geçti. Bu sektörde sadece finansman yapılmıyor bir-

**Bankacılık dışı finansın kalbi Finansal Kurumlar Birliği Olağan Genel Kurulu'nda attı:**

**Şimşek: "Türkiye'nin kaynağa ihtiyacı var"**

Finansal Kurumlar Birliği IV. Olağan Genel Kurulu'na katılan Ekonomiden Sorumlu Başbakan Yardımcısı Mehmet Şimşek, "Türkiye'nin tekrar bir üst sınıfa aیلayabilmek için yapısal reformları güçlü bir şekilde

önümüzdeki dönemde uygulamaya geçirmesi gerekir" dedi. Şimşek, konuşmasında; varlık yönetim şirketlerini yakında yasal bir düzenlemeyele FKB'nin bir parçası haline getireceklerini de açıkladı.

**B**ankacılık dışı finans kesiminin en önemli unsurlarından olan finansal kiralama, faktoring ve finansman şirketlerini tek çatı altında toplayan Finansal Kurumlar Birliği'nin (FKB) İstanbul'da düzenlenen IV. Olağan Genel Kurulu'na Ekonomiden Sorumlu Başbakan Yardımcısı Mehmet Şimşek konukmuş olarak katıldı. BODK Başkanı Mehmet Ali Akban, FKB Başkanı Osman Zeki Özer, FKB Üyesi 103 şirketin yöneticileri ve Birlik yönetiminin hazır bulunduşu Genel Kurul'da Türkiye ekonomisinin mevcut durumu ve gelecekteki seyrine yönelik değerlerlen

Ökte görüşmelerin ardından dikkat çekti

**"Sağlam bankacılık sektörü, Türkiye'nin olmazsa olmazı"**

Şimşek, sağlıkl bir bankacılık sektörünün Türkiye'nin olmazsa olmazı olduğunu işaret etti. Türk bankacılık sektörü 2007 sonrasında ortaya çıkan küresel finans krizinde büyük bir stres testinden başarıyla

**Mehmet Şimşek**

# FKB, TEDARİKÇİ ZİNCİRİ FİNANSMANINI MERKEZİLEŞTİRİYOR

# KOBI'lere finansman için yeni bir pencere

**388 milyar TL**

KOBİ'lerin toplam nakit kredileri

**% 75**

KOBİ'lerin işletiminde payı

**% 54**

KOBİ'lerin katma değerde payı

**% 26**

KOBİ'lerin kırıllı satışlarda payı

**FINANSAL** Kurumlar Bankası'nın Türkiye'deki en büyük bankası olarak, KOBİ'lerin işletiminde finansmanını merkezileştirilmesini, KOBİ'lerin gelişmeler, sektörlerin etkin olarak çalışmasını KOBİ'lerin kredi ihtiyaçlarındaki payı yüzde 26 ile 29'a çıkarttı.

**FKB çatısı altındaki faktoring sektörü, KOBİ'lerin Tedarikçi Zinciri Finansman'ından daha efektif yararlanabilmesi amacıyla ortak platform kurulması için girişimlere başladı. Sistem, KOBİ'lerin uygun maliyetli finansmana**

**K**redi ihtiyaçları her geçen gün artan KOBİ'lerin uygun maliyetli finansmanını sağlayacak bir çözüm olarak, tedarikçi zinciri finansmanını merkezileştirilmesini, KOBİ'lerin işletiminde finansmanını merkezileştirilmesini, KOBİ'lerin kırıllı satışlarda payı yüzde 26 ile 29'a çıkarttı.

**ORTAK PLATFORM KURULUYOR**

FKB'nin ortaklığı ile kurulmuş olan



Torba Yasa'daki düzenlemeleri memnuniyetle karşıladıklarını belirten FKB Yönetim Kurulu Başkanı Mehmet Cankın, rekabet eşitsizliğinin giderilmesi yönünde önemli bir adım atılacağını söyledi.



## Torba Yasa banka dışı finansın önünü açacak

Finansal Kurumlar Birliği (FKB) Yürütme Kurulu Başkanı Mehmet Cankın, 'Torba Yasa' ve diğer düzenlemelerin bankalar için rekabet eşitsizliğini gidermesi yönünde önemli bir adım atılacağını söyledi.



### REKABET GÜCÜ ARTACAK

'Torba Yasa' ile FKB'de 'Yeni rekabet ortamı' ile ilgili düzenlemeler yapıldı. 'Torba Yasa' ile bankaların rekabet gücü artacak. Bankaların rekabet gücü artacak. Bankaların rekabet gücü artacak.

gösterildi. Bu konuda FKB'nin rolü önemli. FKB'nin rolü önemli. FKB'nin rolü önemli.

Çalışmalar devam edecek. Çalışmalar devam edecek. Çalışmalar devam edecek.

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## İHRACATÇIYA FİNANSMAN DESTEĞİ

Türk Eximbank Genel Müdürü Hayrettin Kaplan, Eximbank'ın sigorta müşterilerinin, poliçelerini teminat olarak göstererek, ticari bankaların yanı sıra faktoring şirketlerinden de finansman sağlamaya başlayacaklarını açıkladı.

**TÜRK Eximbank Genel Müdürü Hayrettin Kaplan**, ihracatçıların, Eximbank'ın sigorta müşterilerinin, poliçelerini teminat olarak göstererek, ticari bankaların yanı sıra faktoring şirketlerinden de finansman sağlamaya başlayacaklarını açıkladı.



edilecek" şeklinde konuştu.

### POLİTİK RİSKLER

Hayrettin Kaplan, yeni uygulamanın ihracatçılara getireceği avantajlar hakkında da konuştu. "Özellikle, ihracat kredi sigortasının işlevi, ihracat alacaklarını ticari ve politik risklere karşı teminat altına almaktır. Türk Eximbank tarafından 238 ülkedeki alıcılara gerçekleştirilen sevkiyatlar, sigorta kapsamına alınmaktadır. Bu sayı faktoring şirketleri tarafından kapıların ülke sayısının üç katı düzeyinde, ihracatçıların riskleri düşürmektedir. Yeni ve tanınmadıkları pazarlara açılacakları, alıcılarına vadeli satış yaparak rekabet gücü kazanabilecek."

sigorta firmasının, ilgili ihracatçı poliçe koşullarına uygun olarak gerçekleştirilmesini ve teminata hak kazanılmasını Türk Eximbank tarafından tespit edilmesi durumunda, faktoring şirketine ödeme yapmak suretiyle temin

# ÖDEME ALARM!

Leasing sektörünün başı ıflas ertelemeleriyle derte. Yöneticiler ödemelerini alamadıkları gibi leasing mallarını da geri çekemediklerinden dert yanyor. Faktoring ise karşılıksız çeklerle boğuşuyor, sonunu alacak rasyosu tehlike sınırına dayandı. Finansman şirketleri ve filo yönetimi şirketleri için de en belirgin özellik, yeni müşteri bulmada iştah olmaması.

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## 3 sektörde büyümeye devam ederiz

Finansal Kurumlar Birliği Başkanı Mehmet Cankın, son haftalarda özellikle yatırım istahını gösteren finansal kiralamaya talep arttığını söyledi. Cankın'ın "Darbe girişiminden önce 2016 için yüzde 15 büyümeye beklentimiz vardı bu hedefimizi değiştirmedik" dedi.

**FAKTÖRİNG SİSTEMİ KURACAK**

**Vergi farkından kalsın**

**DARBE GİRİŞİMİ SONRASI YATIRIMLAR ARTTI**



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[illegible]

## FKB'den genç finansçılara eğitim

**FİNANSAL Kurumlar Birliği** (FKB) genç finansçıları geleceğe hazırlamak ve onların mesleki yetkinlikleri artırmak amacıyla öncüsü olduğu eğitim işbirliklerine devam ediyor. Marmara Üniversitesi Sürekli Eğitim Merkezi (MÜSEM) işbirliği ile 3 yıldır devam eden "Finansal kurumlarda temel

töreninde konuşan BDDK Başkanı Mehmet Ali Akben "Finans sektörü güntünüzün olmazsa olmazlarındandır. Bu bakımdan Türkiye'deki sektörde bulunan finansçılarımızın geniş bir finansal kültür ve perspektif ile yetiştirmelerinin önemli olduğunu düşünüyorum" dedi. FKB Başkanı Mehmet Çantekin ise



**Çağatay Baydar**

# Çağatay Baydar FCI Başkanı

**T**EB Faktoring Genel Müdürlüğü Çağatay Baydar, bünyesinde 93 ülkeden 403 finans şirketini barındıran dünyanın en büyük faktoring organizasyonu Factors Chain International'ın (FCI) Başkanlığına seçildi. Baydar, FCI'nin, dünyada, reel sektöre 5 bin finans şirketi ile 300 milyar Euro finansman sağladığını belirterek, 51 bin çalışanı ile yaklaşık 550 bin faktoring müşterisine hizmet

[illegible]



## Koçfinans, 2016 sonunda kredi portföyünü 3.5 milyar liraya çıkaracak

Koçfinans Genel Müdürü Pınar Kitapçı, bu yıl 2015'in Eylül ayına göre toplam kredi portföylerinin yüzde 21 arttığını ve cirolarının yaklaşık yüzde 32 büyüdüğünü açıkladı.



21 Kasım 2016

Ağırlıklı taşıt finansmanı pazarında faaliyet gösteren Koçfinans; otomotivden motosiklete, dayanıklı tüketimden elektroniğe, eğitimden konut kredisine kadar hayatın pek çok alanında müşterilerinin finans ihtiyacını karşılıyor. Rakamsal ve strateji geliştirme anlamında bu yıl verimli geçirdiklerini belirten Koçfinans Genel Müdürü Pınar Kitapçı, bu yıl 2015'in Eylül ayına göre toplam kredi portföylerinin yüzde 21 arttığını ve cirolarının yaklaşık yüzde 32 büyüdüğünü açıkladı. Bu yıl sonunda ise toplam iş portföylerinin yüzde 20'lik artışla 3.5 milyar liraya ulaşacağını öngören Kitapçı, "Ciroda ise yaklaşık yüzde 30'luk artış hedefliyoruz. Ayrıca, bu yıl yeni açılan kredilerin yüzde 20 büyümesini ve kârlılığını ise bu büyümeyi destekleyecek seviyede gerçekleşmesini bekliyoruz" dedi.

## Banka dışı finans KOBİ'leri geleceğe hazırlayacak



Türkiye'de reel sektörü KOBİ'lerin oluşturduğuna işaret eden FKB Başkanı Mehmet Cantekin, "KOBİ'leri geleceğe hazırlamak için daha aktif rol alacağız" dedi.

## Garanti Leasing Genel Müdürü Ünal Gökmen:

## Makine finansmanına desteğimiz devam edecek

**G**aranti Leasing Genel Müdürü Ünal Gökmen, sektörün bu yılın ilk 9 aylık dönemindeki işlem hacminin yaklaşık 4,4 milyar USD olduğunu söyledi. Garanti Leasing'in aynı dönemde 581 milyon USD işlem hacmi gerçekleştirdiğini belirten Gökmen, "İs ve İnşaat makinaları, geçirdiğimiz dönemde 'sat ve gen kirala'nın hali yükselişi ile kapıdaki liderlik konumunu tekrar kazandı, yüzde 25,3'lük pay ile bir önceki çeyrekte olduğu gibi hala liderlik konumunda. Yine bir önceki çeyrek dönemde olduğu gibi işlem hacmi serolamasında; Is ve İnşaat ve gayrimenkulün ardından KDV avantajı nedeniyle üretim makinaları, tekstil ve metal işleme makinalarının yer aldığını görüyoruz." dedi ve Is ve İnşaat, tekstil, metal işleme gibi makine ile ilgili olan sektörlerin son derece önem verdiklerini de aktaran Gökmen, sözlerini şöyle sürdürdü:

"Garanti Leasing olarak 2016 yılı ilk üç çeyrekteki mal grubu bazında yeni işlem hacmi oranlarına bakıldığında makine ile ilgili olan tüm ürün gruplarında sektör ortalamasının üzerinde oranlara sahibiz. Bu bizim de bizim bu alanlardaki satın alma finansmanı sağlama konusundaki iştahımızın göstergesi. Makine ürün gruplarındaki yatırımlarımızı daha da artırmak için bu sektörler için özel paketler geliştirdik. Örneğin; Is ve İnşaat sektörüne özel hazırladığımız paketlerimiz, CNC, Is makinesi, farklı, jeneratör gibi ekipman gruplarına yönelik paketlerimiz bulunuyor. Belli sürede sektöründe faaliyet gösteren, moralitesi yüksek firmalar için hazırladığımız bu paketler sayesinde, kredi süreci çok kısa sürede tamamlanıyor."

Tüm ürün gruplarında olduğu gibi makine alımlarında da satın alma, tahsilat, sigorta gibi tüm operasyonel işlemleri takip ederek sonuçlandırdıklarını aktaran Gökmen, müşterilerinin aynı zamanda mevzuat

danışmanlığından da faydalana-bildiklerini ifade etti. Gökmen, Garanti Leasing'in sektörel paketler, operasyonel hizmetler ve hızlı kredi onayı ile makine sektörüne verdiği desteğin hız kesmeden süreceğini kaydetti. Hükümetin son dönemdeki teşvik politikasını yalından takip ettiklerini de belirten Gökmen, "Teşviklerin yatırım kararını artırarak piyasaya olumlu etki sağlayacağına inanıyoruz. Reel sektöre destek olmak adına biz Garanti Leasing olarak, kredi politikamızda herhangi bir değişiklik yapmadık, tüm ürün gruplarına finansman desteği sağlamaya devam ediyoruz. 26 yıldır olduğu gibi önümüzdeki dönemde de ülkemizdeki yatırımları Tükiye genelindeki yaygın hizmet ağımız ile kasıtsız olarak destekleyeceğiz. Bu doğrultuda beklememiz tüm yatırımcıların da hız kesmeden üretime katılıp sağlamaya devam etmesi yönünde." dedi



GARANTİ LEASING GENEL MÜDÜRÜ ÜNAL GÖKMEN

## Her finansal işlem için bir fidan dikecek

**F**inansal Kurumlar Birliği, ülkemizdeki ekonomik-cari faaliyetlere katkı sorumluluğunun yanı sıra toplumsal sorumluluğuna da sahip çıkarak, tescil edilen her sözleşme için bir fidan dikilecek "FKB- Finansal Kiralama Hanra Ormanı" oluşturulması yönündeki karar kapsamında, tescil ücretinin bir kısmını fidan dikimine ayıracak. 2015 yılında finanse edilen 23 bin 125 adet Finansal Kiralama

### ÇEVREYE DESTEK

Konu ile ilgili değerlendirilmede bulunan Finansal Kurumlar Birliği Başkanı Vekili Hasan K. Rolat, "Kazandığımız topluma katkı sağladığımız yüksek sorumluluğuna da bilinciyleyiz. Bir süredir doğa ve çevre konusunda aldığımız

bu sorumluluğu, bugün Orman Genel Müdürlüğü ile imzaladığımız protokol çerçevesinde nemi ve kalıcı bir hale getirmenin memnuniyetini yaşıyoruz. Türkiye'mizin doğasını korumak ve gelecek nesillere yeşil bir çevre mirası bırakabilmek üzere, ilkesadi işletmemizin Finansal Kiralama sözleşmelerinden elde ettiği gelirin bir kısmını her yıl on binlerce fidan dikimine ayırmayı sürdüreceğiz" ifadelerini kullandı.



Finansal Kurumlar Birliği Başkanı Vekili Hasan K. Rolat

Finansal Kiralama, Faktoring ve Finansman Şirketleri Birlięi ve Baęlı Ortaklıkları

**Consolidated financial statements together with independent auditor's report for the year ended December 31, 2016**

## INDEPENDENT AUDITOR'S REPORT



Güney Bağımsız Denetim ve  
SMMM A.Ş.  
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Ticaret Sicil No: 479920  
Mersis No: 0-4350-3032-6000017

### (Convenience translation of a report and financial statements originally issued in Turkish)

To the Board of Directors of Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği:

#### Independent auditors' report on the consolidated financial statements

We have audited the accompanying consolidated balance sheet of Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ("the Association") and its consolidated subsidiaries (together the "Group") as at December 31, 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### Management's responsibility for the financial statements

The Group's management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards and for such internal controls as management determines as necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

#### Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the standards on auditing issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the consolidated financial statements. The independent audit procedures selected depend on our professional judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error and/or fraud. In making those risk assessments, the Group's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the consolidated financial statements prepared by the Association and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group's management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## INDEPENDENT AUDITOR'S REPORT



Güney Bağımsız Denetim ve  
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### Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği as of December 31, 2016 and of their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

### Reporting on independent auditor responsibilities arising from the other related regulatory requirements

In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period January 1 – December 31, 2016 are not in compliance with the code and provisions of the Association's articles of association in relation to financial reporting.

In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
A member firm of Ernst & Young Global Limited

  
Onur Unal, SMMM  
Partner in Charge  
March 17, 2017  
Istanbul, Turkey

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**Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları****Consolidated statement of financial position  
for the year ended December 31, 2016**

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

		<b>Current period</b>	Prior period
		<b>Audited</b>	Audited
	<b>Notes</b>	<b>December 31, 2016</b>	December 31, 2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	<b>11.112.537</b>	10.156.747
Trade receivables	4	<b>112.985</b>	349.103
Other receivables		<b>-</b>	3.140
Other current assets	5	<b>16.451</b>	30.705
<b>Total current assets</b>		<b>11.241.973</b>	10.539.695
<b>Non-current assets</b>			
Tangible assets	6	<b>1.014.207</b>	1.263.033
Intangible assets	7	<b>1.244.697</b>	1.216.125
Deferred tax asset	12	<b>8.008</b>	5.502
Prepaid expenses		<b>1.517</b>	732
<b>Total non-current assets</b>		<b>2.268.429</b>	2.485.392
<b>Total assets</b>		<b>13.510.402</b>	13.025.087

**Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları****Consolidated statement of financial position  
for the year ended December 31, 2016**

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

		<b>Current period</b>	Prior period
		<b>Audited</b>	Audited
	<b>Notes</b>	<b>December 31, 2016</b>	December 31, 2015
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Trade payables	9	<b>477.206</b>	387.498
Employee termination benefits obligations	10	<b>245.865</b>	260.674
Deferred income	11	<b>1.848.667</b>	2.077.079
Current provisions for employee termination benefits	10	<b>58.446</b>	23.396
Tax payables	12	<b>90.355</b>	293.878
Other non-current liabilities	13	<b>80.450</b>	140.261
<b>Total current liabilities</b>		<b>2.800.989</b>	3.182.786
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	<b>13.620</b>	12.180
Provisions for long-term employee benefits	10	<b>82.577</b>	56.695
<b>Total non-current liabilities</b>		<b>96.197</b>	68.875
<b>Total liabilities</b>		<b>2.897.186</b>	3.251.661
<b>Shareholders' equity</b>			
Accumulated earnings		<b>9.773.951</b>	5.497.889
Other accumulated expenses that won't be reclassified to profit or loss	10	<b>8.100</b>	(524)
- Defined benefit plans re-measurement losses	10	<b>8.100</b>	(524)
Net period income		<b>831.165</b>	4.276.061
<b>Total equity</b>		<b>10.613.216</b>	9.773.426
<b>Total liabilities and shareholders' equity</b>		<b>13.510.402</b>	13.025.087

**Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları****Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2016**

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

		<b>Current period</b>	Prior period
		<b>Audited</b>	Audited
	<b>Notes</b>	<b>January 1 - December 31, 2016</b>	January 1 - December 31, 2015
<b>Profit or loss</b>			
Sales	14	<b>13.247.242</b>	15.091.043
Cost of sales	14	<b>(3.529.505)</b>	(3.154.583)
<b>Gross profit</b>	14	<b>9.717.737</b>	11.936.460
General administrative expenses (-)	15	<b>(9.163.657)</b>	(7.854.361)
Other operating income		<b>1.300</b>	18
Other operating expense(-)	16	<b>(534.750)</b>	(4.408)
<b>Operating profit</b>		<b>20.630</b>	4.077.709
Financial income	17	<b>1.268.974</b>	1.016.532
Financial expense (-)	18	<b>(7.019)</b>	(8.745)
<b>Profit / (loss) before tax from continuing operations</b>		<b>1.282.585</b>	5.085.496
- Tax expense/income for the period (-)	12	<b>(454.271)</b>	(801.668)
- Deferred tax income/expense	12	<b>2.851</b>	(7.745)
<b>Net period income</b>		<b>831.165</b>	4.276.061
<b>Other comprehensive income or loss</b>			
<b>Will not be reclassified to income or loss</b>			
- Actuarial income / loss		<b>10.410</b>	(1.517)
- Deferred tax asset/liability	12	<b>(1.785)</b>	993
<b>Will be reclassified to income or loss</b>		<b>-</b>	-
<b>Other comprehensive income or loss</b>		<b>8.625</b>	(524)
<b>Total comprehensive income</b>		<b>839.790</b>	4.275.537

**Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları****Consolidated statement of changes in equity  
for the year ended December 31, 2016**

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

	Accumulated other comprehensive income and expenses not to be reclassified to profit or loss			
	Defined benefit plans remeasurement losses	Net Profit	Retained Earning	Total shareholders' equity
Balance as of January 1, 2015	-	1.855.858	3.642.031	5.497.889
Transfers	-	(1.855.858)	1.855.858	-
Net income for the period	-	4.276.061	-	4.276.061
Other comprehensive income	(524)	-	-	(524)
Total comprehensive income	(524)	4.276.061	-	4.275.537
Balance as of December 31, 2015	(524)	4.276.061	5.497.889	9.773.426
<b>Balance as of January 1, 2016</b>	<b>(524)</b>	<b>4.276.061</b>	<b>5.497.889</b>	<b>9.773.426</b>
Transfers	-	(4.276.061)	4.276.061	-
Net income for the period	-	831.165	-	831.165
Other comprehensive income	8.625	-	-	8.625
Total comprehensive income	8.625	831.165	-	839.790
<b>Balance as of December 31, 2016</b>	<b>8.101</b>	<b>831.165</b>	<b>9.773.950</b>	<b>10.613.216</b>

**Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları****Consolidated statement of cash flows  
for the year ended December 31, 2016**

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

		<b>Current period</b>	Prior period
		<b>Audited</b>	<b>Audited</b>
	<b>Notes</b>	<b>January 1 - December 31, 2016</b>	<b>January 1 - December 31, 2015</b>
<b>Cash flows from operating activities:</b>			
Net profit for the year		<b>831.165</b>	4.276.061
<b>Adjustments for the reconciliation of net profit and net cash gained from operating activities:</b>			
Entrance fees and accrued shareholding costs	11	<b>(228.412)</b>	55.746
Depreciation and amortization	6, 7	<b>502.799</b>	471.785
Tax adjustments	12	<b>451.420</b>	809.434
Provision for employee termination benefits	9	<b>61.080</b>	35.248
Provision for unused vacation liability	9	<b>35.049</b>	23.396
Provision for doubtful receivables		<b>49.000</b>	-
Interest income	16	<b>(1.268.037)</b>	(1.015.858)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>			
		<b>434.064</b>	4.655.812
Changes in trade receivables, other receivables and prepaid expenses	4	<b>190.553</b>	(276.959)
Changes in current period tax assets	7	<b>(981)</b>	3.140
Changes in other current assets		<b>14.255</b>	189.503
Changes in other non current assets		<b>195</b>	4.828
Changes in trade payables	8	<b>89.708</b>	(294.608)
Changes in employee benefit obligations	9	<b>(13.823)</b>	63.194
Changes in other payables and other liabilities		<b>(61.092)</b>	(1.265.834)
Tax paid	12	<b>(657.794)</b>	(612.652)
Employee termination benefits paid		<b>(24.787)</b>	(5.850)
<b>Net cash provided from operating activities</b>			
		<b>(29.702)</b>	2.460.574
<b>Cash flows from investing activities:</b>			
Interest received	16	<b>1.275.770</b>	981.271
Cash flow from tangible and intangible asset purchase	5, 6	<b>(282.545)</b>	(87.377)
<b>Cash flows from investing activities</b>			
		<b>993.225</b>	893.894
<b>Net cash (used in) financing activities</b>			
		<b>-</b>	-
Net changes in cash and cash equivalents		<b>963.523</b>	3.354.468
Cash and cash equivalents at the beginning of the period	3	<b>10.087.329</b>	6.732.861
<b>Cash and cash equivalents as of December 31, 2016</b>			
	3	<b>11.050.852</b>	10.087.329

## Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları

### Notes to the consolidated financial statements as of December 31, 2016

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

#### 1. Group's organization and nature of activities

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

The Association was established in accordance with the Financial Leasing, Factoring and Financing Companies Law numbered 6361 and dated July 25, 2013. Temporary Board of Directors was established with the combination of members of the Leasing Association, Factoring Association and Financing Companies Association's board of directors. Thenceforth the main Board of Directors was elected for 3 years with the decision of the General Assembly meeting held on 22 October 2013.

Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği "The Association of Financial Leasing, Factoring and Financing Companies" ("the Association") and its subsidiaries 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, Türkiye. As of the balance sheet date the number of personnel of the Group is 19 (December 31, 2015: 19).

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 Statute, and must implement the decisions taken by the Association's competent body.

#### Subject of activity:

**The Association** was established according to the law of Financial Leasing, Factoring and Financing Companies numbered 6361 and is a professional organization having an incorporated body specificity and quality of a public authority.

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 raise the competitiveness.

The Association performs the following tasks to accomplish this aim:

- a) Create policies for the development of sectors and relevant professions and take decisions,
- b) Determine the professional principles and standards that companies have to comply,
- c) To provide the companies to work in the unity, dignity and discipline that the profession requires according to the needs of the economy, by determining the principles and ethics of the profession,
- d) Inform the companies about the decisions taken by relevant legislation and by the Agency and the measures,
- e) Take the necessary measures to protect the competitive environment,
- f) Represent the sectors in the country and abroad, to promote and to make efforts to enlighten the public on this issue
- 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 decisions that will strengthen professional solidarity relations between the companies,
- j) Ensure the cooperation on joint projects between the members,
- k) Collect the companies' and sectors' unconfidential 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,
- r) Take the measures which are required to be taken by the Agency,
- s) Determine the principles and procedures related to the registration of lease contracts lease contracts to the special registry, by taking the relevant opinion of the Board,
- t) Consolidate the information of 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.
- u) Carry out other tasks given by the legislation



**Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları****Notes to the consolidated financial statements  
as of December 31, 2016**

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

**Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği Faktoring İktisadi İşletmesi** was established on February 27, 2014. The Factoring Commercial Enterprise'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 fees for them
- d) Generating revenue via various kinds of broadcast, published books, and magazines related to the Central Invoice Recording System
- e) Claiming extra fee, in case the information which is demanded from the Association members and banks is not provided in a full and timely manner.
- f) Providing revenue on books, magazines and all kind of publications related to Central Invoice Recording System.
- g) Generating income via other activities performed according to the regulations published in accordance with the Financial Leasing, Factoring and Financing Companies Law numbered 6361, 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 specific 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 licencing, importing, exporting and domestically trading the related hardware and software.
- o) Servicing 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 Factoring Commercial Enterprise and generating income for them.

**Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği İktisadi İşletmesi** was established in March 24, 2014. The Commercial Enterprise's purpose and scope are as follows:

- a) To conduct activities related to the expansion and development of the financial leasing, factoring ve finance companies in Turkey,
- b) Conducting and promoting studies and research regarding financial leasing, factoring and finance companies in order to provide highest level of service and quality,
- c) To make 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 run on a regular basis,
- e) To prepare and implement educational programs in order to increase the number of specialized staff in the sectors and to promote related sectors,
- f) Organizing required promotions in order to ensure increasing the sector image to the highest level, to publish books, magazines and brochures, preparing video band, CD, DVD etc., to take ads, to assume, import and sell the publication rights of related books, to make periodical and non-periodical publication, to organize seminars, symposiums, and conferences on technicality, to organize training courses towards the training of personnel working at member institutions and receiving entities,
- g) To improve the feeling of social solidarity among employees of the Association's member companies,
- h) To organize various organizations, including dinner meetings Engaging activities in the areas which focus on generating revenues from services within the area of activity

## Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları

### Notes to the consolidated financial statements as of December 31, 2016

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

**Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği Finansal Kiralama İktisadi İşletmesi** was established on February 27, 2014. The Financial Leasing Commercial Enterprise's purpose and scope are as follows:

- Making necessary investments according to Financial Leasing, Factoring and Financing Companies Law numbered 6361, Article 21, 22 for the establishment of the system related to registration process,
- Making operational and personnel expenses for the system to run on a regular basis
- Performing all kind of activities in order to generate service revenue from registration process,
- Organizing trainings, conferences, publications and consulting activities regarding the registration process,
- 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,

#### Approval of consolidated financial statements:

The consolidated financial statements prepared related to the accounting period which end up on December 31, 2016 have been approved by the Board of Directors of the Group on March 9, 2017 and are going to be summited for approval in the General Assembly Meeting that will be held in April 2017. In the framework of the legislation, the Group's authorized Boards and the regulatory institutions have the authority to alter financial statements.

## 2. Basis of presentation of financial statements

### A. Explanations on basis of presentation

#### Applied accounting standards

The Group holds its legal books in accordance with the Turkish Commercial Code no. 6102, tax legislation and the Uniform Chart of Accounts published by the Ministry of Finance.

The Group is responsible for accounting for all transactions in line with the principles and procedures set by the Board of Public Oversight, Accounting and Auditing Standards in accordance and has to prepare its financial reports in a timely and accurate manner that is understandable, reliable and comparable, timely, analytical and interpretable in form and content to meet the need for information.

In the preparation of the financial statements and footnotes, "Financial Statements and Examples Use Guide" principles has been used which was announced by the POA as of April 20, 2013.

The financial statements are based on the Group's legal records and represented with TRY balances and they have been subjected to certain adjustments and classifications in order to properly present the position of the Group which have been published by the Public Oversight Accounting and Auditing Standards.

Functional and presentation currency of the Group is TL.

#### Netting / Offset

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

#### Basis of consolidation

The Association and the subsidiaries are included in the consolidated financial statements.

Consolidated financial statements include the financial statements of the Group and its subsidiaries as of December 31, 2016. The balance sheet prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") of the subsidiaries has been consolidated with the Association's balance sheet.

**Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları****Notes to the consolidated financial statements  
as of December 31, 2016**

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

According to board decisions which are numbered 2014/2, 2014/3 and 2014/4 dated January 7, 2014, it is decided that commercial enterprises which inline act of law 6361 are established due to provide continually income and assist for realization of the objectives for the Association of Financial Leasing, Factoring and Finance Companies.

Nature of commercial enterprises, respectively;

- Make the necessary investments for the establishment of related systems about registration process specified in articles 21 and 22 of the relevant law and operates in accordance,
- According to Central Invoice Recording' entitled under Article 43 at related law, commercial enterprises make required investments in order to establish the system that consolidate the information concerning the receivables (including invoice information) that are assigned to factoring companies and banks;
- Expand and develop activities of the Financial Leasing, Factoring and Finance Companies in Turkey.

Commercial enterprises consolidated are as follows:

Title	Address (City / Country)	Share Rate	Paid in Capital
Finansal Kiralama Faktoring ve Finansman Şirketleri Birliği Finansal Kiralama İktisadi İşletmesi	İstanbul/ Turkey	%100	100.000
Finansal Kiralama Faktoring ve Finansman Şirketleri Birliği Faktoring İktisadi İşletmesi	İstanbul/ Turkey	%100	100.000
Finansal Kiralama Faktoring ve Finansman Şirketleri Birliği İktisadi İşletmesi	İstanbul/ Turkey	%100	105.000
<b>Total</b>			<b>305.000</b>

**The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2016 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2016. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

**i) The new standards, amendments and interpretations which are effective as at January 1, 2016 are as follows:****TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)**

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. The amendment did not have an impact on the financial position or performance of the Group.

**TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)**

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments did not have an impact on the financial position or performance of the Group.

## Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları

### Notes to the consolidated financial statements as of December 31, 2016

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

#### TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

#### TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9,

Or

- Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

#### TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

Amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

#### TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

Amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

#### TAS 1: Disclosure Initiative (Amendments to TAS 1)

The amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. These amendments did not have significant impact on the notes to the consolidated financial statements of the Group.

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**Annual Improvements to TFRSs – 2012-2014 Cycle**

POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

The amendment did not have any impact on the financial position or performance of the Group

**ii) Standards issued but not yet effective and not early adopted**

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

**TFRS 15 Revenue from Contracts with Customers**

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group does not expect that the standard will have significant impact on the financial position or performance of the Group.

**TFRS 9 Financial Instruments**

In January 2016, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after January 1 -2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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#### iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

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

#### IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

#### Annual Improvements – 2010–2012 Cycle

##### *IFRS 13 Fair Value Measurement*

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

#### Annual Improvements – 2011–2013 Cycle

##### **IFRS 16 Leases**

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

#### **IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)**

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the entity applies this relief, it shall disclose that fact. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

#### **IAS 7 Statement of Cash Flows (Amendments)**

The IASB issued amendments to IAS 7 'Statement of Cash Flows' in January 2016. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the entity first applies those amendments, it is not required to provide comparative information for preceding periods. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.



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**IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)**

The IASB issued amendments to IFRS 2 Share-based Payment in June 2016, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
- c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after January 1 -2018. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

**IFRS 4 Insurance Contracts (Amendments)**

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- a. give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and
- b. give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 Financial instruments until 2021. The entities that defer the application of IFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—IAS 39.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

**IAS 40 Investment Property: Transfers of Investment Property (Amendments)**

The IASB issued amendments to IAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after January 1 -2018. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

**IFRIC 22 Foreign Currency Transactions and Advance Consideration**

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after January 1 -2018. Earlier application is permitted. The interpretation is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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#### Annual Improvements to IFRSs – 2014–2016 Cycle

The IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle, amending the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after January 1 -2018.
- IFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after January 1 -2017.
- IAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying IFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after January 1 -2018. Earlier application is permitted.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

The significant accounting policies followed in the preparation of these financial statements are summarized below:

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

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

##### (b) Financial instruments

##### *Securities held for trading*

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Fair value of these assets at the balance sheet date is determined by the weighted average market value.

Trading securities are initially recognized at cost and are subsequently re-measured at fair value based on quoted bid prices.

Profit and loss due to the changes in fair value of trading securities is included into "Other income and expenses" in the income statement. Interest and other income from trading securities is also included into "Other income" in the income statement.

Trading securities are recorded and derecognized at the transaction date.

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**c) Tangible assets**

Tangible assets are carried at cost value excluding accumulated depreciation and impairment. Depreciation on the tangible assets is provided on straight-line method according to their useful lives from the date of recognition or assembly of the related asset. The estimated useful lives of assets are as follows:

	<u>Years</u>
Furnitures and fixtures	3-10
Leasehold improvements	4-5

Disposal of tangible fixed assets or asset gain or loss arising on the difference between the sales proceeds and the carrying amount of the asset is included in the income statement. Further expenses are capitalised only if the expenses increase the future economic benefits. All other expenses are recognized in the comprehensive income report as expenses.

**d) Intangible Assets**

Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

	<u>Years</u>
Rights	3-10

**(e) Employee benefits*****Employment termination benefits***

In accordance with existing social legislation lump-sum termination indemnities are paid to each employee whose employment is terminated due to the retirement or dismissal. In the context of TAS 19 Employee benefits ("TAS 19") mentioned type of payments are specified as defined retirement benefit plans.

The reserve has been calculated by estimating the present value of the future obligation of the Company that may arise from the retirement of the employees.

The liability is not funded as there is no funding requirement.

The Group accounts for employee termination benefits, vacation rights and other benefits to employees in accordance with "International Accounting Standard for Employee Rights" ("TAS 19") and IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

The discount rate for pension commitments consistent with the maturity period and will be used for the payment of commitments is estimated liabilities denominated in currencies, according to the changing discount rate has been used over the years by according to calculation as of December 31, 2016. In line with a discount rate estimation was adopted to estimate long-term inflation rate, the changing inflation rate has been used over the years.

The estimated rate of severance indemnity amounts that have not been paid as a result of on-demand departures and that have remained in the company are also taken into consideration. It is assumed that, the rate of optional separation will be subject to past service period and to assume by calculating total retirement benefit obligation with making the analysis of past experience, expectations are reflected in the calculation of expected future demand separation.

Accordingly, in actuarial calculations the possibility of employees leave voluntarily is included in the calculation as decreasing rate while having increased past service period.

## Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ve Bağlı Ortaklıkları

### Notes to the consolidated financial statements as of December 31, 2016

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#### (f) Shareholding charges, entrance fee and interest income/expense

##### *Shareholding charges and entrance fee*

The entrance fee revenues consist of fees allocated to the budget by the companies for once and the amount is determined by the Board of the Association.

The costs of participation shares consist of the fees for the sectoral costs in the budget and are determined by the Board of the Association and approved by the General Assembly and Revenues are recorded according to giving the service, having the transfer of risks and benefits associated with the service, determination of the amount of revenue reliably and economic benefits associated with the transaction be taken over is probable to flow to the Group on an accrual basis over the fair value.

The entrance fees are reflected to income statement after the membership process is completed and the costs of participation shares are reflected regarding the following service period.

##### *Interest income and expense*

Interest income and expenses are booked in the income statement in the period to which they relate on an accrual basis.

#### (g) Taxes on income

The Association has exemption from the corporate tax and the value-added tax ("VAT") payers. However, the Group has obligation on stamp duty for papers issued in relation to the Association's transaction.

The commercial enterprises are subject to the corporate tax rate of 20% in Turkey. Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The temporary taxes are calculated and accrued quarterly in Turkey.

Tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Corporations file their tax returns within the 25<sup>th</sup> of the fourth month following the close of the financial year to which they relate. Tax returns and the related accounting records might be changed within 5 years by the tax authorities.

#### (h) Foreign exchange transactions

Foreign currency valuations are recorded by calculation with the exchange rate of the period; foreign currency assets and liabilities are valued with the buying exchange rate declared by the Central Bank of the Republic of Turkey of the balance sheet date. Income and expenses resulting from translation of foreign currency items are included in the income statement for the period.

#### (i) Trade payables

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

#### (j) Subsequent Events

Subsequent events cover any events which arise between the date of approval of the financial statements and the balance sheet date, even if they occurred after declaration of the net profit for the period or specific financial information is publicly disclosed.

The Group adjusts its financial statements if such subsequent events require an adjustment to the financial statements.

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**(k) Provisions and contingent assets and liabilities**

Provisions are booked when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. When the amount of the obligation cannot be estimated and an outflow of resources is not probable, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements. As of December 31, 2016 and 2015 the Group has no provision, contingent liabilities and assets.

**(l) Related parties**

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

Certain party,

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

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

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

**3. Cash and cash equivalents**

	<b>December 31, 2016</b>	December 31, 2015
Cash	<b>6.865</b>	3.134
Bank		
- Demand deposits	<b>77.523</b>	28.303
- Time deposits	<b>11.028.149</b>	10.125.310
<b>Total</b>	<b>11.112.537</b>	10.156.747

As of December 31, 2016, the yearly weighted average interest rates of the TL deposits in the banks range between 6.75% and 12.75% (December 31, 2015: 3% - 12.65%) and the accrued interest amount is TL 61.685. (December 31, 2015: 69.418 TL) The maturity dates of the TL deposits in the banks vary between January 2, 2016 and January 10, 2016. (December 31, 2015: 4 January 2016 - 18 January 2016).



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As of December 31, 2016 and 2015, cash and cash equivalents of the Group are presented by deducting interest accruals from cash and cash equivalents:

	December 31, 2016	December 31, 2015
Cash and cash equivalents	11.112.537	10.156.747
Minus(-): Interest accruals	(61.685)	(69.418)
<b>Cash and cash equivalents in the cash flow statement</b>	<b>11.050.852</b>	<b>10.087.329</b>

**4. Trade receivables**

	December 31, 2016	December 31, 2015
Receivables from registration process <sup>(*)</sup>	105.433	214.170
Receivables form "MFKS" operations <sup>(**)</sup>	6.962	126.555
Receivables from members <sup>(***)</sup>	590	8.378
<b>Total</b>	<b>112.985</b>	<b>349.103</b>

<sup>(\*)</sup> One of the companies subject to consolidation "Finansal Kiralama İktisadi İşletmesi", performs registration of domestic and foreign leasing conventions. As a result of cooperation with "Merkezi Kayıt Kuruluşu", registration process of leasing contracts are started by "Finansal Kiralama İktisadi İşletmesi" since February 9, 2015.

<sup>(\*\*)</sup> Since January 1, 2015, with the cooperation between "Faktoring İktisadi İşletmesi" and "Kredi Kayıt Bürosu", Factoring Companies with banks aggregated invoice information that they will receive information about the transfer, including the Central Invoice Recording System (MFKS) serves.

<sup>(\*\*\*)</sup> Receivables form members are consists of receivables from education services

**5. Other current assets**

	December 31, 2016	December 31, 2015
Prepaid insurance policies	9.207	9.037
Personnel health insurance	2.993	3.241
Advances given for business	1.743	914
Other	1.633	3.332
Prepaid taxes and funds	875	771
Advances given for purchases	-	13.410
<b>Total</b>	<b>16.451</b>	<b>30.705</b>

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**6. Tangible assets**

Movements in tangible assets between January 1, 2016- December 31, 2016 are as follows:

<b>Property, plant and equipment</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvement</b>	<b>Construction in progress</b>	<b>Total</b>
<b>Cost</b>				
Opening balance, January 1, 2016	381.367	1.418.135	-	1.799.502
Additions	114.965	2.096	4.200	121.261
<b>Closing balance, December 31, 2016</b>	<b>496.332</b>	<b>1.420.231</b>	<b>4.200</b>	<b>1.920.763</b>
<b>Accumulated depreciation</b>				
Opening balance, January 1, 2016	(108.845)	(427.624)	-	(536.469)
Charge for the period	(85.356)	(284.732)	-	(370.088)
<b>Closing balance December 31, 2016</b>	<b>(194.201)</b>	<b>(712.356)</b>	<b>-</b>	<b>(906.557)</b>
<b>Net book value</b>	<b>302.131</b>	<b>707.875</b>	<b>4.200</b>	<b>1.014.207</b>

Movements in tangible assets between January 1, 2015- December 31, 2015 are as follows:

<b>Property, plant and equipment</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Cost</b>			
Opening balance, January 1, 2015	310.649	1.407.475	1.718.124
Additions	70.718	10.660	81.377
<b>Closing balance, December 31, 2015</b>	<b>381.367</b>	<b>1.418.135</b>	<b>1.799.501</b>
<b>Accumulated depreciation</b>			
Opening balance, January 1, 2015	(37.844)	(145.708)	(183.552)
Charge for the period	(71.001)	(281.916)	(352.917)
<b>Closing balance December 31, 2015</b>	<b>(108.845)</b>	<b>(427.624)</b>	<b>(536.469)</b>
<b>Net book value</b>	<b>272.522</b>	<b>990.511</b>	<b>1.263.033</b>

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**7. Intangible assets**

Movements in intangible assets between January 1, 2016- December 31, 2016 are as follows:

	<b>Rights</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Cost</b>			
Opening balance, January 1, 2016	1.361.029	-	1.361.029
Additions	111.284	50.000	161.284
<b>Closing balance, December 31, 2016</b>	<b>1.472.313</b>	<b>50.000</b>	<b>1.522.313</b>
<b>Accumulated depreciation</b>			
Opening balance, January 1, 2016	(144.906)	-	(144.906)
Charge for the period	(127.710)	(5.000)	(132.710)
<b>Closing balance December 31, 2016</b>	<b>(272.616)</b>	<b>(5.000)</b>	<b>(277.616)</b>
<b>Net book value</b>	<b>1.199.697</b>	<b>45.000</b>	<b>1.244.697</b>

Movements in intangible assets between January 1, 2015- December 31, 2015 are as follows:

	<b>Rights</b>	<b>Total</b>
<b>Cost</b>		
Opening balance, January 1, 2015	1.355.031	1.355.031
Additions	6.000	6.000
<b>Closing balance, December 31, 2015</b>	<b>1.361.031</b>	<b>1.361.031</b>
<b>Accumulated depreciation</b>		
Opening balance, January 1, 2015	(26.038)	(26.038)
Charge for the period	(118.868)	(118.868)
<b>Closing balance December 31, 2015</b>	<b>(144.906)</b>	<b>(144.906)</b>
<b>Net book value</b>	<b>1.216.125</b>	<b>1.216.125</b>

**8. Current period tax assets**

As of December 31, 2016 and 2015, the Group has no taxable income.

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**9. Trade payables**

	December 31, 2016	December 31, 2015
Trade payables to third parties	284.615	206.508
Other trade payables	192.591	180.990
<b>Total</b>	<b>477.206</b>	<b>387.498</b>

Trade payables to non-related parties, consist of; technical services, advertising, corporate communications vendor liabilities and balances owed to the Central Registry Agency. Regarding 21<sup>st</sup> and 22<sup>nd</sup> Articles of Law No. 6361, "Finansal Kiralama İktisadi İşletmesi" executes the registrations of made in domestic and cross border leasing agreements. Since 9 February 2015, as a result of cooperation with Central Registry Agency the registration process for leasing contracts are started to be executed by "Finansal Kiralama İktisadi İşletmesi" Trade payables' maturities are less than 30 days.

TL 189.450 part, classified under other payables, consists of debts sourcing from contracts concluded in scope of realization of system and infrastructure establishment which shall be used by the software developed towards aggregation, recording, inquiring and reporting of invoice information and other information and/or documents related to receivables transferred in scope of the Law by factoring companies and banks in scope of contracts made with Credit Recording Bureau (December 31, 2015: TL 177.000).

The average term of trade payables and other payables to related parties is less than 30 days.

**10. Employee benefits**

Liabilities related to employee benefits consist of social security premiums payable, income tax paid on behalf of employees and provisions for long-term benefits provided to employees consist of reserve for employment termination benefits.

The indemnities payable amounts to one month salary for each term of service and the maximum amount is calculated on the TL 4.297,21 for December 31, 2016. (December 31, 2015 - TL 3.828,37).

	December 31, 2016	December 31, 2015
Provision for employment termination benefits	82.577	56.695
<b>Total</b>	<b>82.577</b>	<b>56.695</b>

	December 31, 2016	December 31, 2015
Vacation provision	58.446	23.396
<b>Total</b>	<b>58.446</b>	<b>23.396</b>

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

	December 31, 2016	December 31, 2015
Discount rate (%)	%4,50	%2,83
Inflation rate (%)	%6	%6

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The movement of employment termination for 2016 and 2015 are as follow:

	2016	2015
Opening balance	56.695	25.780
Interest cost	5.727	2.274
Service cost	55.352	32.974
Severance payment	(24.788)	(5.850)
Actuarial gain	(10.409)	1.517
<b>Closing balance</b>	<b>82.577</b>	<b>56.695</b>

**11. Deferred income**

As of December 31, 2016, charges of shareholding and entrance fees which have been collected from the members are recorded as income for the period of January 1 -2016 – December 31, 2016 and the portion of the following years' amounting to TL 1.848.667 was accounted as deferred income (December 31, 2015: TL 2.077.079).

**12. Tax and liabilities payable**

	December 31, 2016	December 31, 2015
Corporate tax provision	454.271	801.668
Advance corporate tax	(363.916)	(507.790)
<b>Total</b>	<b>90.355</b>	<b>293.878</b>

**Deferred tax asset/(liability), net**

	Temporary differences		Deferred tax asset/liability	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Depreciation correction of tangible and intangible assets	(4.306)	(1.184)	(861)	(237)
Provisions for severance pay	18.736	7.967	3.747	1.594
Provisions for accumulated leave	25.608	2.122	5.122	424
Doubtful receivables	-	18.605	-	3.721
<b>Deferred tax asset/(liability)</b>	<b>40.038</b>	<b>27.510</b>	<b>8.008</b>	<b>5.502</b>



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**Deferred tax liability**

	Temporary differences		Deferred tax asset/liability	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Depreciation correction of tangible and intangible assets	(86.807)	(71.235)	(17.361)	(14.247)
Provisions for severance pay	16.745	10.336	3.348	2.067
Unused vacation liability	1.965	-	393	
<b>Deferred tax liability</b>	<b>(68.097)</b>	<b>(60.899)</b>	<b>(13.620)</b>	<b>(12.180)</b>

**Deferred tax assets / liabilities, net**

	Temporary differences		Deferred tax asset/liability	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Depreciation correction of tangible and intangible assets	(91.114)	(72.419)	(18.223)	(14.484)
Provisions for severance pay	35.481	18.303	7.096	3.661
Provisions for accumulated leave	(27.573)	2.122	5.515	424
Doubtful receivables	-	18.605	-	3.721
<b>Deferred tax assets / liabilities, net</b>	<b>(28.060)</b>	<b>(33.389)</b>	<b>(5.612)</b>	<b>(6.678)</b>

**13. Other current liabilities**

Other current liabilities consists of taxes and funds payable TL 73.280, reverse charge value added tax TL 186, other liabilities TL 6.984. (December 31, 2015: Other current liabilities consists of taxes and funds payable TL 124.597, reverse charge value added tax TL 169, expense accruals TL 12.835, other liabilities TL 2.660.)

**14. Sales and cost of sales**

	January 1, 2016 – December 31, 2016	January 1, 2015 – December 31, 2015
Domestic registration fee income	3.748.950	5.393.000
Association participation share costs	4.125.342	4.313.018
"MFKS" income <sup>(1)</sup>	3.000.300	2.940.395
Education expenses	539.580	490.590
Factoring sector participation share cost	775.069	1.031.472
Financial leasing participations share cost	453.667	501.667
Financing company participations share costs	485.334	329.333
Foreign registration fee income	39.000	45.500
Financing company entrance fees	80.000	40.000
Other revenue	-	6.068
<b>Total</b>	<b>13.247.242</b>	<b>15.091.043</b>
Sales returns(-)	-	-
<b>Net Sales</b>	<b>13.247.242</b>	<b>15.091.043</b>
Cost of sales(-)	(3.529.505)	(3.154.583)
<b>Gross profit</b>	<b>9.717.737</b>	<b>11.936.460</b>

<sup>(1)</sup> "MFKS" revenues, as stated in Article 43 as Central Invoice Recording, of the Financial Leasing, Factoring and Finance Companies Law no 6361; Factoring companies and banks, invoice information consists of including information regarding the claims they are taken over, to be obtained for the system to consolidation centralized invoice record infrastructure cost of participation and centralized invoice record system service fee.

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**15. General administrative expenses**

	January 1, 2016 – December 31, 2016	January 1, 2015 – December 31, 2015
Personnel expenses	(4.144.500)	(3.720.066)
Rent expenses	(1.217.573)	(1.114.073)
Promotion and advertising expenses	(808.218)	(357.957)
Consultancy and audit expenses	(650.644)	(471.213)
Conference and organization expenses	(646.284)	(420.260)
General office expenses	(417.732)	(380.597)
Depreciation and amortization charges	(405.878)	(395.118)
Outsourced benefits and services	(246.319)	(222.876)
Travel expenses	(177.813)	(141.945)
Withholding tax expense	(127.320)	(112.387)
Representation and hospitality expenses	(121.020)	(152.169)
Membership fee	(85.336)	(19.433)
Other expenses	(67.381)	(47.295)
Accounting costs	(30.300)	(27.690)
Cargo and transportation expenses	(10.141)	(8.302)
Stamp tax	(6.491)	(9.580)
Non-deductible expenses	(687)	-
Taxes and fund expenses	(20)	(3.400)
Benefaction expenses	-	(250.000)
<b>Total</b>	<b>(9.163.657)</b>	<b>(7.854.361)</b>

**16. Other operational expenses**

	January 1– December 31, 2016	January 1– December 31, 2015
Benefaction expenses	(138.750)	-
Advertisement design expense	(81.184)	-
Organization expense	(80.058)	-
Perception survey expense	(61.360)	-
Travel expenses	(55.717)	-
Withholding tax	(52.159)	-
Provision expense	(48.196)	(4.362)
Uludağ summit participation	(17.250)	-
Rounding difference	(76)	(46)
<b>Total</b>	<b>(534.750)</b>	<b>(4.408)</b>

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**17. Financial income**

Financial income consists of interest income from deposits amounting to TL 1.268.037 and foreign exchange gains amounting to TL 937. Interest income includes interest accrual income amounting to TL 61.685 (December 31, 2015: TL 1.015.866 interest income, foreign exchange gain amounting to TL 666, interest accrual income amounting to TL 69.418).

**18. Financial loss**

Financial expenses consist of commission expenses amounting to TL 3.421 and foreign exchange difference expenses amounting to TL 3.778 (December 31, 2015: commission expenses amounting to TL 6.762 and foreign exchange loss expenses amounting to TL 1.983).

**19. Related party transactions**

As of December 31, 2016 the Group has no related party transactions and balances. (December 31, 2015: None).

There is no compensations to key management personnel as of December 31, 2016. (December 31, 2015: None).

**20. Subsequent events**

None.

**21. Financial instruments and financial risk management****Risk management objectives and principles**

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

**Credit risk**

Financial instruments contain an element of risk that the counterparties may be unable to meet the terms of the agreements. This risk is monitored in reference to credit ratings and managed by limiting the aggregate risk to any individual counterparty. Exposure to credit risk is also managed by obtaining collaterals in the form of listed equity securities. Group 's credit risk arises mainly from receivables from members.

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<b>December 31, 2016</b>	<b>Other Receivables</b>	<b>Trade Receivables</b>	<b>Deposits at bank</b>	<b>Financial investments</b>
Maximum exposure to credit risk at the reporting date (A+B+C+D+E) (1)	6.962	106.023	11.105.671	-
- The part of maximum risk guarantee with collateral or etc (2)	-	-	-	-
A.Net book value of financial assets that are neither past due nor impaired the net book value	6.962	106.023	11.105.671	-
B Having renegotiated conditions otherwise due to the carrying amount of financial assets accepted as past due or impaired	-	-	-	-
C. Net book value of financial assets that are past due but not impaired the net book value	-	-	-	-
- The part of net values under guarantee with collateral.	-	-	-	-
D. Net book value of financial assets that are impaired the net book value	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- The part of net values under guarantee with collateral.	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- The part of net values under guarantee with collateral.	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-
<b>December 31, 2015</b>	<b>Other Receivables</b>	<b>Trade Receivables</b>	<b>Deposits at bank</b>	<b>Financial investments</b>
Maximum exposure to credit risk at the reporting date (A+B+C+D+E) (1)	129.695	222.548	10.153.613	-
- The part of maximum risk guarantee with collateral or etc (2)	-	-	-	-
A.Net book value of financial assets that are neither past due nor impaired the net book value	129.695	222.548	10.153.613	-
B Having renegotiated conditions otherwise due to the carrying amount of financial assets accepted as past due or impaired	-	-	-	-
C. Net book value of financial assets that are past due but not impaired the net book value	-	-	-	-
- The part of net values under guarantee with collateral.	-	-	-	-
D. Net book value of financial assets that are impaired the net book value	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- The part of net values under guarantee with collateral.	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- The part of net values under guarantee with collateral.	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-

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**Liquidity risk**

The risk of funding existing and prospective debt requirements is managed by maintaining the availability of sufficient and high-quality lenders.

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

The table below shows the Group's distribution of non-derivative financial liabilities' maturity profile as of December 31, 2016 and 2015:

<b>December 31, 2016</b>					
<b>Maturities in accordance with agreement</b>	<b>Book values</b>	<b>Total cash outflow in accordance with agreement (=I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>Between 3-12 months (II)</b>	<b>Between 1-5 years (III)</b>
<b>Non-derivative financial liabilities</b>					
Trade payables	477.206	477.206	477.206	-	-
<b>Total</b>	<b>477.206</b>	<b>477.206</b>	<b>477.206</b>	<b>-</b>	<b>-</b>
<b>December 31, 2015</b>					
<b>Maturities in accordance with agreement</b>	<b>Book values</b>	<b>Total cash outflow in accordance with agreement (=I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>Between 3-12 months (II)</b>	<b>Between 1-5 years (III)</b>
<b>Non-derivative financial liabilities</b>					
Trade payables	387.498	387.498	387.498	-	-
<b>Total</b>	<b>387.498</b>	<b>387.498</b>	<b>387.498</b>	<b>-</b>	<b>-</b>

**Interest rate risk**

The Group has no interest rate risk as of December 31, 2016 (December 31, 2015: None).

**Foreign currency risk**

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

As of December 31, 2016 the Group has no foreign currency and was not exposed to exchange rate risk (December 31, 2015: None).

**22. Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification:**

None.







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