

United, we are stronger...

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Corporate Profile

The Association of Financial Institutions (FKB) is a professional organization in the nature of a public institution, incorporated as a legal entity in accordance with the relevant articles of the Financial Leasing, Factoring and Financing Companies Law dated 21 November 2012 and numbered 6361.

With regard to its corporate structure, the Association is an umbrella organization for;

- **financial leasing,**
- **factoring, and**
- **financing**

sectors involved in the production, trading, sales and consumption channels of the Turkish economy.

Vision

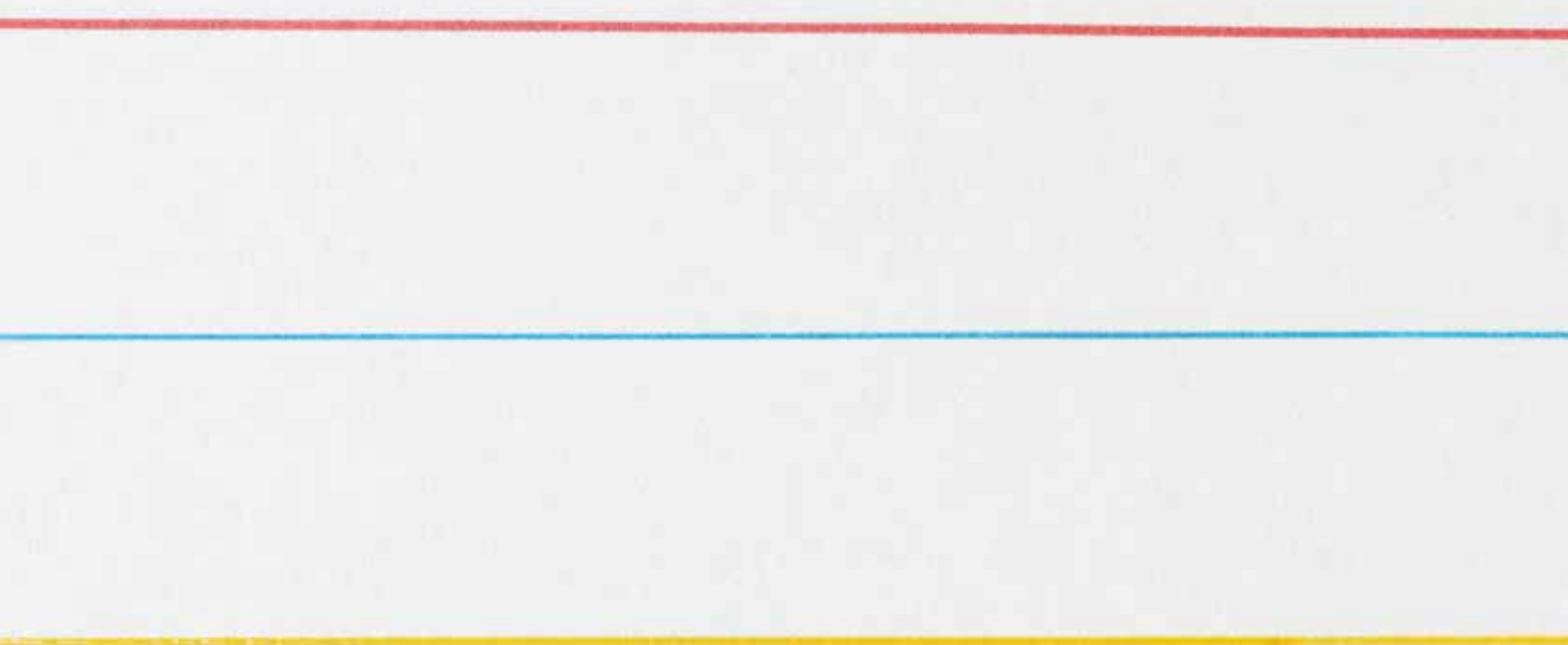
Help increase the added value financial institutions contribute to the economy, and thus lead the expansion of national and international spheres of power and influence of the sectors it represents.

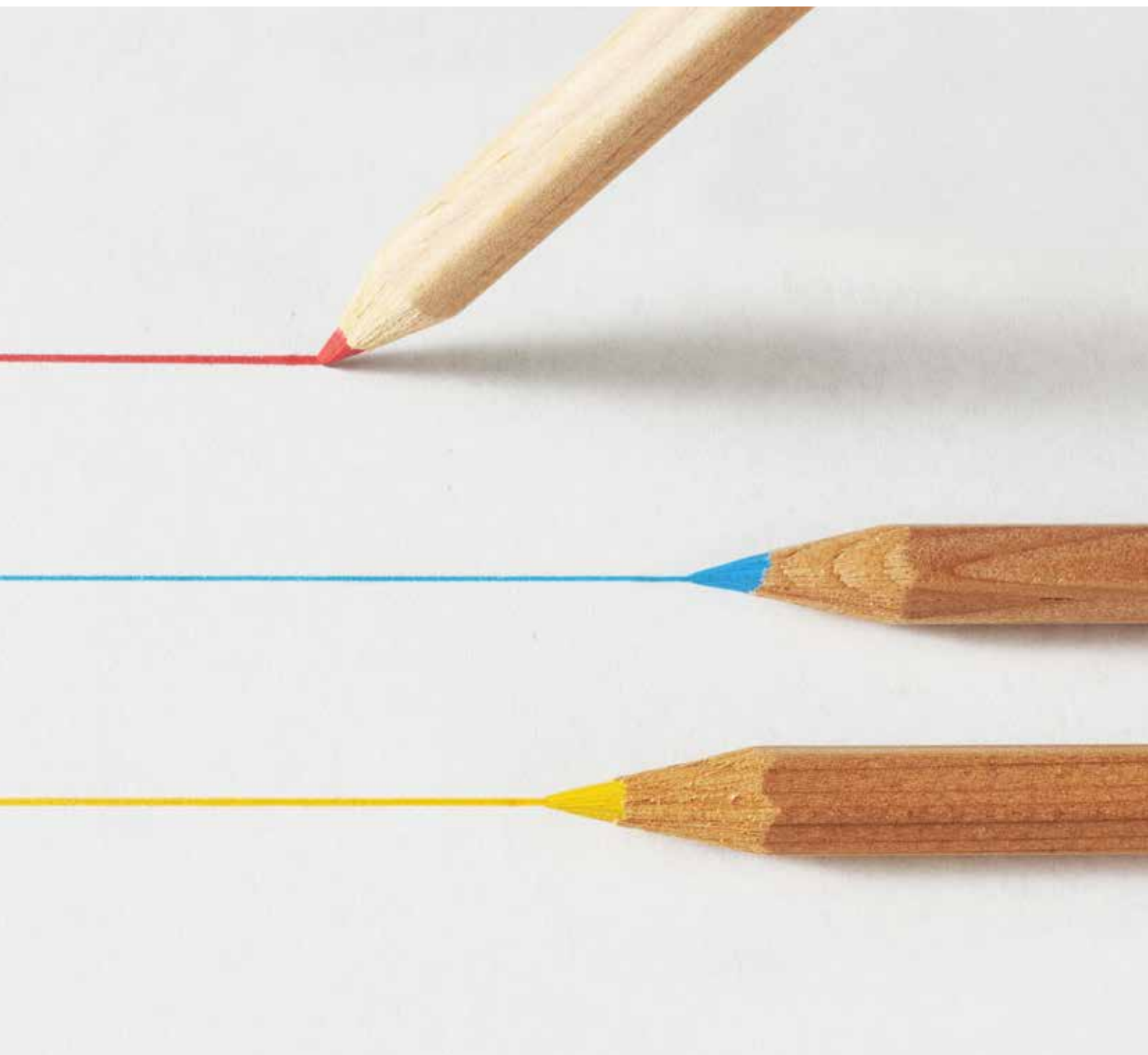
Mission

Contribute to the sustainable and healthy development of financial leasing, factoring and finance sectors, support these sectors in enhancing their international competitive strength, and ensure the creation and establishment of, and adherence to, professional standards in their respective fields.

Creating sectoral **standards...**

We are carrying out projects to help our member companies grow and strengthen, and we are setting the sectoral standards.

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Message from the Chairman

Target

Our target is to vest the non-banking finance sector with a solid representation capability by ensuring in-depth and sustainable growth of all three sectors in regulatory and practical terms.

Bringing all the companies engaged in financial leasing, factoring and financing together under its roof, the Association of Financial Institutions took the integration steps called for by this alliance, and emphatically carried out the lobbying and leadership activities necessary for the member companies to fight against the straits and restraints resulting from inequality of competition, regulatory risks and economic conjunctures in 2014.

During the reporting period, some topics of critical importance to our sectors were either finalized or significant progress was achieved therein, including, among others, the establishment of the Central Invoice Recording and Financial Leasing Contract Registration Systems, access of factoring companies to the CBRT's (Central Bank of the Republic of Turkey) rediscount credits, and the opportunity for all our members to trade on the Takasbank (Istanbul Settlement and Custody Bank) Money Market.

The Association of Financial Institutions currently represents a business volume of approximately TL 150 billion. The merge of the three different business lines referred to as non-banking finance under the Association of Financial Institutions represents a major responsibility undertaken to drive our country towards the attainment of the

targets set within the frame of 2023 vision. The Association structured the roadmap developed in this direction under three main headings: short-, medium- and long-term.

In the short-term, efforts are being spent to create equality of opportunity in funding the real industry, with priority given to the SMEs. These activities, which will improve the competitive environment, are intended to serve to the growth and strengthening of the Association members.

The medium-term plans cover increasing the productivity and human resource competencies in all three sectors covered by the Association.

In the light of the brief information provided above, our Association is focused on contributing to its sectors via Eğitim İktisadi İşletmesi (Training Commercial Enterprise), which was established for the purposes of improving the standards of the relevant sectors and supporting the professional development of the sectors' professionals. The positive outcomes of these activities will be manifested in the periods ahead. The Association of Financial Institutions is also committed to taking on an active role in action plans for increasing financial literacy and informed awareness of consumers in Turkey.

TL 150 billion

The Association of Financial Institutions currently represents a business volume of approximately TL 150 billion.

In the long-term, the target is to vest the non-banking finance sector with a solid representation capability by ensuring in-depth and sustainable growth of all three sectors in regulatory and practical terms on the back of the outcomes that will be attained by the short- and medium-term projects summarized above.

I wish that 2015 will be a favorable year both for the national economy and the sectors representing our Association, and I would like to thank our Board of Directors and all my colleagues working in the Association.

Sincerely,

Osman Zeki Özger

Chairman of the Board of Directors



Message from the Financial Leasing Sector Delegation

Value

During 2014, the financial leasing sector kept contributing value to the national economy in terms of business volume and the financing provided, as well as total assets.



During 2014, the financial leasing sector kept contributing value to the national economy in terms of business volume and the financing provided, as well as total assets, defying the uncertainties that resulted from the ongoing stagnation and its lingering effects in the global economy.

Comprising of 29 companies and approximately 1,500 employees, the Turkish financial leasing sector reached TL 33 billion in total assets and TL 17 billion in business volume. Nearly 23% expansion in business volume was a clear manifestation that the rapid growth captured in 2013 was successfully carried on in 2014.

At year-end 2014, total funding the financial leasing sector offered to the real sector surpassed TL 29 billion, 18% higher than it was in 2013, and the sector had the chance to increase the number of its customers and broaden its customer base thanks to new products enabled by the Law.

The sale-and-leaseback product is one of the key novelties introduced by the Financial Leasing, Factoring and Financing Companies Law no. 6361 that went into force in 2012, which acquired a significant share of 28% in our business volume. With the effect of the corporate tax and VAT exemptions introduced in 2013, the leaseback product contributed remarkably to financing the investments of the SMEs, in particular, and to improving their operating capitals.

From February 2015, financial leasing contracts became subject to registration into special register within the scope of the cooperation we have established with the Central Registry Agency with respect to the responsibility the Law imposed on our Association on behalf of the sector. Hence, the contract records were centralized, which produced significant savings in transaction costs.

Clearly, the years ahead present opportunity for a high degree of expansion for our sector in view of the fact that 20% of machinery and equipment investments are realized using the financial leasing method in developed economies as opposed to a mere 7% penetration ratio in this respect in our country.

Sincerely,

Osman Zeki Özger

Chairman of the Board of Directors
(on behalf of the Financial Leasing
Sector Delegation)

Message from the Factoring Sector Delegation

At the end of 2014, the factoring sector attained 24% growth year-on-year and registered TL 116 billion in business volume. We are confident that our sector will sustain its stable growth in 2015 and the SMEs will continue to serve as the driving engine of growth.

The Turkish factoring market presents a high potential particularly with respect to export against goods. Guaranteeing our exporters' deferred receivables and following up their collection, the factoring sector intermediated exports worth USD 9 billion in 2014, thus supporting increased market diversity and safer attainment of 2023 export goals of Turkey.

A great majority of exporter companies and SMEs still fail to make efficient use of factoring facilities. The key highlight of 2014 that will boost the attraction of factoring is the ability granted to factoring companies to access rediscount loans via Türk Eximbank, which was a result of the collaboration between the Association of Financial Institutions, Türk Eximbank and Turkish Exporters' Assembly, combined with the BRSA's support and the CBRT's decision. This new financing tool pointed at an important step for extending support to exporter companies.

The rapidly expanding branch networks of factoring companies in Anatolia make up another positive development indicating at the growing availability of loan and collection facilities to the SMEs. As at year-end 2014, 76 factoring companies were reaching 100,000 customers out of 442 locations with 366 branches across Turkey.

Receivables Recording Center is another initiative that will enhance the credibility of the factoring sector and

will redefine the sector's perception by the companies. The center was launched during 2014 on the back of the joint efforts of the Association of the Financial Institutions and the Credit Bureau of Turkey (KKB). The center eliminated the risk of an invoice, or other documents evidencing a sum payable, from being transferred to several factoring companies or banks, while also eradicating financing risks. Recording all the receivable data, the Receivables Recording Center will become a key data center for use by the financial sector in risk management in the coming years, as the Risk Center of the Banks Association of Turkey is.

The factoring sector also continued with its successful performance on the international level in 2014. Undersigning a major achievement, five factoring companies operating in Turkey have been named among the top 10 companies in the Export Factoring Category by the members of the Factors Chain International (FCI), the world's leading organization in this field. Our sector and our country also took pride in the fact that two Turkish factoring companies claimed the top two ranks in the best export factor category.

We believe that the factoring sector will carry on with its stable growth and further increase its support to the sustainable development of the Turkish economy in 2015.

Sincerely,

N. Zafer Ataman

Deputy Chairman of the Board of Directors
(on behalf of the Factoring Sector Delegation)

Growth

We believe that the factoring sector will carry on with its stable growth and further increase its support to the sustainable development of the Turkish economy in 2015.



Message from the Financing Companies Sector Delegation

Efficiency

Financing companies support the efficient fund allocation function in the financial markets and contribute significantly to increasing our growth pace, by increasing the efficiency of the national economy.



For financing companies, 2014 has been a year characterized by the effects of new requirements within the frame of the economy administration's policies aimed at increasing the saving ratio of households and reducing current deficit. These steps included required reserve obligation, introduction of a certain downpayment ratio, limitation of terms and general reserve obligation in auto loans, and limitation of fees and commissions charged for financial services.

Backed by the prestige the Association enjoys as a professional organization in public institution nature, finance companies had the possibility to better express themselves and to play a more active role in the drafting of the legal regulations governing our sector and in the processes subsequent to their publication.

Finance companies produce rapid and flexible solutions for their customers at the sales points and at the time of the sale through expert teams that are smaller in scale as compared with those of banks and other financial institutions. As such, they finance not only consumers but also all companies and particularly the SMEs that support Turkey's infrastructural investments. At times the economy shrinks, the finance companies increase their support to the automotive industry, the SMEs and the Turkish economy in general, and preclude the contraction of the economy.

Having reached TL 20 billion in total assets with 12 companies and 769 employees, the finance sector provided funds worth approximately TL 14 billion to consumers and SMEs in 2014.

During 2014, the finance sector attained nearly 50% growth in terms of business volume, successfully surpassing the projections by a wide margin. Financing allocated to the SMEs and businesses for acquisition of investment goods make up 61% of the sector's business volume, which is indicative of the support our sector extends to the real economy. Finance companies consider potentially innovative projects in the markets, allocating more funds to them, and help them realize their investments. Thus, they support the efficient fund allocation function in the financial markets and contribute significantly to increasing our growth pace, by increasing the efficiency of the national economy.

In spite of the uncertainties arising from global stagnation, the finance companies sector will continue to stand by the consumers and the SMEs in 2015, by maintaining its growth as a specific component of the national financial system.

We are fully confident that the way for the finance companies will be cleared, allowing them to contribute to in-depth growth of the financial system, and they will become one of the key drivers of economy in the attainment of 2023 goals upon introduction of the regulations that will provide an environment of equal competition with banks and upon elimination of regulatory barriers.

Sincerely,

Vahit Altun

Deputy Chairman of the Board of Directors
(on behalf of the Financing Companies Sector Delegation)

Board of Directors



Members of the Board of Directors elected in the first general meeting convened on 22 October 2013

LEFT TO RIGHT

Vahit Altun	Man Financial Services Tük. Fin. A.Ş.
Yeşim Pınar Kitapçı	Koç Finansman A.Ş.
Ünal Gökmen	Garanti Finansal Kiralama A.Ş.
Tolga Oktay	Mercedes Benz Finansman Türk A.Ş.
Nilüfer Günhan	ALJ Finansman A.Ş.
Onur V. İzci	İş Faktoring A.Ş.
M. Çağatay Baydar	TEB Faktoring A.Ş.
Osman Zeki Özger	Vakıf Finansal Kiralama A.Ş.
Mustafa Coşkun Bulak	Yapı Kredi Faktoring A.Ş.
Özgür Maraş	Yapı Kredi Finansal Kiralama A.Ş.
Cüneyt Akpınar	Burgan Finansal Kiralama A.Ş.
Tijen Akdoğan Ünver	Volkswagen Doğuş Tüketici Fin. A.Ş.
Nejat Zafer Ataman	Strateji Faktoring A.Ş.
Mustafa Şahan	Deniz Faktoring A.Ş.
Salih Tuncer Mutlucan	Ak Finansal Kiralama A.Ş.

General Secretariat



LEFT TO RIGHT

Özgür Dalgıç	Deputy Secretary General/Financing
Hakan Gülelçe	Deputy Secretary General/Financial Leasing
Osman Zeki Özger	Chairman
Ahmet Candan	Secretary General
Filiz Ünal	Deputy Secretary General/Factoring



Sevilay Alşar
Training Director



Aysun Koçak
Manager, Financial and
Administrative Affairs



Sibel Özata Erdoğan
Manager, Statistics and
Economic Researches



Janin Ersöz Amiroğlu
Manager, Financial Leasing
Commercial Enterprise



Süeda Bekiroğlu
Manager, Factoring Commercial
Enterprise



Özkan Tekeş
Specialist, Financial and
Administrative Affairs



Elif Azaklıoğlu Görgülü
Specialist, Financial Leasing
Commercial Enterprise



Emre Kırşan
Specialist, Financial Leasing
Commercial Enterprise



Gencay Karaman
Specialist, Factoring Commercial
Enterprise



Zülfiye Yeşilçimen
Assistant of Secretary General



Hande Demirkol
Assistant



Kerim Koca
Office Assistant



Mevlüt Karakuş
Office Assistant

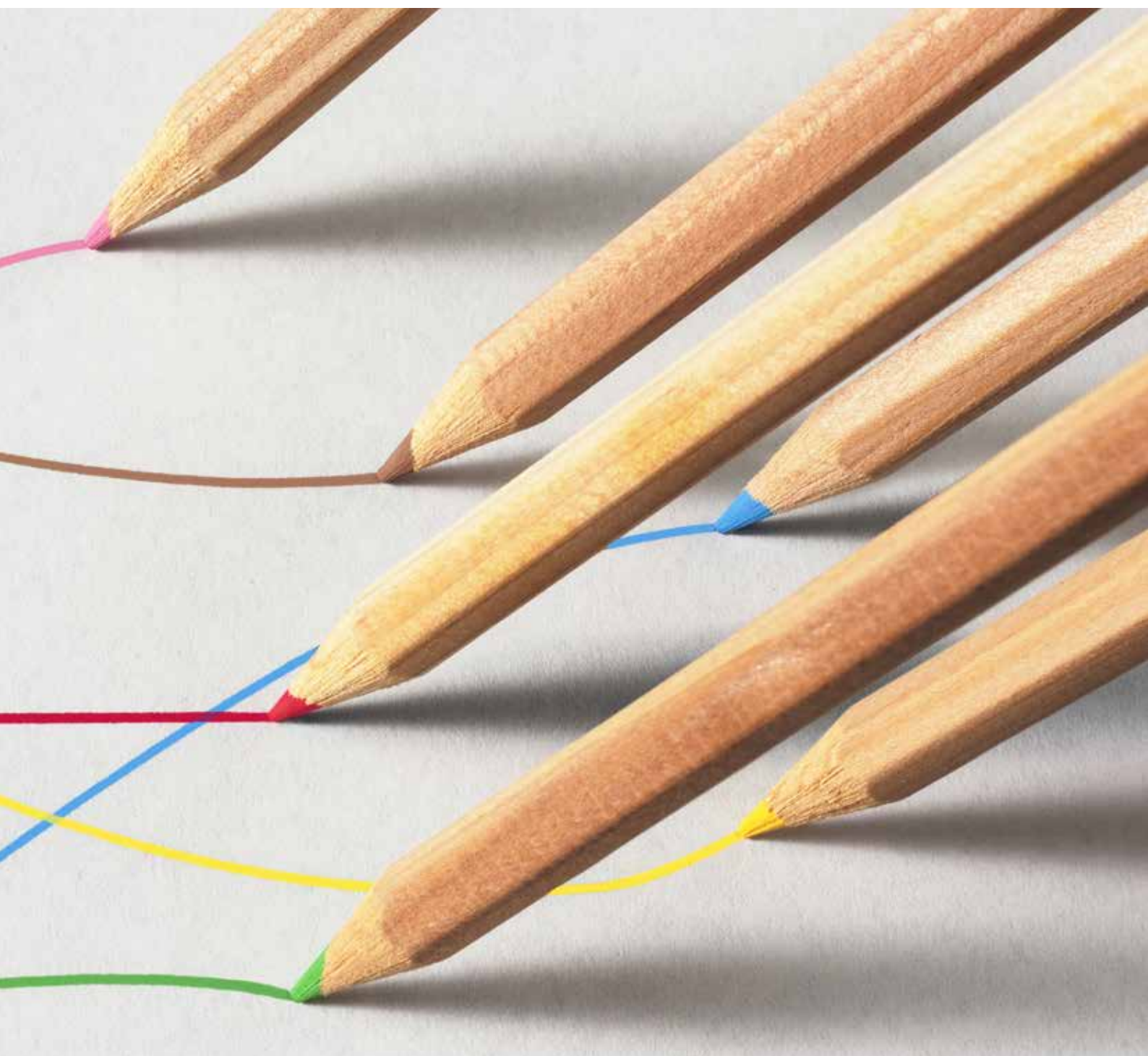


Muzaffer Kırdal
Office Assistant

Increasing **competitive edge** in international markets...

We are extending support to help businesses increase their competitive edge in international markets, with a particular focus on the SMEs.





Financial Indicators

TL 17,058 million

As at year-end 2014, total business volume of financial leasing companies grew by 22.8% year-over-year to TL 17,058 million. While real estate got the biggest share out of total financial leasing receivables with 31%, heavy-duty and construction machinery accounted for 19%. The sector is projected to grow by 20% in 2015.

Financial Leasing			
TL million	31.12.2014	31.12.2013	% Change
Transaction Volume	17,058	13,888	22.8%
Total Assets	32,579	28,470	14.4%
Receivables	29,485	24,957	18.1%
Shareholders' Equity	6,094	5,344	14.0%
Borrowings	22,543	19,847	13.6%
Net Profit	526	450	16.9%
Units			
Number of Companies	29	32	-9.4%
Number of Branches	138	117	17.9%
Number of Employees	1,458	1,361	7.1%
Number of Customers	52,041	46,752	11.3%
Return on Equity	8.6%	8.4%	
Return on Assets	1.6%	1.6%	

TL 116,295 million

Total business volume of factoring companies was up by 24.2% to TL 116,295 million in the twelve months to end-2014. Domestic and international factoring transactions made up 82% and 18% of the total business volume, respectively. The sector's anticipated growth is 20% for 2015.

Factoring			
TL million	31.12.2014	31.12.2013	% Change
Transaction Volume	116,295	93,656	24.2%
Total Assets	26,530	21,790	21.8%
Receivables	24,831	20,096	23.6%
Shareholders' Equity	4,454	4,015	10.9%
Borrowings	18,421	15,462	19.1%
Net Profit	648	498	30.1%
Units			
Number of Companies	76	76	0.0%
Number of Branches	366	319	14.7%
Number of Employees	4,980	4,650	7.1%
Number of Customers	93,327	80,707	15.6%
Return on Equity	14.5%	12.4%	
Return on Assets	2.4%	2.3%	

Financing			
TL million	31.12.2014	31.12.2013	% Change
Transaction Volume	13,748	9,255	48.6%
Total Assets	20,286	15,956	27.1%
Receivables	18,053	14,475	24.7%
Shareholders' Equity	1,392	1,215	14.6%
Borrowings	16,385	12,600	30.0%
Net Profit	214	176	21.6%
Units			
Number of Companies	12	13	-7.7%
Number of Branches	2	2	0.0%
Number of Employees	769	766	0.4%
Number of Customers	500,000	450,000	11.1%
Return on Equity	15.4%	14.5%	
Return on Assets	1.1%	1.1%	

TL 13,748 million

Total business volume of finance companies, which increased 48.6% year-on-year, rose to TL 13,748 million in 2014. 97% of the new loans extended during 2014 consisted of personal and corporate auto loans. The sector is predicted to expand by 20% in 2015.

Total			
TL million	31.12.2014	31.12.2013	% Change
Transaction Volume	147,101	116,799	25.9%
Total Assets	79,395	66,216	19.9%
Receivables	72,369	59,528	21.6%
Shareholders' Equity	11,941	10,574	12.9%
Borrowings	57,350	47,909	19.7%
Net Profit	1,388	1,124	23.5%
Units			
Number of Companies	117	121	-3.3%
Number of Branches	506	438	15.5%
Number of Employees	7,207	6,777	6.3%
Number of Customers	645,368	577,459	11.8%
Return on Equity	11.6%	10.6%	
Return on Assets	1.7%	1.7%	

TL 147,101 million

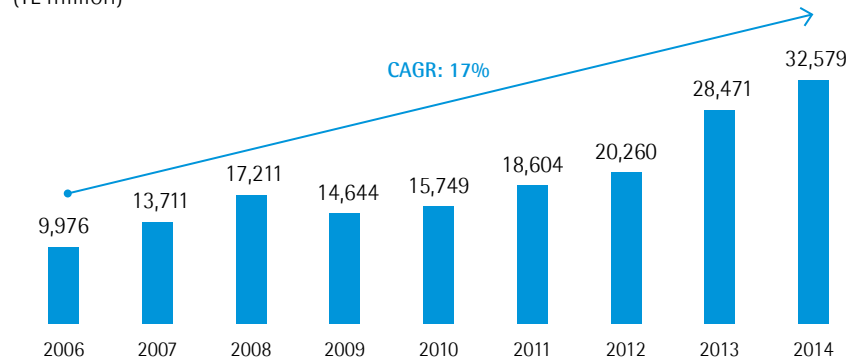
The aggregate business volume of financial leasing, factoring and finance companies increased to TL 147,101 million in 2014, translating into a year-on growth of 25.9%.

Financial Indicators - Assets

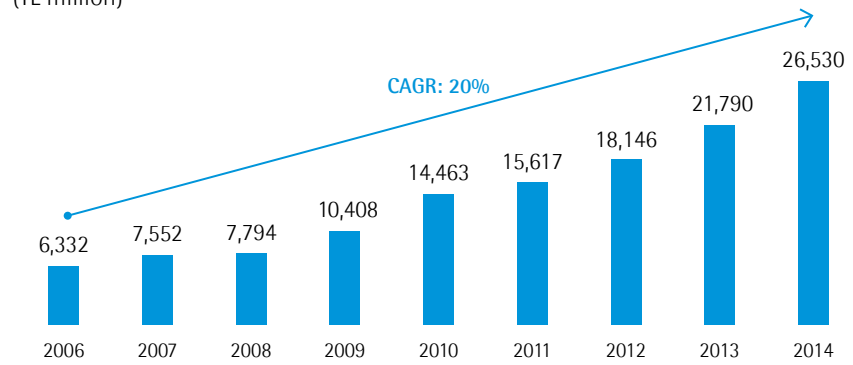
TL 79,395 million

In 2014, total assets of the financial leasing, factoring and finance companies reached TL 79,395 million. Total return on assets maintained its previous level of 1.7%.

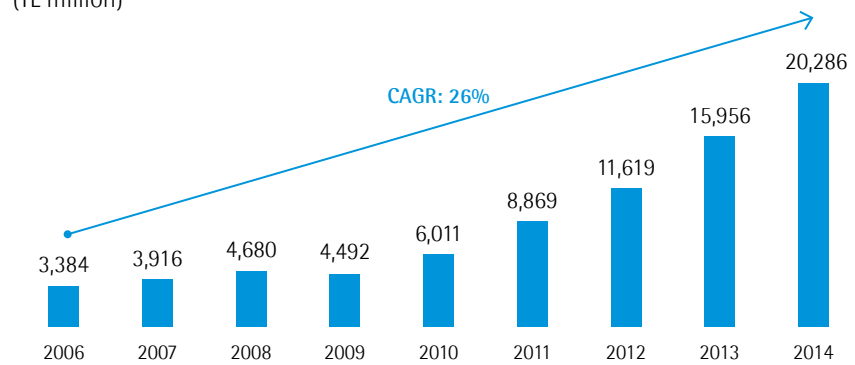
Financial Leasing Sector - Total Assets
(TL million)



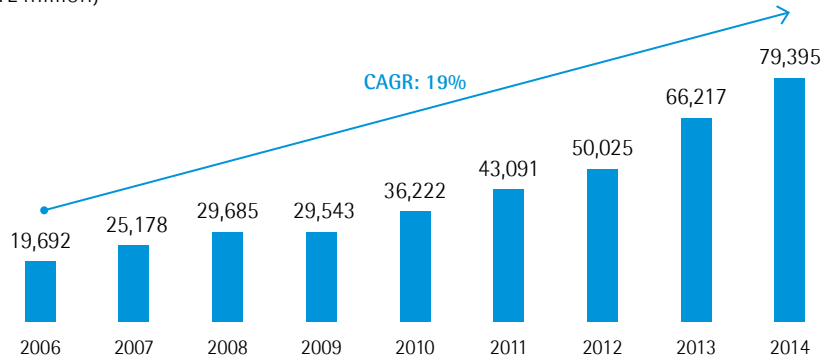
Factoring Sector - Total Assets
(TL million)



Financing Sector - Total Assets
(TL million)



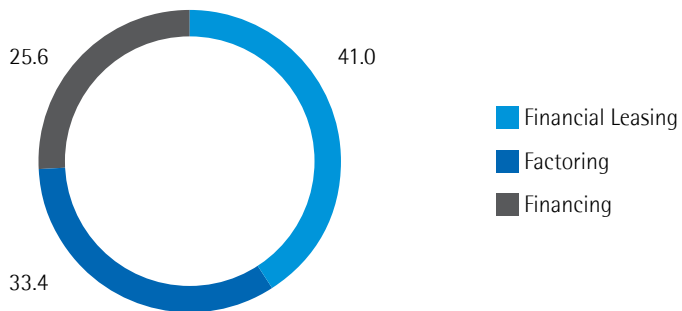
Total Assets of the Financial Leasing, Factoring, Financing Sectors (TL million)



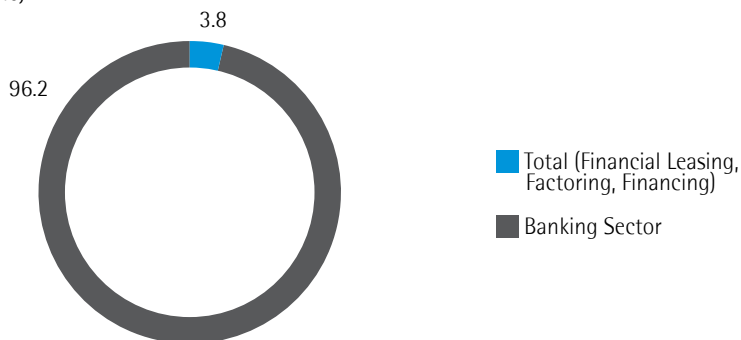
19%

Total assets of the sectors, on the other hand, displayed a remarkable rise of 19% on average from 2006 to 2014. In terms of asset size, the sectors represent 3.8% of the Turkish financial industry.

Sectoral Breakdown of Total Assets (%)



Position in the Finance Sector (%)



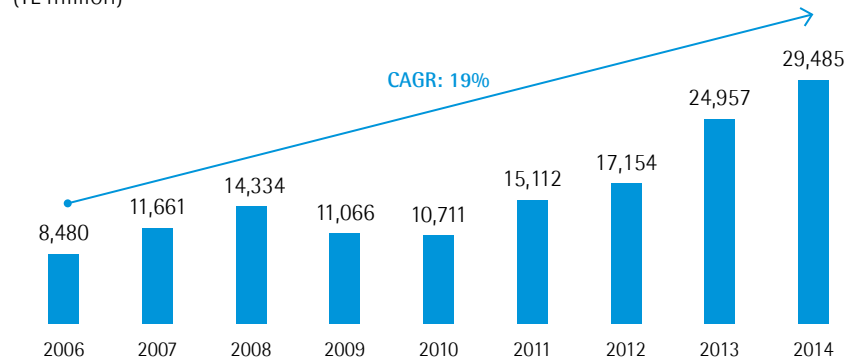
Financial Indicators - Receivables

TL 72,369 million

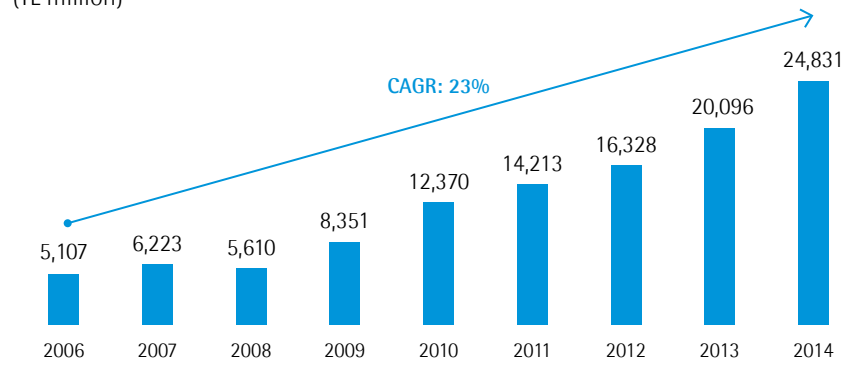
Total receivables of the three sectors were up by 21.6% year-on-year, and reached TL 72,369 million at year-end 2014.

Financial leasing sector gets the largest share out of total receivables with 40.7%.

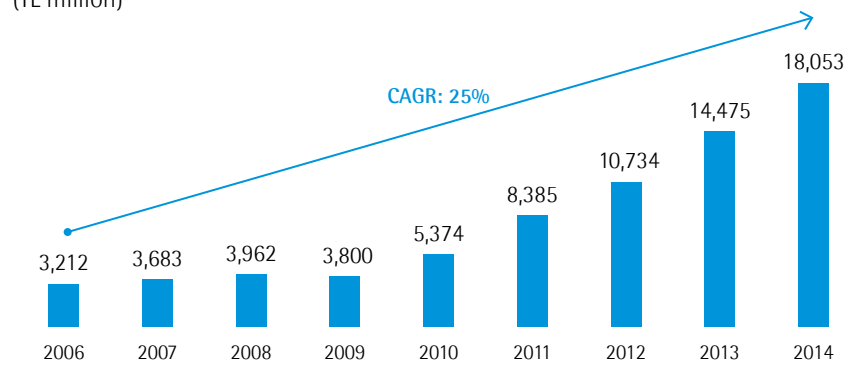
Financial Leasing Sector - Receivables (TL million)



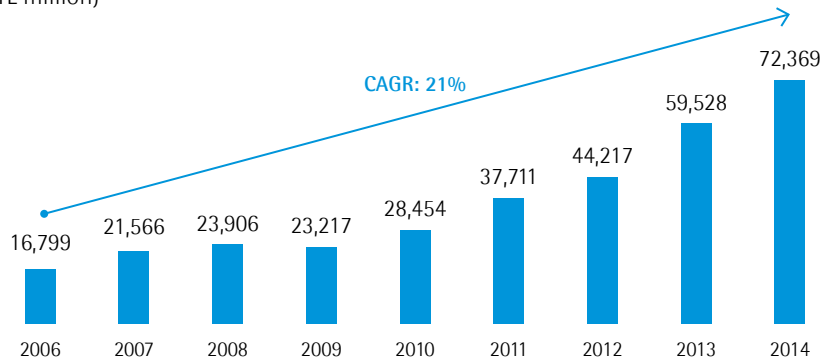
Factoring Sector - Receivables (TL million)



Financing Sector - Receivables (TL million)



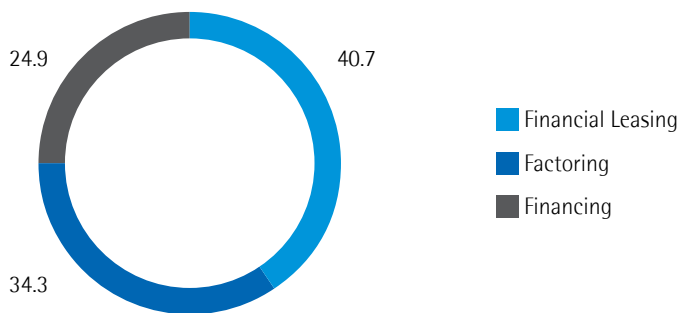
Total Receivables of the Financial Leasing, Factoring, Financing Sectors (TL million)



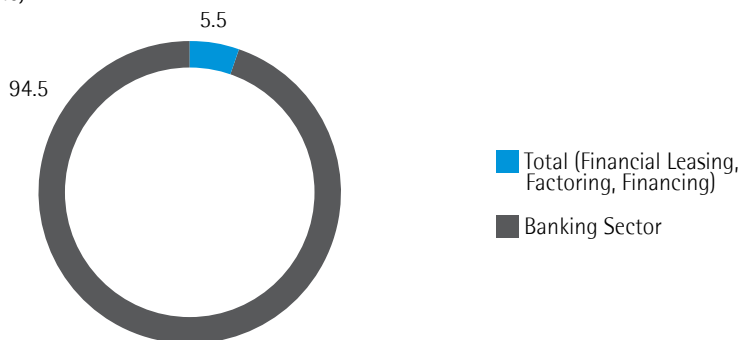
21%

Having grown by 21% on average between 2006 and 2014, total receivables account for 5.5% in the Turkish financial industry.

Sectoral Breakdown of Total Receivables (%)



Position in the Finance Sector (%)

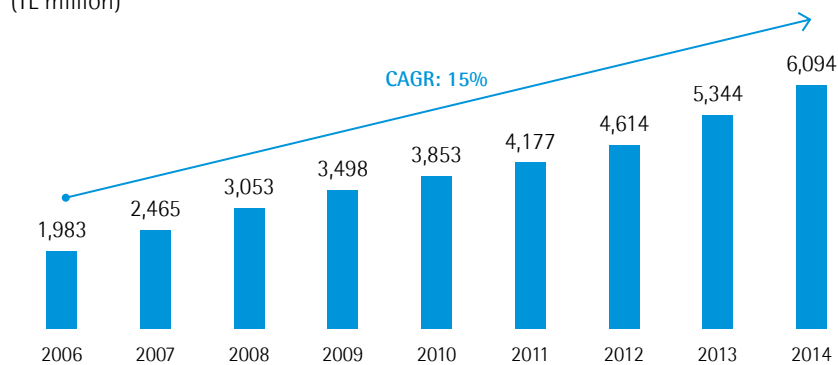


Financial Indicators - Shareholders' Equity

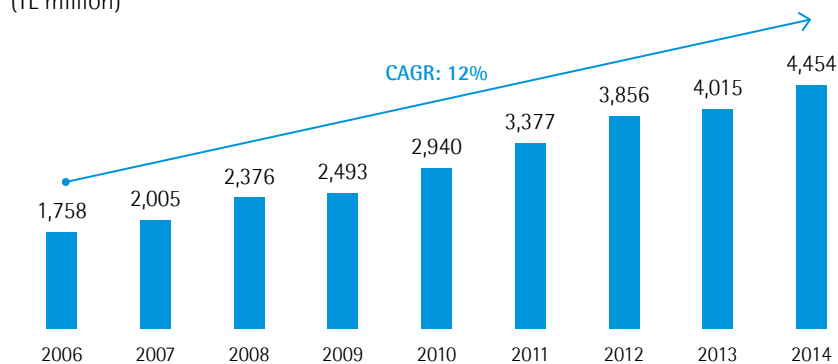
TL 11,941 million

Total shareholders' equity of the three sectors grew 12.9% year-on-year, whereas return on equity rose to 11.6% in 2014.

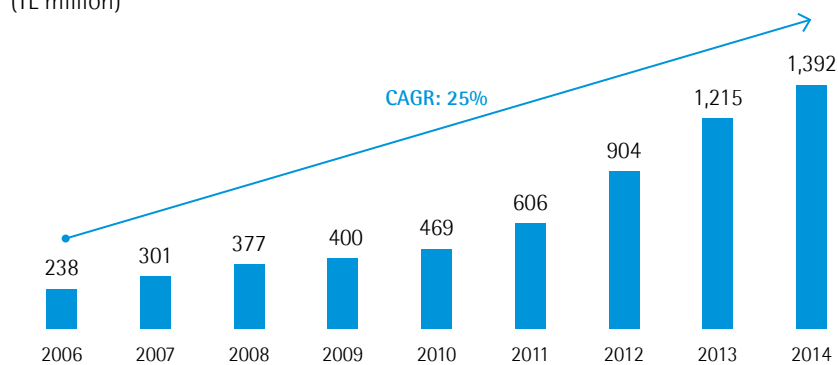
Financial Leasing Sector - Shareholders' Equity (TL million)



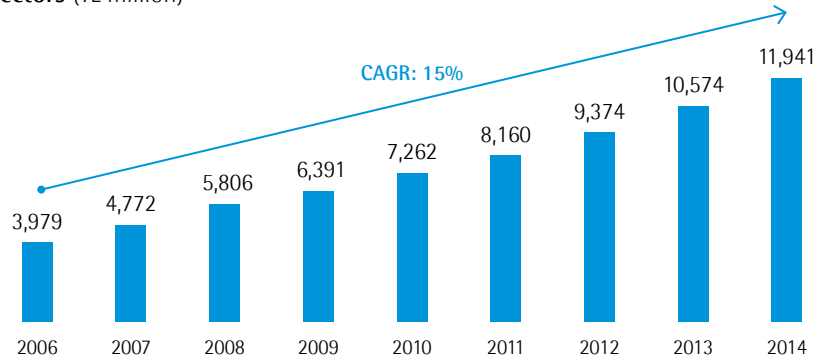
Factoring Sector - Shareholders' Equity (TL million)



Financing Sector - Shareholders' Equity (TL million)



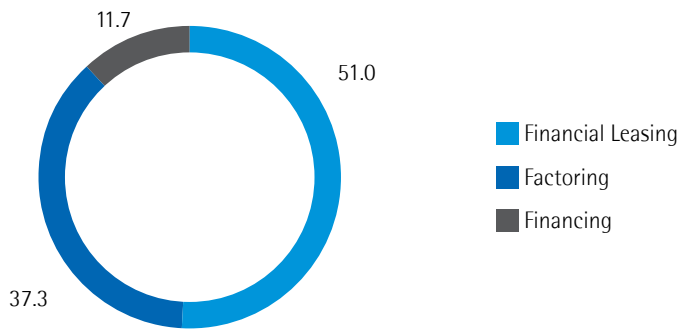
Total Shareholders' Equity of the Financial Leasing, Factoring, Financing Sectors (TL million)



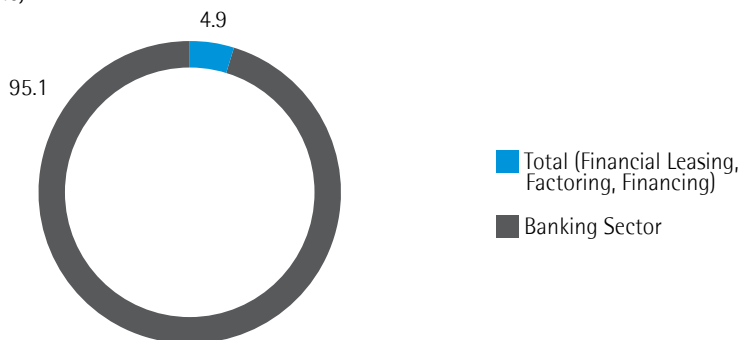
4.9%

Total shareholders' equity of the sectors increased by 15% on average from 2006 to 2014. In terms of shareholders' equity, the three sectors constitute 4.9% of the Turkish financial industry.

Sectoral Breakdown of Total Shareholders' Equity (%)



Position in the Finance Sector (%)

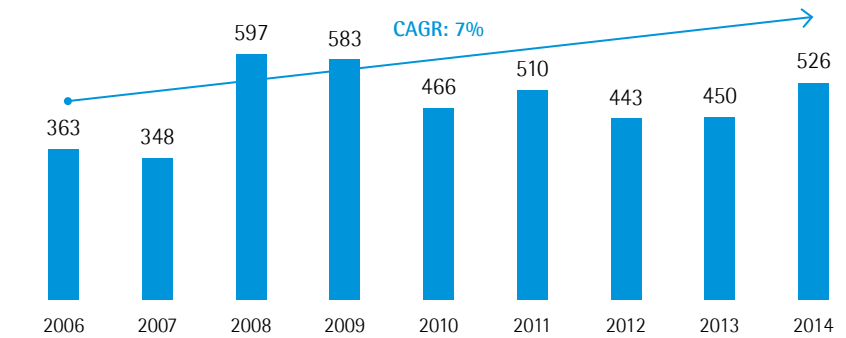


Financial Indicators - Net Profit

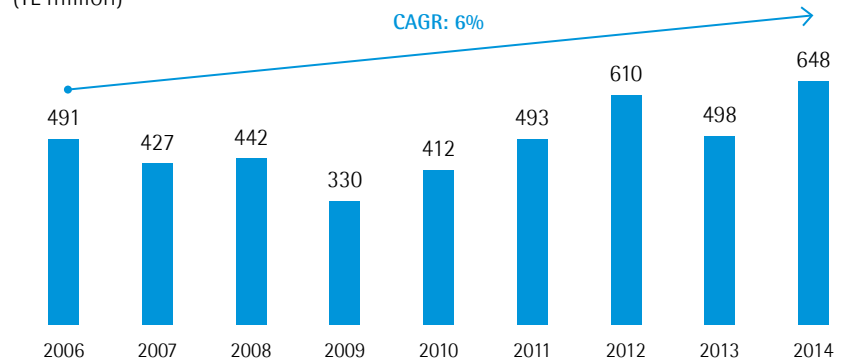
TL 1,388 million

At the end of 2014, total net profit of the sectors reached TL 1,388 million, up 23.5% on an annual basis. Factoring sector was the greatest contributor to total net profit with a share of 46.6%.

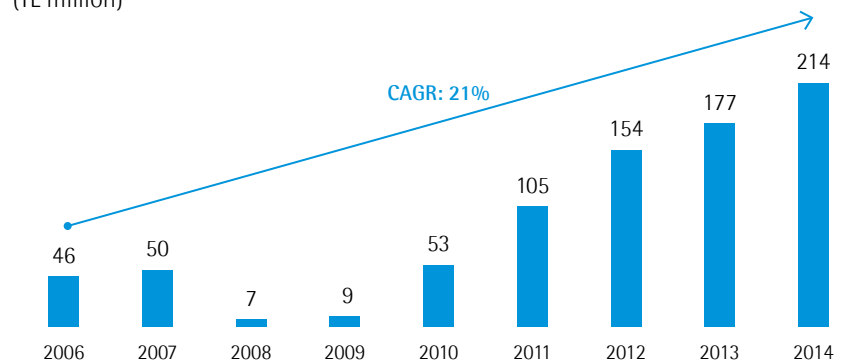
Financial Leasing Sector - Net Profit (TL million)



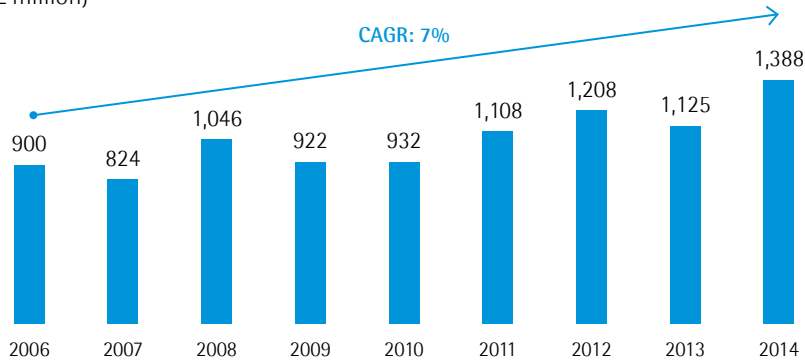
Factoring Sector - Net Profit (TL million)



Financing Sector - Net Profit (TL million)



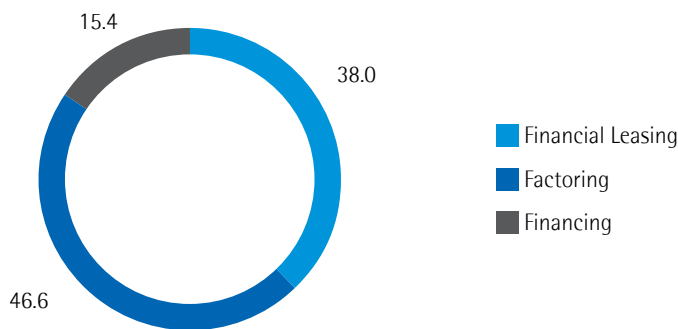
Total Net Profit of the Financial Leasing, Factoring, Financing Sectors (TL million)



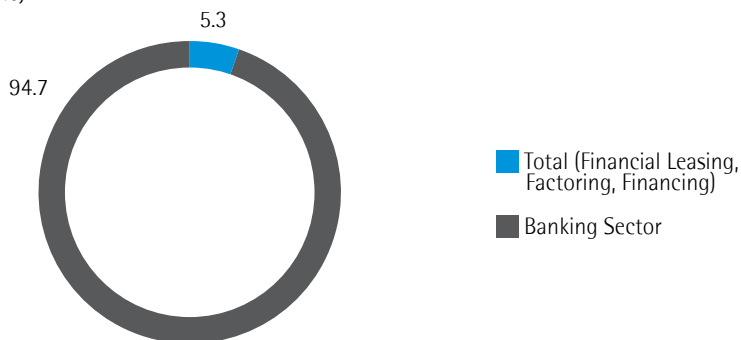
5.3%

Total net profit of the sectors showed an average rise of 7% from 2006 to 2014. With the net profit they generated, the sectors got 5.3% share in the Turkish financial industry.

Sectoral Breakdown of Total Net Profit (%)

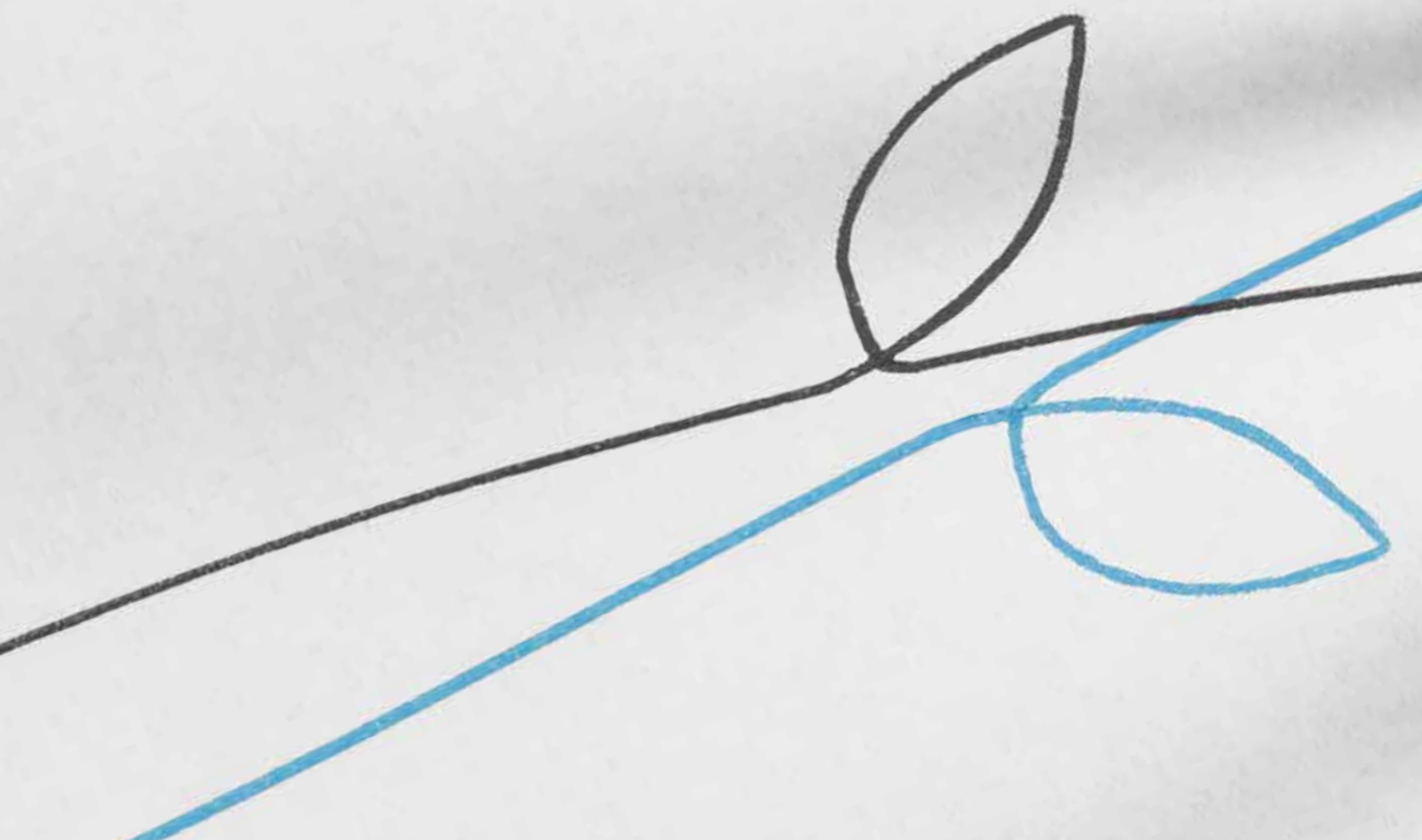


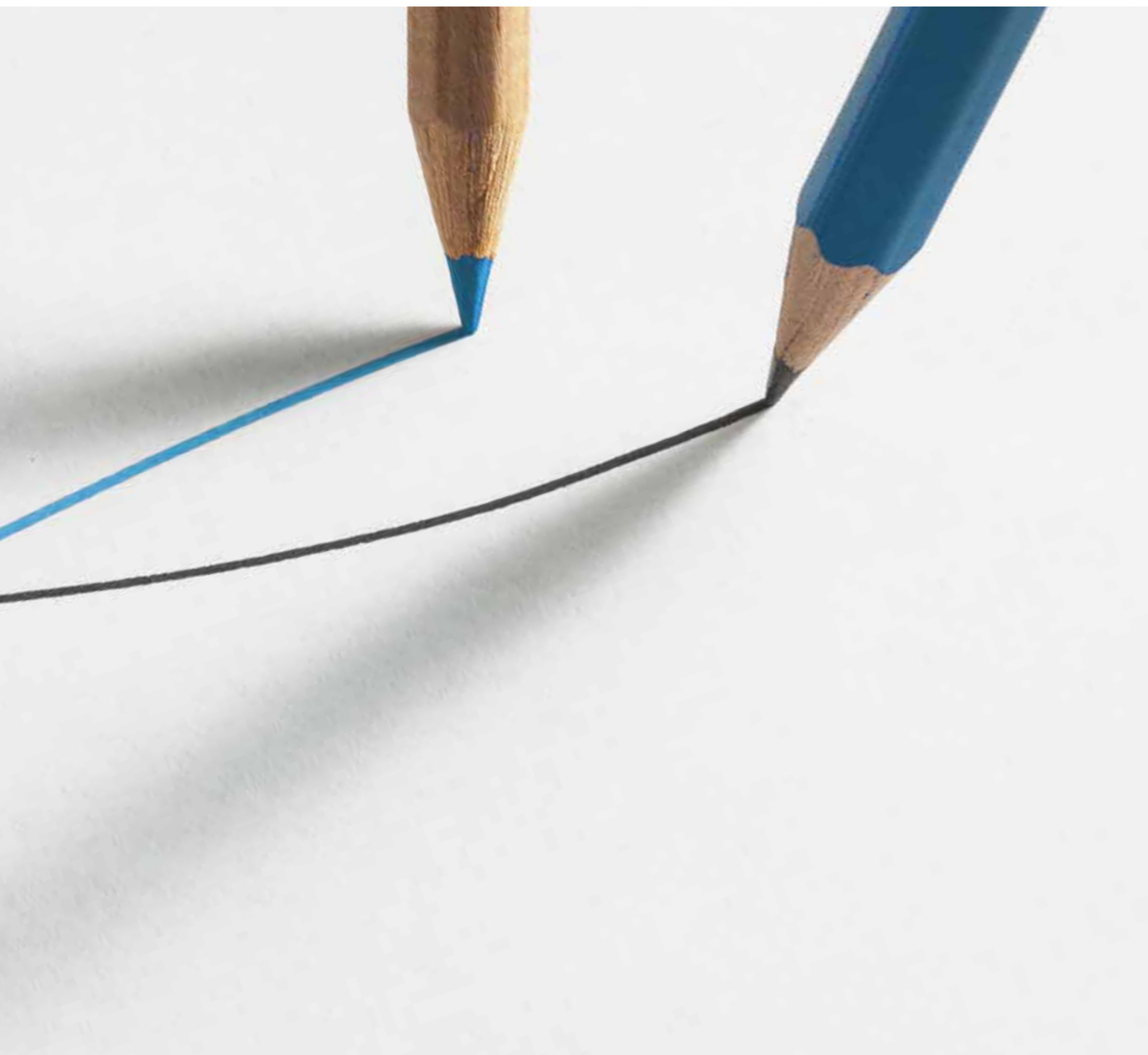
Position in the Finance Sector (%)



Contribution to **sustainable growth...**

We are contributing to developing and deepening the legislation and practices, and we are moving forward with the goal of healthy and sustainable growth.





Overview of the World and Turkish Economy

3.3%

The IMF and the World Bank revised their growth estimates downwards, and stated that the world economy would grow by 3.3% in 2014.

WORLD ECONOMY IN 2014

Global Growth

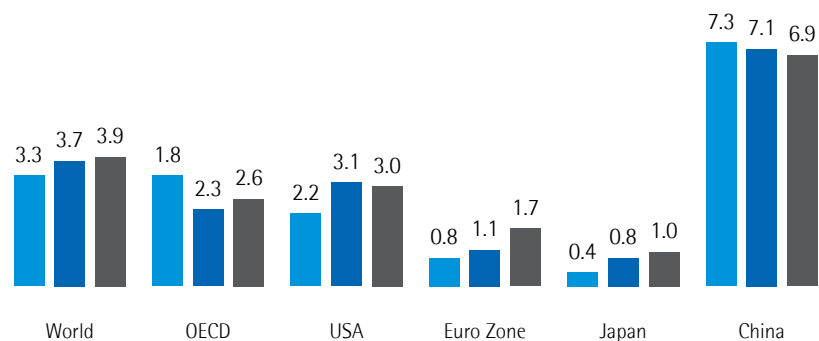
In 2014, global economy sustained its growth, but the slowdown in the growth rates became more evident. While growth rates lagged behind the targets, the significant differences between countries were remarkable. The IMF and the World Bank revised their growth estimates downwards, and stated that the world economy would remain below the long-going average of 4%, estimating a growth of 3.3% for 2014, and projecting 3.7% and 3.9% in 2015 and 2016 respectively. The key events that affect the growth of global economy include the geopolitical risks in our region, feared stagnation and deflation in developed countries, and potential drops in growth rates in emerging countries in conjunction with the declined commodity and oil prices.

Euro Zone

Having left its mark on 2014, recession arises as the biggest obstacle facing economic growth, and in turn, employment, particularly in developed countries. It would not be wrong to suggest that the Euro Zone took the hardest blow in this respect. Having grown 0.1% in the second quarter of the year, the Euro Zone grew 0.2% in the third quarter. The monetary policies implemented in this region in an effort to revive economic activity proved inadequate, and low inflation and concerns of deflation in conjunction therewith caused a very rapid depreciation of US dollar against Euro. The EUR/USD parity dropped from 1.4000 down to 1.0400 during the course of the year. Furthermore, unemployment in the Euro Zone, which failed to capture a stable growth

Economic Growth Rate Estimates (%)

■ 2014 ■ 2015 ■ 2016



Source: OECD World Economic Outlook

track, maintained a high level and was 11.5% according to October data. 2015 growth is projected in the order of 1%.

US Economy

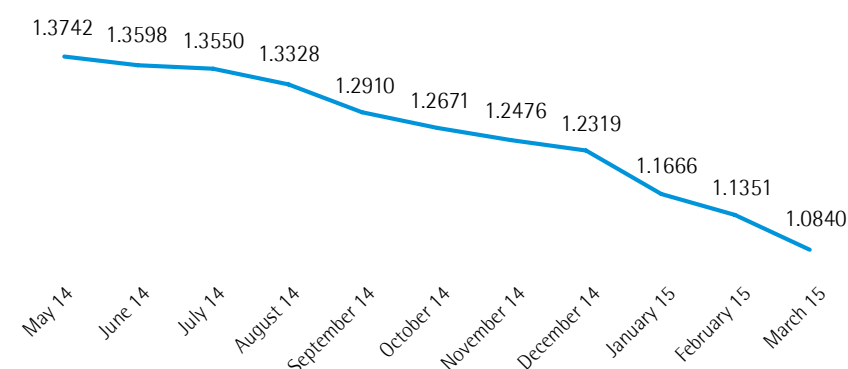
In contrast with the negative outlook in Europe, the economic data in the USA took a positive direction and the US economy adopted a growth trend in 2014. Having contracted by 2.1% due to the bad weather in the first quarter of the year, economic activity picked up by 4.6% in the second quarter and 3.9% in the third quarter. As a result, the US economy recorded one of the strongest performances of the last 11 years. On the employment front, the unemployment rate that went as high as 10% in crisis periods dropped to the order of 5.6% in the last months of the year. Upon the Fed's announcement that it would discontinue the

quantitative easing program it had been implementing to revive the economy in conjunction with the unemployment rate that fell below 6%, and following its statement in the year's last meeting in December that it would pursue a "cautious and gradual rate hike" and would strive to be "patient" in the process, the currencies of emerging countries depreciated rapidly against the US dollar. The Fed also stated that it would not adhere to any specific timeline or economic data, which led to the interpretations that the Fed was building itself a flexible maneuvering space. This process is anticipated to continue in 2015 in line with the Fed's policies.

USA

In contrast with the negative outlook in Europe, in 2014 the US economy recorded one of the strongest performances of the last 11 years.

EUR/USD Parity



China

Having averaged 10% growth in the last three decades, China closed 2014 with a growth rate of 7.4%.

Japan, China and Emerging Countries

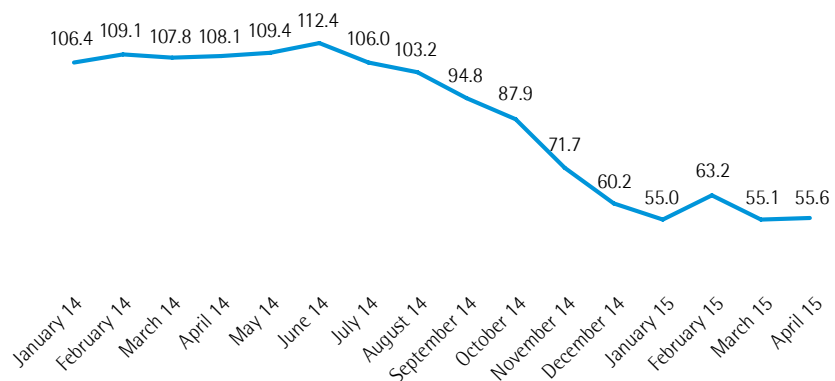
During 2014, Japan joined EU among the countries presenting a poor economic outlook. Having contracted for two quarters in a row, the Japanese economy entered recession. Economic contraction was added to the long-going deflation issues in 2014, and Japan shrunk by 0.5% in the reporting period. Although Prime Minister Abe restored trust with the snap election, the desired improvement in economy was elusive and the targeted fiscal discipline could not be achieved.

Looking at the developing countries, we see that overall growth rates lost pace. Having averaged 10% growth in the last three decades, China closed 2014 with a growth rate of 7.4%, which went down in the records as the country's lowest rate of growth since 1990.

In view of the interest rates in emerging countries, China attempted to revive the post-crisis economy with low interest rates, while Brazil and India gradually upped the rates within the frame of the struggle against high interests.

Economic outlook in Russia was negatively influenced by several reasons including the plunged oil prices, the crisis with Ukraine, mutual sanctions imposed with the EU, the inflation that rocketed to 10%, and the depreciated ruble in connection with these factors.

Brent Oil Price (USD/barrel)



Plunged Oil Prices

Plunged oil prices made up a key highlight of 2014 that also closely concerned our country. After going as high as USD 115 per barrel following the turmoil in Iraq in the summer, Brent oil price closed the year in the order of USD 50 per barrel. While the increased shale gas production in the U.S.A. and the resulting high level of supply drove the oil prices down, the downturn in prices further picked up with the statements by oil producing countries (OPEC) that they would not lower their production capacities despite the declined oil prices. While the plummet in oil prices worried oil exporting countries, it bestowed significant cost advantages on oil importing countries such as Turkey. Russia was hit the hardest by the plunged prices, which generates nearly half of public revenues on oil and gas.

THE TURKISH ECONOMY IN 2014

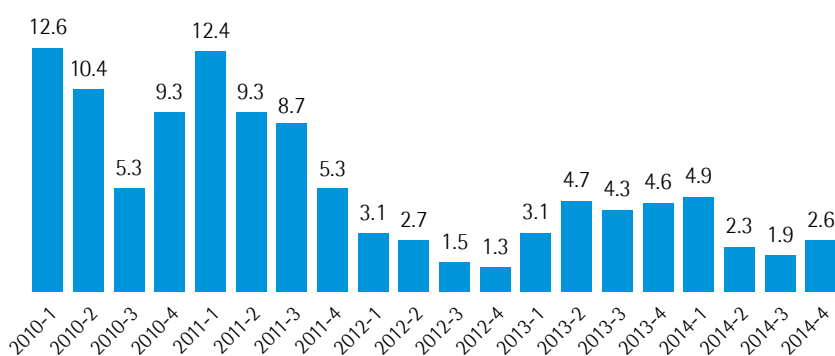
Growth Rates of the Turkish Economy

In line with the global slowdown, growth rates lost pace also in Turkey and the national economy grew 2.9% in 2014. 1.7% YoY rise in the third quarter of the year appears as the weakest quarterly growth since the last quarter of 2012 to date. Taking into consideration the local elections that took place in the first quarter and the presidential election that followed, combined with geopolitical risks and global economic developments, it can still be suggested that Turkey attained a moderate growth.

2.9%

In line with the global slowdown, growth rates lost pace also in Turkey and the national economy grew 2.9% in 2014.

Turkish Economy - Quarterly Growth Rates (%)



Source: TurkStat

8.17%

The CPI registered 8.17% rise in December 2014 as compared with December 2013.

Visible Positive Impacts of Lower Oil Prices

The record decline in oil prices is one of the most positive developments of 2014 with respect to our country. Decreased oil prices alleviate the financial, inflationist and external pressures upon the Turkish economy. Current deficit shrunk by 29% in the twelve months to year-end 2014, and slid from USD 65 billion down to USD 45.8 billion. On the other hand, current deficit/GDP ratio went down from 7.8% in 2013 to 5.8% in 2014.

During the reporting period, expectation for lower inflation got stronger in conjunction with the plunged oil prices, and the CBRT's monetary policy loosened to some extent. In its January meeting, the CBRT decreased the policy rate from 8.25% to 7.75% and the CPI registered 8.17% rise in December 2014 as compared with December 2013.

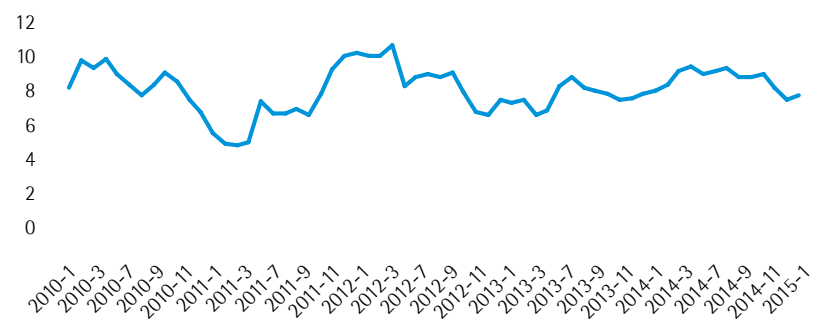
The drop in energy prices creates an impact that represses inflation downwards.

Developments in Foreign Trade and Rate of Unemployment

In 2014, total exports were worth USD 157.7 billion and total imports USD 242.2 billion. The ratio of exports to imports improved from 60% at year-end 2013 to 65% at year-end 2014, which is another positive development. While exports increased during the year, exports declined on an annual basis in the same period.

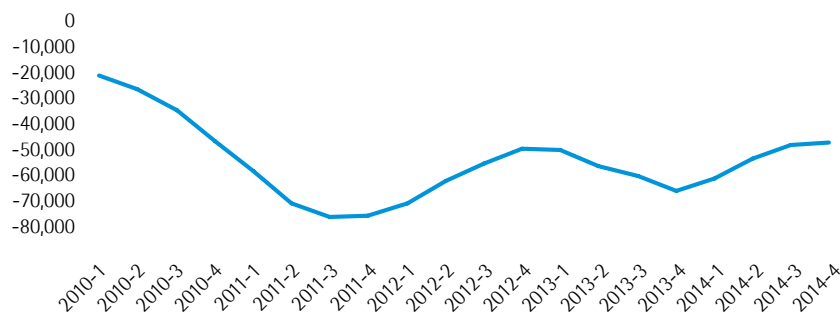
On the other hand, in spite of the positive course of foreign trade, unemployment data did not get any better. According to TurkStat data, rate of unemployment was 9.9% as at the end of 2014.

CPI (%) (Annual Rate of Change)



Source: TurkStat

Current Deficit (USD million)



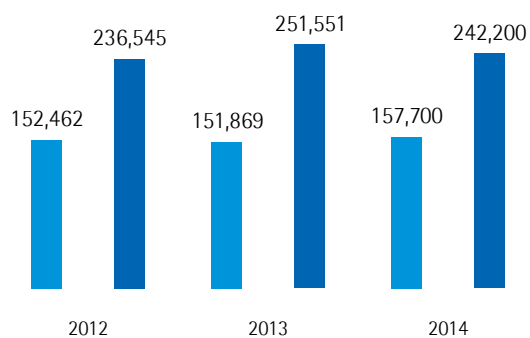
Source: CBRT

USD 45.8 billion

Current deficit shrunk by 29% in the twelve months to year-end 2014, and slid from USD 65 billion down to USD 45.8 billion.

Foreign Trade (USD million)

Exports Imports



Source: TurkStat

Increasing **added value** contributed to economy...

We are being instrumental in creating funding for the real sector and working towards contributing added value to the national economy.





2014 Activities

Funding on Takasbank Money Market

Bringing financial leasing, factoring and finance companies together under the same roof, the Association of Financial Institutions (FKB) carried on with its efforts to make it possible for its members to trade on Takasbank money market.

CBRT - Türk Eximbank Rediscount Loans

As a result of FKB's endeavors and based on a decision adopted by the CBRT, factoring companies were entitled to access cost advantageous rediscount loans via Türk Eximbank, which support exports.

MAJOR PROJECTS AND DEVELOPMENTS

Funding Opportunity on Takasbank Money Market Provided to the Association Members

Defined as a professional organization having legal entity status in the nature of a public institution as per Law no. 6361, FKB brought its efforts in the face of Takasbank to the final stage, which are aimed at giving its members, e.g. non-bank financial institutions which operate under the supervision of the BRSA, access to Takasbank Money Market just like banks and intermediary institutions do.

Takasbank Money Market, which started activities under İstanbul Settlement and Custody Bank Inc. (Takasbank) on 1 October 1996, currently responds to the bids and offers of banks and intermediary institutions having surplus funds and/or fund needs.

Entitled to obtain funds from their shareholders and partnerships, banks, money markets and organized markets on general terms and conditions pursuant to the governing legislation, FKB member companies are awaiting to be participants on the Takasbank Money Market, as well.

Once that happens, FKB member financial leasing, factoring and finance companies will be able to trade in this market, where they will be able to invest their short-term excess funds and to fulfill their fund needs.

However, in order to ensure that FKB member companies make efficient use of this market, the Banking Insurance Transaction Tax (BITT) discount granted to banks and international institutions for their transactions on organized markets as per the tax legislation should also be made available to our member companies. Upon introduction of this implementation for which FKB continues with its attempts, it will also be possible to reduce the financing costs of the SMEs, which have a significant place in the customer portfolio.

CBRT - Türk Eximbank Rediscount Loans

Based on the CBRT decision, companies are provided with the chance to obtain post-shipment export rediscount credit by rediscounting the bonds that are issued for the export receivables assigned to factoring companies and endorsed thereby to Türk Eximbank.

This decision that has been adopted by the CBRT as a result of the collaboration of FKB, Türk Eximbank and Turkish Exporters' Association (TİM) will pave the way for increased contribution to Turkey's exports by the factoring sector, which supports the SMEs.

Exporters are offered a significant cost advantage as a result of the increased financing support FKB-member factoring companies make available through the CBRT. Also creating the opportunity to penetrate new markets for our exporters on the back of financing, guarantee and collection services offered, the factoring sector will take on an important mission in the attainment of Turkey's 2023 export goal of USD 500 billion.

Accountable for a substantial portion of the exports, the SMEs gain access to financing support thanks to this alternative resource offered via the factoring sector, which decreases credit costs and increases competitive strength.

Financial Leasing Contract Registration System

Upon the publication of the Circular on Registration of Financial Leasing Contracts into the Special Register on 9 February 2015, the Contract Registration System started to be used, thus marking the inception of a new era in financial leasing. According to the circular;

- the obligation to execute the contracts before a notary public is eradicated;
- all financial leasing contracts executed will be recorded in the register kept by the FKB;
- Contract Registry Log of FKB will be accessible by the concerned parties;
- The Contract Registration System will run in integration with e-government.

Pursuant to Article 22 of the Financial Leasing, Factoring and Financing Companies Law no. 6361, financial leasing companies are required to register the financial leasing contracts for movable properties not having a specific registry of their own in the special register kept by the FKB.

Financial leasing contracts for goods having specific registries such as immovable properties, motor vehicles, aircraft and watercraft, heavy-duty machinery, tractors, combine harvesters etc. are registered in their specific registers, and also notified to the register before the FKB. In other words, all financial leasing contracts concluded in Turkey and the information thereon are recorded by the FKB and made available to concerned parties; thus, FKB offers an important public service. After the system became functional, a crucial database started to be created, while a remarkable cost item was eliminated, which was previously incurred because the contracts were executed in the presence of a notary public.

Financial Leasing Contract Registration System

Pursuant to Article 22 of the Financial Leasing, Factoring and Financing Companies Law no. 6361, financial leasing contracts for movable properties not having a unique special register of their own are registered into the special register kept by the FKB.

Receivables Recording Center

Receivables are under guarantee through factoring, and factoring companies are under guarantee through the Receivables Recording Center

Receivables Recording Center

Article 43 of the Financial Leasing, Factoring and Financing Companies Law no. 6361 that went into force upon its publication in the Official Gazette dated 13 December 2012 charges FKB with setting up the "Receivables Recording Center", to which factoring companies and banks are obliged to notify information on receivables that they take over.

Pursuant to the relevant article of the Law and the relevant articles of the Association's Statute that went into force upon its publication in the Official Gazette dated 25 July 2013, Faktoring İktisadi İşletmesi (Factoring Commercial Enterprise) was incorporated before FKB, which is managed by the Factoring Sector Delegation. Necessary work was initiated upon the decision to work with the Credit Bureau of Turkey (KKB) in February 2014 for the infrastructure software of the "Receivables Recording Center".

According to Article 43 of the Financial Leasing, Factoring and Financing Companies Law no. 6361, it is among the duties of FKB to set up the Receivables Recording Center, which will serve to aggregate all information and documents in relation to the receivables subject to factoring transactions, to prevent the same receivable from being subject to multiple factoring transactions, and to report and monitor various data about the sector.

With the aim of protecting the factoring companies and banks, which are important components of the commercial life, against potential losses that may result from the same receivable being subject to multiple factoring transactions and of precluding double financing, FKB, in cooperation with the Credit Bureau of Turkey, completed the first phase of the Receivables Recording Center software process.

The Receivables Recording Center that went into service under the FKB on 2 January 2015 checks whether all documents related to the assigned receivable including the invoice have been transferred to several factoring companies or banks, thus preventing the same receivable document from being financed via different factoring companies or banks. Moreover, the Receivables Recording Center incorporates the functions of T.R. ID No./Tax ID No. checking, and e-invoice taxpayer status and e-invoice verification; thus, the economy system was granted an innovative infrastructure that allows querying, monitoring and reporting based on the protocol FKB executed with the Revenue Administration (GİB) in Turkish).

In the first phase of the system that went live based on the collaboration of FKB and the Credit Bureau, information about documents pertaining to taken over receivables are entered into records, such as invoices, e-invoices, sales contracts etc. Within the scope of the second phase that will be introduced during 2015, payment instruments such as cheques and bonds and collection data will also be added to the system, and the Receivables Recording Center will become a significant data center for Turkey, just like the Risk Center is.

A Suite of Bills for Improving the Competitive Environment

Two workshops were organized with the Revenue Administration, and a set of regulatory revisions was prepared in an attempt to eliminate the competition inequality between banks and member companies, mostly directed towards taxation issues. As a result of the efforts, tax deduction of special provisions, prevention of double application of the BITT and similar matters were incorporated in the Action Plan for İstanbul Financial Center.

Further efforts resulted in the inclusion of the set of regulatory revisions to be included in the agenda of the Financial Stability Committee, followed by a presentation made by the BRSA to the said Committee.

In addition, a presentation was made on the set of regulatory revisions to the Coordination Committee for Improving the Investment Environment (YOİKK).

Türk Eximbank Credit Insurance – Factoring Cooperation

FKB and Türk Eximbank are working towards integrating the latter's export credit insurance system into factoring transactions. The Turkish factoring sector will attain a capacity to offer service to 238 countries in total upon introduction of the project during 2015, and will become a hub serving as a bridge in passing the factoring implementations of Western countries over to emerging countries.

Improving Competition

During 2014, a set of regulatory revisions dealing mostly with taxation issues was prepared in an effort to eliminate the competition inequality between banks and member companies.

Factoring Regulation

The work on Factoring Regulation, which will govern the implementation of factoring transactions, was substantially finalized during 2014, and the Regulation went into force by early 2015.

REQUESTED REGULATORY ARRANGEMENTS ADDRESSED DURING 2014 AND THEIR OUTCOMES

Factoring Regulation

During 2014, the sector's comments and feedbacks were sought regarding the Draft Regulation on Principles and Procedures of Factoring Transactions and FKB worked on various aspects of the subject. FKB's suggestion on the draft regulation was shared in various meetings held with the BRSA officials. The Association's suggestions were formulated taking into consideration the workflows of the Receivables Recording Center set up under the Association as per Article 43 of the Law no. 6361.

The Association collaborated with the BRSA in the development of the Regulation that is prepared in an extensive scope. Enacted by early 2015, the Regulation superseded the Circular on Factoring Transactions dated July 2010 and the Circular on the Principles and Procedures for Taking Over the Receivables that will Accrue dated January 2011.

Attempts in Relation to Taxation Regulations

Attempts were made in an effort to secure regulatory revisions for:

- Deducting the special provisions set aside pursuant to the BRSA Regulation on Provisions from the corporate tax base;
- Exemption of loans secured from abroad from the Resource Utilization Support Fund (RUSF),

- Exemption of the real property's transfer to the lessee upon expiration of financial leasing transactions concerning real property from the title deed charge.

Attempts were made before the Ministry of Environment and Urbanization and the Ministry of Economy so that the nationality of the lessee would be taken as basis rather than that of the lessor in the title deed formalities phase of the financial leasing transactions concerning real property.

Additional efforts were spent to provide that vehicles acquired by way of financial leasing be considered as self-owned vehicles under the Road Transport Regulation.

The Association also worked to provide that vehicles acquired by way of financial leasing be considered as self-owned vehicles under the Draft Railway Transport Regulation.

FKB made attempts aimed at a regulatory move for the eradication of financial leasing companies' obligations, which arise from their being exporters under the product safety legislation.

Required Reserves

Attempts were made before the CBRT upon inclusion of our companies among entities subject to required reserves by the CBRT Communiqué published on 4 October 2013.

In a meeting held, the related Director General and his team were informed on the demands for exclusion of finance

companies from required reserves, allocation of provisions for liabilities incurred after the Communiqué date rather than for existing ones, exclusion of bond issues from the scope of liabilities, allowing to maintain liabilities in foreign currency, and giving our member companies access to CBRT funding facilities.

As a result of the subsequent CBRT revisions to the communiqué, member companies were allowed to set aside required reserves based on new liabilities, and to maintain the reserves in a foreign currency.

The Board of Directors Members from the financing sector paid a visit to the office of the CBRT Deputy Governor; following the presentation made, requests were conveyed for the exclusion of bond issues from required reserves scope, and for taking the borrowing cost of finance companies as the basis for the interest rate to be paid. The CBRT is already considering a lower required reserve ratio for long-term bond issues. Moreover, the demand for revising the CBRT law to give the finance companies access to CBRT funding facilities was communicated to the Financial Stability Committee secretariat.

LTV Requirement

While the relevant arrangement was being drafted and after it was published, attempts were made, a meeting was held with the BRSA officials, and efforts were spent to make sure that a narrow coverage is set for the Loan to Value (LTV) ratio, and that bank practices would not lead to inequality of competition.

As a result of these efforts, passenger cars purchased for professional and commercial purposes were excluded from the LTV scope.

General Provisions

As the arrangement stipulated allocation of a provision based on existing loans and included practices that presented unequal treatment versus the banks, attempts were made, a letter was penned, and meetings were held with the BRSA officials.

A visit was paid to the BRSA Vice Chairman, during which a presentation was made and requests were expressed that provisions be set aside at equal conditions with the banks and the general provisions set aside be considered as shareholders' equity.

The BRSA published draft Regulations on the matter.

Once equal conditions with banks are secured in relation to general provisions set aside, competition inequality will be eliminated.

Communiqué on Slips

Visits were paid to the Revenue Administration officials and letters were sent on various dates for allowing the finance companies to issue slips instead of invoices, as banks do.

As a result, the Revenue Administration published the Tax Procedural Law Communiqué no. 435, which allows the finance companies to issue slips like banks.

Communiqué on Slips

The Revenue Administration published the Tax Procedural Law Communiqué no. 435, which allowed the finance companies to issue slips like banks.

Revolving Credit Communiqué

As a result of the efforts spent, the CBRT revoked the limitation imposed on revolving credits obtained from abroad by issuing a new circular, thereby lifting the said limitation for FKB member companies.

FKB Moves to New Head Office

The Association's head office was relocated to its new address in River Plaza on Büyükdere Avenue in 2014.

Insurance Agency

The circular issued by the Undersecretariat of Treasury stipulates that financial leasing companies and finance companies are obliged to set up separate companies to act as insurance agencies. Given the negative effect of this obligation on the sectors, a task force was set up and attempts were made before the Undersecretariat of Treasury Directorate General of Insurance. As a result, the Directorate General of Insurance revised the Regulation, which provides our companies with the possibility to act as insurance agencies without the necessity to set up separate companies. This move secured operational cost saving, which would otherwise be incurred for incorporating a separate company.

ID Information of the Surety's Spouse

The Directorate General of Population disallowed access to the ID information of sureties' spouses by finance companies, which were previously available; hence attempts were made for regaining access to such information.

As a result, the said information was made available not only to finance companies but also to factoring and financial leasing companies in a relatively short period of time. This brought operational relief in a matter that is of importance to the sector.

CBRT Revolving Credit Circular

A circular published by the CBRT imposed a limitation on revolving credits obtained from abroad.

As it was an important issue particularly for factoring companies, visits were paid and letters were sent to the Undersecretariat of Treasury and the CBRT on various dates, requesting that the limitation be rectified. As a result of these attempts, the CBRT published a new circular, revoking the limitation for FKB member companies.

FKB Moves to New Head Office

On 31 May 2014, the Association's head office was relocated to its new address in River Plaza, located on Büyükdere Avenue dotted by the headquarters of financial institutions.

COMMITTEE AND TASK FORCE MEETINGS HELD DURING THE REPORTING PERIOD

During the reporting period, working meetings were organized for improving the competitive environment in which the sectors covered by the Association and the Association member companies are engaged, as well as for gathering feedback on regulatory and similar matters, which were addressed mainly by the Sector Delegations, Sector Meetings, Legal – Legislation – MASAK – Financial Affairs Operations, Internal Control and Compliance Officers Groups and Committees and Project Task Forces.

MEETINGS AND COOPERATIONS WITH PUBLIC INSTITUTIONS AND INTERNATIONAL ORGANIZATIONS

Date	Description
16 January 2014	Participation in the meeting held at the BRSA in relation to actions to be taken within the frame of "Component 3 - Encouraging Savings and Directing Investments into Productive Areas with Credit Regulations" under the Tenth Development Plan (2014-2018) Priority Transformation Programs - Program for Increasing Domestic Savings and Preventing Waste
17 January 2014	Participation in the preparatory meeting held at the BRSA for regulations that will be introduced in relation to loans made available to consumers
17 January 2014	Participation in the meeting held at the CMB for discussing the draft actions considered to be included in the "Component 2 - Increasing Financial Products and Their Diversity" of the IFC Program and for determining the final actions
22 January 2014	Meeting at the Revenue Administration
22 January 2014	Meeting with the BRSA's Head of Department of Enforcement II
27 January 2014	Meeting with BRSA Chairman Mukim Öztekin in İstanbul office
19 February 2014	Meeting with World Bank representatives within the scope of the project "Access to Finance"
1 April 2014	Meeting with the World Bank representatives for reviewing the "Collateralized Transactions System in Turkey" and for determining the reforms needed in this area
2 April 2014	Evaluation meeting at the Undersecretariat of Treasury in relation to making the interest rate support available to finance and financial leasing companies as well
17 April 2014	Meeting on draft regulation at the Financial Crimes Investigation Board (MASAK)
18 April 2014	Contracts about sector related matters with the BRSA's audit and enforcement departments
5 May 2014	Contacts with the Deputy Commissioner and related Department Heads of the Revenue Administration regarding the topics under follow-up
14 May 2014	Contacts with the representatives of the European Bank for Reconstruction and Development (EBRD) and Islamic Development Bank (IDB)
11 June 2014	Meeting at the Undersecretariat of Treasury Directorate General of Insurance
14 July 2014	Contact with the Undersecretariat of Treasury Directorate General of Insurance
19 August 2014	Contacts at the CBRT, Revenue Administration and the Ministry of Transport in relation to matters under follow-up
19 September 2014	Contacts at the Directorate General of Insurance, Revenue Administration, BRSA, and the Ministry of Customs and Trade in relation to matters under follow-up
22 October 2014	Contact with the representatives of Frost & Sullivan - Turkey research company about the financial leasing sector
24 October 2014	Contact with the Mitsui Rail Capital Europe representatives about the financial leasing sector
5 November 2014	Contact with Fitch Ratings officials
18 November 2014	Visit to the CBRT in relation to required reserves and to the BRSA in relation to general provisions
12 December 2014	Contact with the representatives of the Board of Directors of the Association of Notaries Public

CONFERENCES PARTICIPATED IN OR SPONSORED AND WORKSHOPS ORGANIZED

Date	Description	Sector
13-14 February 2014	X. SME Summit	Sponsorship and participation by the factoring sector
17 March 2014	Tosyöv (Foundation of SMEs, Self Employed and Executives) Meetings "SMEs in National and International Competition" - İzmir	Sponsorship and participation by the factoring sector
20 March 2014	Uludağ Economy Summit	Sponsorship and participation by FKB
26 April 2014	GİB (Revenue Administration)-FKB Abant Workshop	Organized by FKB
15 May 2014	TİM (Turkish Exporters' Assembly) Academy 2023 Meetings - Gaziantep	Sponsorship and participation by the factoring sector
15 May 2014	Tosyöv Meetings "SMEs in National and International Competition" - Ankara	Sponsorship and participation by the factoring sector
28 May 2014	TİM Academy 2023 Meetings - Kocaeli	Sponsorship and participation by the factoring sector
6 September 2014	GİB-FKB Abant Workshop	Organized by FKB
23 September 2014	TİM Academy 2023 Meetings - Konya	Sponsorship and participation by the factoring sector
25 September 2014	Business Association of Gaziantep - Alternative Finance Systems Meeting	Sponsorship and participation by FKB
14 October 2014	TİM Academy 2023 Meetings - Kayseri	Sponsorship and participation by the factoring sector
21 October 2014	Turkish Economy 2015 CEO Club Meeting	Sponsorship and participation by FKB
7 November 2014	MASAK (Financial Crimes Investigation Board) -FKB Workshop	Organized by FKB
20 November 2014	World Operating Leasing Conference	Sponsorship and participation by the financial leasing sector
28 September - 1 October 2014	IFG Annual Meeting Malta	Speaker from the factoring sector
17 October 2014	BCR Receivable Finance UK Meeting	Participation by the factoring sector
3-6 November 2014	ICC İstanbul Meeting	Speaker from the factoring sector
4 November 2014	FCI İstanbul Meeting	Participation by the factoring sector

REGULATIONS GOVERNING THE SECTORS

Date	Description
9 January 2014	Communiqué on Asset-Backed or Mortgage-Backed Securities was published
10 January 2014	Customs circular on leasing transactions from abroad
31 January 2014	BRSA statement on Article 11/A (concerning consumer transactions) of the Regulation on Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies
27 February 2014	Articles 3.1.(h) and (i) and Supplementary Articles 1 and 2 of the Law no. 4562 on Organized Industrial Sites paved the way for acquisition of real properties in OISs through financial leasing
28 February 2014	Revenue Administration's comments were obtained regarding the lessee's waiver of the VAT exemption in sale-and-leaseback transactions. The Revenue Administration considers all stages of the sale-and-leaseback transaction as a whole and states that if the lessee waives the exemption, then the lessor will also be deemed to have waived. It is also stated that the lessor's waiver shall also preclude the utilization of the exemption in sale-and-leaseback transactions with its other lessees for a period of three years (and for an additional period of three years, unless an application is filed to benefit from the exemption within the initial three-year period)
11 March 2014	The BRSA letter regarding service procurements for appraisal of real properties subject to financial leasing
25 July 2014	Article 2.3.(f) supplemented to the Road Transport Regulation excluded mobile cranes, street washer/sweeper trucks, concrete pumps and similar vehicles from the scope of the Regulation, thus eliminating the barrier against their acquisition by way of financial leasing.
12 August 2014	Revenue Administration letter regarding the effect of the sale of returned goods (Law no. 6361 Art. 33) on the corporate tax base
3 October 2014	Regulation on Non-Interest Fees and Commission to be Charged for Financial Services
11 October 2014	With the revision made to the Regulation on Insurance Agencies, financial leasing and finance companies were granted the right to act as insurance agencies limited to their respective fields of operation.
20 October 2014	Companies are provided with the chance to obtain post-shipment export rediscount loans by rediscounting the bonds, which are issued by exporter companies for the export receivables and assigned to factoring companies and endorsed thereby to Türk Eximbank.
5 November 2014	Supplementary letter to the Revenue Administration letter on Revenue Administration letter regarding the effect of the sale of returned goods (Law no. 6361 Art. 33) on the corporate tax base.
26 November 2014	CBRT regulation governing loans from abroad.
27 December 2014	Articles 4.1.n, ff, gg and 173.5 were supplemented to the Organized Industrial Sites Implementation Regulation, thereby incorporating the revised Law provision regarding financial leasing in this Regulation.

Special Provisions

Like banks, FKB members are also financial institutions, and they should be able to deduct the special provisions they set aside in accordance with the BRSA regulations from the Corporate Tax base, just like banks do.

DEMANDED REGULATORY ARRANGEMENTS OF SECTORS

This section addresses the regulatory arrangements that are pending at the Turkish Parliament in the form of bills or draft laws or at the relevant ministry or public authority in the form of regulations or communiqués, as well as requested arrangements.

Allowing Deduction of Special Provisions from the Corporate Tax Base

Banks set aside loan provisions in accordance with the requirements of the BRSA pursuant to Article 53 of the Banking Law, and can deduct the same from the corporate tax base during the related fiscal year. Notwithstanding, although FKB member companies are subject to BRSA requirements regarding allocation of special provisions, they can only deduct the provisions for doubtful receivables from the tax base under Article 323 of the Tax Procedural Law.

Being financial institutions just like banks, FKB members should also be able to deduct the special provisions they set aside in accordance with the BRSA regulations from the Corporate Tax base, just like banks do.

RUSF Burden on Overseas Funding of Financial Leasing and Factoring Companies

While 0% Resource Utilization Support Fund (RUSF) is applied to overseas loans banks and finance companies secure from abroad, RUSF is charged on overseas loans obtained by financial leasing and factoring companies, which are subject to the same Law as finance companies.

The RUSF rate applied to factoring and financial leasing companies for FC borrowings with maturities up to 1 year is 3%, and long-term borrowings with maturities longer than 3 years is 0%. Financial leasing and factoring transactions essentially create funds for businesses, extending credit to them, which are no different than loan products offered by banks. Since these companies cannot collect deposits due to the regulatory framework, the only source of funding available to them, other than their capitals, is domestic or overseas loans they secure. Overseas loans are mostly subject to the RUSF burden since they are usually short and medium-term facilities.

The inequality of competition in this respect can be eliminated by setting 0% RUSF rate for the overseas funds to be obtained by factoring and financial leasing companies through a Council of Ministers Resolution amending the RUSF deductions.

Exemption from Charges

Pursuant to Article 123-(3) of the Charges Law no. 492, transactions in relation to loans to be extended by banks, overseas credit agencies and international institutions, their collaterals and repayments (save for judicial charges) are exempted from charges set out in this Law.

In order to ensure equal competitive conditions for the factoring and finance companies that provide funding to the real sector as banks do, and to improve the competitive environment, factoring and finance companies should also be included in the scope of charge exemption to achieve alignment with the facilities made available to banks by the Charges Law.

Access to Clients' Address Information

Under Article 45 of the Civil Registration Services Law no. 5490, banks, insurance and pension companies are able to access the date kept in the "Identity Information Sharing System" and "Address Sharing System" databases. Nonetheless, financial leasing, factoring and finance companies, which operate as financial institutions under the Law no. 6361, have access to data in the "Identity Sharing System" only.

Pursuant to MASAK legislation, FKB members are obliged to establish and verify the identity and address data for their credit customers and their officials; due to the highly limited means of investigation available to them, member companies are significantly challenged in creating healthy transactions intended by the legislation. Documents such as certificate of domicile that are required from clients in an effort to counter the unavailable address information lead to customer dissatisfaction and inequality of competition.

The inequality in this respect would be eradicated by amending Article 45 of the Civil Registration Services Law no. 5490 so as to enable FKB member companies access the Address Sharing System database.

Visits were paid and letters were sent on various dates to the Directorate of Civil Registration Affairs in relation to the access of our member companies to the address sharing system.

As a result of these efforts, the amendment for making the address sharing system available to the

financial services institutions has been added to the revisions to be made to the Civil Registration Services Law. The said law amendment is being discussed at the Plenary of the Assembly, and it is awaited to be signed into law.

With the amendment to the law that has been incorporated in the agenda as a result of the efforts spent by FKB, one of the key topics that lead to inequality of competition will have been resolved.

Interest Support by the Treasury in Urban Renewal Loans

Covered from the "Renewal Projects Special Account, interest support can be granted at the rates set by the Council of Ministers based on the proposal of the Minister, to which the Undersecretariat of Treasury is affiliated, for loans that real and legal persons shall secure from "banks" under Article 7/c-6 of the Law no. 6306 on Redevelopment of Areas under Disaster Risk.

FKB member finance and financial leasing companies falling under the "Mortgage Finance Corporation" definition under the legislation are one step ahead of banks in terms of extending housing loans in that they have the flexibility to offer various repayment plans with longer terms in line with client demands since they are specialized in mortgage finance. Incorporation of finance and financial leasing companies possessing the capability to offer products that fit the demands and profiles of consumers who wish to take advantage of the urban renewal process within the system is in parallel with the substance of this regulation, which has a social mission.

Access to Clients' Address Information

Access to "Address Sharing System" should be granted to our members, which are obligated to establish and verify the identity and address information of their credit clients and their officials pursuant to MASAK legislation.

BITT

Regulatory revision has been demanded such that finance and factoring companies will be exempted from the BITT that they pay on the interests of loans they utilize from banks, or that the BITT rate will be reduced to 1%.

Within this scope, it would be seem to amend Article 7/c-6 of the Law no. 6306 so as to make interest support available from renewal projects special account to financial leasing and finance companies, which are defined as mortgage finance corporations as banks are.

Our requests for access of finance companies to the Treasury's interest support in housing loans were conveyed in various meetings held with the officials from the Undersecretariat of Treasury and the Ministry of Environment and Urbanization.

These attempts proved useful and financial leasing and finance companies were included within the Draft Omnibus amending the Banking Law.

The said law amendment is currently with the parliamentary commission and is expected to be signed into law soon. The amendment to the law will resolve one of the issues that cause inequality of competition between our member companies offering mortgage finance and banks, and a new market shall have been created for the sector.

Exemption from Issuing Official Promissory Notes

An amendment to the law has been requested for granting the same exemption from issuing official promissory notes, which is available for collaterals received against loans given out by the entities listed in Article 26 of the Title Deed Law no. 2644, for the loans allocated by finance companies, as well. Addition of financial institutions under the Law no. 6361 among the entities listed in the above mentioned article of the Title Deed Law no. 2644 would not only speed up operational processes, but would also make the system available to our members at equal conditions with the

banks, when the e-title deed system is launched in the future.

BITT Burden on Domestic Funding Sources

Factoring and finance companies pay 5% Banking Insurance Transaction Tax (BITT) for the interests on their borrowings from banks. In addition, 5% BITT accrues on the loan interest and commission income they derive on the financing (advance payment) services they offer to their clients using the loan they have obtained. As a result, BITT is paid twice for the same fund.

This situation increases the tax burden on the clients, elevates the transaction costs, and injures the competitive strength of factoring and finance companies.

A regulatory amendment has been demanded to either exempt the finance and factoring companies from the BITT they pay on the interests of loans they utilize from banks or to reduce the BITT rate to 1%.

Bankruptcy and Enforcement Law Provision

The provision of Article 68/b of the Bankruptcy and Enforcement Law no. 2004 admits bank documents as documents that are defined in Article 68 of the said Law no. 2004 with respect to debit accounts and to loans that operate as short-, medium- and long-term loans, provided that certain conditions materialize.

The said exemption has been broadened in favor of financial leasing companies by Article 33 of the Law no. 6361, however, excluding the factoring and finance companies that fall under the scope of the same Law. This right granted to banks and financial leasing companies should also be bestowed upon factoring and finance companies

in order to preclude unfair competition in the sector with respect to the collection of the receivable, due to the fact that the financing extended by factoring and finance companies are in the nature of overdraft facility. Following suit of Article 68/b of the Bankruptcy and Enforcement Law no. 2004, a similar revision needs to be made to Article 150/ı thereof, as well.

Regulatory Arrangements Requested for Sale-and-Leaseback and Sukuk

The final stage has been arrived in the work carried out in cooperation with the Participation Banks Association of Turkey in relation to regulatory arrangements, which are aimed at resolving the practical hitches and improving the sale-and-leaseback method that has been introduced as a new product for the financial leasing sector and the sukuk model, the Islamic interest-free bond as an alternative financing method for our members.

Stamp Tax Exemption

Article 372 of the Law no. 6361 on Financial Leasing, Factoring and Financing Companies stipulates that "Financial leasing contracts and the papers concerning the transfer and amendment of these contracts as well as the ones prepared for their collaterals are exempted from stamp tax, and the transactions made regarding these papers are exempt from charges."

An expansion is demanded to the scope of the exemption set out in Article 41 of the section "IV-Papers Related to Commercial and Civil Affairs" of the Chart (2) appended to the Stamp Tax Law no. 488, taking also into consideration the most recent revisions made to the issuance of lease certificates in the Capital Market legislation.

Double Title Deed Charge on Real Property Leasing

In leasing transactions other than sale-and-leaseback, purchase and sale charge is paid once again when the real property is being transferred to the lessee at a symbolic price at the end of the contract term, in addition to the title registration purchase and sale charge that is paid when purchasing it.

A revision to the Charges Law no. 492 has been demanded to encompass the transfer of the real property to the lessee within charge exemption in financial leasing transactions made pursuant to the Financial Leasing, Factoring and Financing Companies Law no. 6361.

Double Motor Vehicle Tax

Due to the fact that financial leasing companies hold the legal title in the leased vehicles, Motor Vehicle Tax (MVT) accrues to the name of leasing companies. Having paid the tax, the leasing company issues an invoice and charges the MVT it has paid to the lessee. Pursuant to Article 14 of the MVT Law, taxes paid may not be deducted from the corporate tax base. Nonetheless, the amount charged to the lessee by way of the invoice is recognized as income and added to the corporate tax base. It has been requested that Article 14 of the Motor Vehicle Tax Law no. 197 be amended for vehicles subject to financial leasing such that taxes, fines, late interests that are paid by the leasing companies and charged to the lessee be accepted as expenses in the determination of the corporate tax base.

Other regulatory arrangement demands in relation to the leasing sector include proposed changes to the Road Transport Regulation, Arrangement Regarding Title Deed Law and Product Safety Law.

Arrangement for Sale-and-Leaseback and Sukuk

Work has reached the final stage in relation to elimination of impediments arising in sale-and-leaseback transactions and to improvement of the same.

Takasbank Money Market BITT Exemption

Attempts were made before Takasbank, CMB and CBRT for allowing our member companies to make use of the Takasbank money market, and before the Revenue Administration with respect to the tax aspects of the matter.

Eradication of Required Reserve Obligation for Finance Companies

Although finance companies do not collect deposits as opposed to banks, they have been subjected to the required reserve obligation. In order to eliminate the inequality of competition, finance companies should be excluded from required reserve obligation.

Making CBRT Funding Facilities Available to Finance Companies

Required reserve obligation has been imposed for finance companies, like banks, for their overseas borrowings and bond issues. Nevertheless, finance companies may not utilize the CBRT's funding facilities. In order to eliminate the competition inequality, it has been demanded that the coverage of "Article 52 – Open Market Operations" of the Law no. 1211 on the Central Bank of the Republic of Turkey be expanded to include FKB member companies depending on the nature of the transaction, so that finance companies, which are subject to required reserve obligation like banks, are able to utilize CBRT's funding facilities.

Aligning the Higher General Provisions Implementation for Finance Companies with that for the Banks

A change has been demanded in the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Finance Companies in order to align the general provision implementation with that of banks, which gives rise to inequality of competition between banks and finance companies.

Withholding Obligation in Overseas Borrowings

The Council of Ministers decision was demanded to be revised, which was issued as per Article 94 of the Income Tax Law, so that the withholding rate be set as 0% for overseas bond issues with terms longer than one year, in an effort to increase the funding options of finance companies and other member companies and to cut down the investment financing costs of SMEs.

Authorization to Extend FC Loans

Article 17/b of the Resolution no. 32 on Protection of the Value of Turkish Currency is demanded to be amended as necessary so that finance companies, which are engaged in similar activities with banks, are also authorized to extend foreign currency loans and the competitive environment can be improved.

Takasbank Money Market

Attempts were made before Takasbank, CMB and CBRT for allowing our member companies to make use of the Takasbank money market, and before the Revenue Administration with respect to the taxation aspects of the matter.

Necessary permissions have been obtained and relevant regulations are awaited to be made by Takasbank. The attempts made will pave the way for giving our member companies access to an official market which to secure funds from and invest their surplus funds in.

EDUCATION ACTIVITIES AND FINANCIAL LITERACY

In 2014, FKB conducted successful activities in the field of training. Within the frame of the action plans for Istanbul Financial Center and Financial Consumer Protection, the Association intends to collaborate with other public institutions and universities and organize various training and certification programs.

FKB's activities in relation to training and financial literacy will continue at an increased speed in 2015.

Financial Literacy

FKB aims to be voluntarily involved in all activities and action plans that will be directed towards promoting financial literacy in Turkey, with a particular focus on the SMEs, as well as in the Financial Access, Financial Education, Financial Consumer Protection Strategy and Action Plans initiated based on the Prime Ministry Circular and coordinated by the Capital Markets Board of Turkey (CMB) within the frame of the Tenth Development Plan. FKB currently takes place among the institutions that have assumed functions in the Financial Consumer Protection Action Plan.

FKB and Marmara University Cooperation

Co-launched by FKB and Marmara University Center for Continuing Education (MÜSEM) and managed by Marmara University School of Banking and Insurance, the Certification Program is intended to equip professionals engaged in three

sectors with professional, financial, commercial and legal knowledge, while instilling the ethical values called for by the profession along with advisory notion. This will help enhance service quality and customer satisfaction both in individual companies and across the overall sector.

Sectoral Training

Through the activities organized, the Association offers technical and personal development training to professionals working in all three sectors to help the human resource deepen their respective expertise and to develop expertise in affiliated fields.

While technical training programs deal with the main headings of legislation, legal, company appraisal techniques and bookkeeping, personal development programs take an important place in the quarterly training schedules.

Market professionals received comprehensive information through training programs of different contents, which have been provided by FKB since June for increasing the synergy between the three sectors. These trainings are aimed at leveraging the qualifications of the current and future employees that will be hired in these three sectors. At this point, FKB strongly believes that employees possessing expertise in their respective fields will build on the prestige of the sectors and will also contribute to the Turkish economy.

Financial Literacy

In 2014, the Association carried out successful training activities.

Certification Program

Organized by FKB in collaboration with Marmara University Center for Continuing Education, the first edition of the "Basic Expertise in Financial Institutions" certification program has been completed.

Training and Certification Programs Organized

Certification Program Co-Organized by FKB and Marmara University Center for Continuing Education

Organized by FKB in collaboration with Marmara University Center for Continuing Education (MÜSEM) for supporting professional development in financial leasing, factoring and finance sectors, the first edition of the "Basic Expertise in Financial Institutions" certification program has been completed.

Under the program launched on the basis of a protocol signed by and between FKB and MÜSEM, faculty members from Marmara University and volunteer market professionals with training experience from financial leasing, factoring and finance companies offer the trainings.

At the end of the 108-hour training program given over 18 days between 17 December 2014 and 17 February 2015, 17 participants who joined the program from the three sectors qualified to receive certificates of achievement.

Financial Mathematics Training

Targeting to train the participants so as to 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, to offer consultancy to clients regarding alternative financial products, when necessary, and to enhance the quality of service provided to customers, the training program was carried out twice, reaching a total of 41 participants.

Trainer: Şeref Kasar

Financial Analysis Training

Giving information about financial statements and methods of their analysis, the training addressed the important considerations for client selection by all three sectors. A total of 46 people benefited from the training that was organized twice, once in June and once in October.

Trainer: Oğuz Kemal Bulut

Comparative and Practical Training on International Financial Reporting Standards (IFRS) and Turkish Accounting Standards (TAS)

Open to participation by company employees at any level with basic knowledge of accounting, who will be issuing or using reports in accordance with IFRS or TAS requirements, as well as to anyone wanting to learn about the subject, the training was attended by 12 people.

Trainer: Oğuz Kemal Bulut

Advanced Microsoft Excel Training

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. A total of 25 people attended the training programs held in July and December.

Trainer: Kerim Bağrıyanık

Social Styles and Effective Communication Training

Presenting a significant perspective in understanding both ourselves and our interlocutors by looking at the communication concept from the "Social Styles" point of view, the training program was aimed at offering a practical training of effective communication principles and skills and was attended by 13 people in total.

Trainer: Işıl Yazıcı

MASAK Training

In line with the Training the Trainer course organized by MASAK (Financial Crimes Investigation Board) training unit, a training session was held at the Association's head office to increase awareness of MASAK obligations and suspicious transactions. The training was attended by 32 people.

Trainer: Sibel Özata Erdoğan

Financial Management and Statistical Implementations on Excel Training

Open to anyone wishing to build on financial knowledge on Excel and to receive advanced Excel training, the program provided information and examples about Financial Mathematics Implementations, Investment Project Evaluation, Loan Repayment Calculation Tools, Statistical Analyses and Descriptive Statistics. The course was attended by 17 people.

Trainer: Kerim Bağrıyanık

Assets & Liabilities Management Training

Suggested to be taken by employees at any level, the program is intended to give an introduction to bank balance sheet and off-balance sheet items and income statement; to manage the risks involved in the financial world with a profit-orientation, to give an insight into derivative instruments, and to determine ratio analyses, trend analyses with respect to assets and liabilities management and to determine the strategy based thereupon. The course was attended by 18 people.

Trainer: Hakan Peksöz

Training on Labor Law no. 4857 and Its Implementation

10 June 2003 marked the inception of a new era in business life with the enforcement of the Labor Law no. 4857. As the Labor Law left behind ten years in force, differences still arise in the construction and implementation of some articles of the law, which are attempted to be eliminated by way of Supreme Court judgments. For this reason, a training was organized to address the highest-frequency issues faced by the employers within the framework of the Labor Law no. 4857 and in line with the judgments of the Supreme Court, which was attended by 11 people.

Trainer: Papatya Özçelik, Attorney-at-Law

Programs Reached 389 People

389 people from 86 companies attended the training programs organized in 2014.

2014 Activities

Microsoft Power Point Training

Organized for building on presentation skills, the program provided information on arranging the presentations, working with animations, charts, wordart and templates, and implementing advanced presentation techniques. The course was attended by 14 people.

Trainer: Kerim Bağrıyanık

Managing Tough Situations, Tough People Training

In this training, the participants find the chance to experience establishing a cooperation between the parties while maintaining their self-confidence thanks to the conflict management model, and to resolve the given case as a win-win situation. The aim is to get them to identify tactics and methods to manage the conflict instead of ignoring the conflict and objection. Taken by 13 people, the training is targeted to be attended by all employees who are in direct contact with the clients and who are responsible for working with different departments and executive responsibility-.

Trainer: Ayşegül Ekmekçioğlu

Training on Important Considerations in the Preparation and Control of Contracts – Collaterals – Promissory Notes in the Light of the Latest Regulatory Changes

A 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 course was attended by 23 people.

Trainer: Emel Tezcan, Attorney-at-Law

Credit Risk Monitoring Training

The training aims to let the SME, commercial and corporate customer executives to monitor the risks arising from lending transactions more closely in the highly competitive environment of the banking industry. The goal is to conduct credit risk analyses in accordance with objective lending criteria, to reduce the NPL volume, and to attain the preset target by establishing the correct credit and correct maturity structure in the competitive environment. The course was attended by 22 people.

Trainer: Figen Alabay

Basic Insurance Training

Attended by 16 people, the training dwelled on basic insurance concepts, contents of insurance contracts and insurance policies, rights and obligations of the policyholders and the insurer, and main insurance branches that concern our sectors.

Trainer: Merih Hamarat

Marketing in Factoring Training

The objective of the training is to provide the participants with information on important considerations, including the target setting, homework before visit, need identification and product advantages that need to be paid attention to when marketing factoring to existing and potential clients. The course was attended by 16 people.

Trainer: Can Özyurt

Taxation in Factoring Training

The taxation in factoring training is intended to give information about the concepts of tax and taxpayer, primary tax types, corporate tax statements, phases for preventing double taxation, and transfer pricing. The course was attended by 19 people.

Trainers: Talip Boz & Gökay Yurtoğulları

Financial Institutions Accounting Training

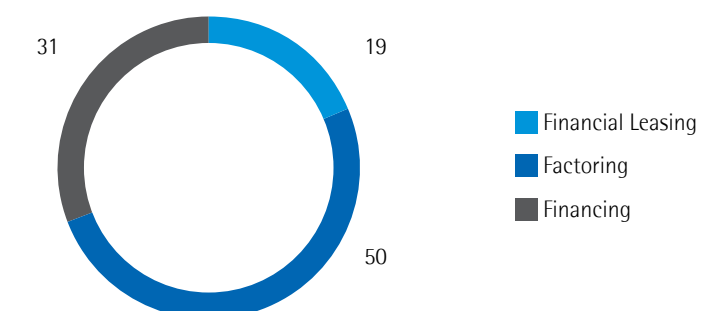
In this training program, accounting rules and implementations in relation to financial leasing, factoring and finance companies are described within the frame of the "BRSA Uniform Chart of Accounts and Practices." This will help the participants gain detailed information about the accounting practices and financial statements of their organizations. The content is supported with real-life examples and the training is given based on basic theory-detailed practice approach. The course was attended by 22 people.

Trainer: Oğuz Kemal Bulut

CALENDAR OF 2014 TRAININGS

Date	Training
13 June 2014	Financial Mathematics
18-19-20 June 2014	Financial Analysis
23-24-25 June 2014	Comparative and Practical International Financial Reporting Standards (IFRS) and Turkish Accounting Standards (TAS)
4 July 2014	Financial Mathematics
17-18 July 2014	Microsoft Advanced Excel
7 August 2014	MASAK – Financial Crimes Investigation Board
11-12 August 2014	Social Communication
25-26 August 2014	Financial Management and Statistical Implementations on Excel
8-9-10 September 2014	Financial Institutions Accounting
18-19 September 2014	Assets and Liabilities Management
22 September 2014	Labor Law and Its Implementation
13-14-16 October 2014	Financial Analysis
20 October 2014	Managing Tough Situations, Tough People
22 October 2014	Payment Systems in Foreign Trade (Specific to Factoring)
23 October 2014	Taxation in Factoring
24 October 2014	Microsoft Power Point
11-12 November 2014	Important Considerations in the Preparation and Control of Contracts – Collaterals – Promissory Notes in the Light of the Latest Regulatory Changes
13-14 November 2014	Credit Risk Monitoring
17-18-24-25 November 2014	Microsoft Access VBA (Macro)
19 November 2012	Basic Insurance Training
2 December 2014	Marketing in Factoring
8-9 December 2014	Microsoft Advanced
17 December 2014 - 24 February 2015	Basic Expertise Certification

Sectoral Breakdown of Training Applications (%)



Sectors	Number of Applications	Number of Companies
Factoring	204	45
Financial Leasing	115	21
Financing	70	12
Total	392	86

2014 Activities

Number of Training Recipients



Results of Training Evaluation Surveys



Average Rating (Maximum 4)

2014 Activities

FKB at Uludağ Economy Summit

FKB sponsored the inauguration day breakfast at the 4th Uludağ Economy Summit organized by Capital and Ekonomist magazines on 21-22 March 2014, which brought together the opinion leaders of the business and economy world. During the event that attracted great interest, the Association was in the spotlight and gained the foreground.

FKB Website Launched

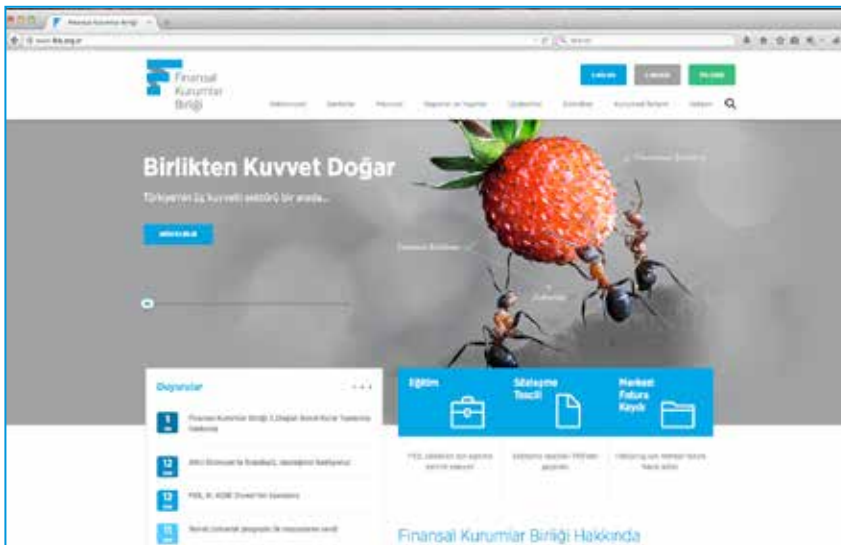
FKB's corporate identity initiatives were immediately followed by steps for designing a comprehensive, user-friendly and functional website that would serve all the members and the public at large. The website was launched on 29 April 2014.

Accessible at www.fkb.org.tr, the website serves as a rich source of reference with its sections covering up-to-date reports and statistics about the sectors, as well as all necessary information about the Association and the legislation.

In addition to regular users, the website gives members access to additional detailed information about their relevant sectors. The website has also become an effective communication tool for event and training announcements.

Commercial Concept

With the tagline "United, We are Stronger", advertisements developed based on the corporate image are being placed, underlining the strength and synergy born out of the representation of the three sectors under a single roof.



2nd Annual General Meeting of FKB Held

Held on 29 April 2014 and honored by Deputy Prime Minister Ali Babacan, BRSA Chairman Mukim Öztekin and CMB Chairman Vahdettin Ertaş, the 2nd Annual General Meeting of FKB received great interest from the members, the leading names of the economy and finance communities, and members of the press.

The news about the General Meeting was covered in 32 newspapers and two weekly magazines, as well as on three TV channels and 60 websites.



'Şirketlerimiz artık geleceğe bakmalı'

Başbakan Yardımcısı Ali Babacan, "Şirketlerimiz artık geleceğe bakmalı ve Türkiye'yi çok daha ileri götürmek için hep birlikte gayret göstermeliyiz" dedi. Babacan, **Finansal Kurumlar Birliği** 2. Olağan Genel Kurulu'nda katıldı. Son 12 yılda finans sektörünün çok hızlı bir gelişme ve toparlanma sergilediğini belirten Babacan, bu yapısal dönüşüm kapsamında oluşan en önemli

Döviz yatırım olarak gelmeli



BAŞBAKAN Yardımcısı Ali Babacan, Türkiye'ye dövizin borç olarak değil, yatırım olarak gelmesi gerektiğine dikkat çekerek, "Cari açıkla mücadele en önemli konumuz. Eğer yapısal olarak bunun tedbirini almazsak Türkiye'nin büyümesinin önünde sürekli bir hız limiti olacak. Bir bakıma potansiyelimizi tam olarak kullanamayacağız" dedi. **Finansal Kurumlar Birliği** 2. Olağan Genel Kurulu'nda konuşan Babacan, geçen yılın, Fed'in yeni uygulamaları, Gezi olayları ve 17 Aralık süreci gibi

yüzde 4'lük büyüme hedefine ulaştık. 2014'te de yine bizim için en önemli konu kuşkusuz cari açıkla ve enflasyonla mücadelenin devamıyla ekonomideki yeniden dengeleme sürecinin devamı olacak" diye konuştu. Büyümenin iç talep ağırlıklı olduğu zaman maalesef tasarruf oranlarının düştüğünü ve beraberinde yüksek cari açığın geldiğini kaydeden Babacan, şunları söyledi: "Cari açığımızı düşürebilirse, Türkiye'nin sıhhatli büyümesi mümkün olacaktır. Artık kamu borcu ekonomi üzerinde riskleri değil

Press Meeting for 2014 First Half Review

In the press meeting held in September 2014 and attended by the leading economy and finance editors, 2014 first half-year indicators and growth figures for FKB were shared. In addition, projections for year-end 2014 in relation to each of the three sectors were presented.



FINANSAL KURUMLAR BİRLİĞİ AÇIKLADI

Bankacılık dışı finansman 6 ayda 70 milyara ulaştı

BORSA/FİNANS SERVİSİ

Birlik çatısı altında toplanarak büyüme için ivme yakalayan bankacılık dışı finansman şirketleri 2014 yıl 6 ayında 70 milyar TL aktif büyüklüğe ulaştı. Birlikte yer alan leasing, faktoring ve finansman şirketlerinin finans sektöründeki payı ise yüzde 3,8'e yükseldi. Aktif büyüklüğün 50 milyar TL'ni leasing, 23 milyar TL'ni faktoring, 16 milyar TL'ni ise finansman şirketleri oluşturdular. Yılın ilk yarısında leasing işlem hacmi 8 milyar TL, faktoring işlem hacmi 52 milyar TL, finansman sektörü işlem hacmi ise 5,5 milyar TL oldu. Toplam net kar ise 740 milyon TL düzeyinde gerçekleşti.

Büyümesinde 77 faktoring, 31 leasing ve 13 finansman şirketini barındıran Finansal Kurumlar Birliği (FKB), 2014 yılı 6 aylık dönemini itibarıyla her üç sektöre ait konsolide verileri açıkladı.

FKB Başkanı **Osman Zeki Öger**, Birlik olarak faaliyete başladıkları 2014 yıl başından bu yana yürüttükleri çalışmalarla, bankacılık dışı finans sektörünün tek çatı altında güçlü temellere oturduklarını belirtti. Bu dönemde finansal kiralama, faktoring ve finansman şirketlerinin gelişme trendini sürdürdüklerini ifade eden Öger, üç sektörün de başta Türkiye ekonomisinin büyümesinde kritik rol üstlenmelerine katkıları için KOSİB'ler olmak üzere reel sektöre verdikleri destekleri artırarak faaliyet gösterdiklerini kaydetti. Alternatif finansman kaynakları



2014 ilk yarı sonuçları

● **Leasing**
■ İşlem hacmi: 8 milyar TL
■ Aktif büyüklüğü: 30,2 milyar TL
■ Net sektöre sağlanan finansman: 24,8 milyar TL
■ Birinci yarı göre işlem hacmi bazında büyüme oranı: %22

● **Faktoring**
■ İşlem hacmi: 52 milyar TL
■ Aktif büyüklüğü: 23 milyar TL
■ Net sektöre sağlanan finansman: 22 milyar TL
■ Birinci yarı göre işlem hacmi bazında büyüme oranı: %15

● **Finansman Şirketleri**
■ İşlem hacmi: 5,5 milyar TL
■ Aktif büyüklüğü: 17 milyar TL
■ Net sektöre sağlanan finansman: 15 milyar TL
■ Birinci yarı göre aktif büyüklüğü oranı: %28

üzerinde çalıştıklarını da dile getiren Öger, mikrokrediye ulaşmak için birlik olarak değerlendirmeye çalıştıklarını söyledi.

Finansmanda kârlar geriledi

Birliğin finansman şirketlerinden sorumlu Başkan Vekili **Vahit Altun**, bu yılın başında taşıt kredilerine getirilen sınırlamaların sektörün karlılığını düşürdüğünü söyledi. Geçen yıl bireysel taşıt finansmanının yüzde 53, ticari taşıt finansmanının ise yüzde 42 servisinde olduğunu bildiren Altun, bu yıl rakamlarına tersine döndüğünü söyledi. 2014'ün ilk altı ayında ticari taşıt finansmanının yüzde 56, bireysel taşıt finansmanının yüzde 39'a geriledi. Altun, 3. Hava Limanı projesinde 5 bin kamyon çalışması gerektiğini, bu taşıt projeler sayesinde banka dışı finansmanın büyüyeceğini dile getirdi.

"Faktoring maliyetleri düşecek"

Birliğin faktoringin sorumlu Başkan Vekili **Zafer Ataman** ise 77 faktoring şirketinin 46 tanesinin 20 milyon TL ödemeli sermaye oranı olduğunu henüz yerine getirmediklerini, bundan sağlanacak sermaye artışı ile birlikte sektörün kaynaklarını artıracağını bildirdi. Tahvil ihalesi, Eximbank fonlaması ve yurtdışından alternatif kaynaklarla birlikte sektörün fon yapısını çeşitlendirmeye çalıştıklarını aktaran Ataman, bu sayede faktoring maliyetlerinde de düşüş sağlanmayı hedeflediklerini söyledi.

140 milyar işlem hacmi bekleniyor

Toplantıda yapılan konuşmada sektörün yıl sonu beklentileri de paylaşıldı. Sonuçta göre 3 sektörün aktif toplamının yüzde 15 artışıyla 76 milyar TL'ye, finansman kaynaklı toplamının yüzde 21 artışıyla 72 milyar TL'ye toplam işlem hacminin ise yüzde 21 artışıyla 140 milyar TL'ye ulaşması bekleniyor. Sektör bazında bakıldığında, faktoring sektöründe, aktif büyüklükte yıl 24 milyar lira, 116 milyar lira işlem hacmi ve 23 milyar lira toplam finansman rakamı ile tamamlanması beklentiye. Finansman sektörü 16,6 milyar lira aktif büyüklüğüne sahipken, yıl 17 milyar lira aktif, büyüklüğü ile kapatması planlanıyor. Aktif büyüklüğü 30,2 milyar lira olan finansal kiralama sektörünün ise yıl 30 milyar lira aktif büyüklüğü, 17 milyar lira işlem hacmi ve 23 milyar lira toplam finansman ile tamamlanması planlanıyor.

Finansal Kurumlar Birliği, verileri açıkladı

Finansal kiralama, faktoring ve finansman şirketlerinden oluşan bankacılık dışı finans sektörünü tek çatı altında toplayan Finansal Kurumlar Birliği (FKB), 2014 yılı ilk altı ay itibarıyla her üç sektöre ait konsolide verileri açıkladı.

Konplanya, Finansal Kurumlar Birliği Başkanı **Osman Zeki Öger** (ortada) ile Başkanvekilleri **Zafer Ataman** (solda) ve **Vahit Altun** katıldı. Sektöre ilişkin sunum yapılan toplantıda konuşan Öger yılın ilk



yarı ile ilgili şu bilgileri verdi: "Reel sektörün finansmanında bankacılık dışı finans sektörü olarak yoğun olarak çalışıyoruz. 30 Haziran 2014 itibarıyla elde edilen sonuçlara baktığımızda üç sektörün bu dönemde 2013'ün aynı dönemine kıyasla aktif toplamının 69,9 milyar TL'ye, faaliyet konusu alacaklarının 63,3 milyar TL'ye ve net kârının da 740,58 milyon TL'ye yükseldiğini görüyoruz."

Cooperation with the Media

Within the scope of cooperation agreements made with Hürriyet daily, Sabah daily and Group publications, biweekly Financial Life and Financial Perspective pages were developed during 2014, which dwelled on current topics about factoring, leasing and financing sectors and important sectoral developments. These pages gave a first-hand account of the Association's activities. Having attracted much attention from

economy opinion leaders, sector representatives and the readers, the pages became sources of current information about the sectors.

Key Events Participated by the Association during the Reporting Period

- The Young Businessmen Association of Gaziantep Alternative Finance Systems Informational Meeting (September 2014)
- 18th Internal Audit Congress of Turkey (October 2014)

- 3rd Annual Operational Leasing Congress (November 2014)

Summary of FKB's Annual Media Performance

Media activities (press meetings, advertorials, interviews, etc.) carried out during 2014 resulted in widespread coverage, breaking down as 303 news stories in the press, 16 on thematic TV channels and 683 on online media.





“Faktoringde Liderliğimizin Devam Etmesi En Önemli Hedefimiz”

FAKTORİNG SEKTÖRÜNDE KURULAN ENSTİTÜLERDEN BİRİ OLAN YATIRIMDA LEASİNGİN DEVAM ETMESİNİN EN ÖNEMLİ HEDEFİMİZDİR. 2014 YILINDA BU LEASİNGİN DEVAM ETMESİNİN EN ÖNEMLİ HEDEFİMİZDİR. 2014 YILINDA BU LEASİNGİN DEVAM ETMESİNİN EN ÖNEMLİ HEDEFİMİZDİR.

Türkiye'de 1990'lu yıllarda ekonomiyi canlandıran ve 24 yıl içerisinde enflasyon oranını 100'den 1'e düşüren Ali Babacan, 2014 yılında bu leasingsin devam etmesi için en önemli hedefimizdir.

Finansal Kurumlar Birliği'nin etkinliği katılmaya devam etmektedir.

Faktoring Türkiye'nin 1990 yılında açık ekonomiyi geçiş sürecinde hayati rol oynadı.

2014 yılında 12 milyar dolar, 2015 yılında 15.4 milyar dolar ve 2016 yılında ise 18.2 milyar dolar olarak artarak devam etmektedir.

2014 yılında 12 milyar dolar, 2015 yılında 15.4 milyar dolar ve 2016 yılında ise 18.2 milyar dolar olarak artarak devam etmektedir.



Yatırımda leasingin payı artıyor

Finansal kiralama piyasası yüzde 21 büyümeye devam ediyor. İşlem hacmi ise 12 milyar TL'ye yaklaştı. Yıl sonu itibarıyla piyasadaki toplam 170 milyar TL'ye yaklaştı.

Sat-geri kiralaya ilgi yüksek

Ali Babacan, 2014 yılında 12 milyar dolar, 2015 yılında 15.4 milyar dolar ve 2016 yılında ise 18.2 milyar dolar olarak artarak devam etmektedir.

Yükselen değer enerji

Finansal kiralama piyasası yüzde 21 büyümeye devam ediyor. İşlem hacmi ise 12 milyar TL'ye yaklaştı. Yıl sonu itibarıyla piyasadaki toplam 170 milyar TL'ye yaklaştı.

Büyümede revizyon sinyali

BAŞBAKAN Yardımcısı Ali Babacan, büyüme hedefinde ileride revizyonun gündeme gelebileceğinin sinyalini verdi. **Finansal Kurumlar Birliği** 2. Olağan Genel Kurul'unda konuşan Babacan, "Yüzde 7-8 büyüme bizim için zor değil. Bugün düğmeye hassas bir yıl içerisinde bu rakamı v-

kalarız. Ama bu doğru değil, istikrarlı değil, saman alevi gibi olur. Biz istikrarlı büyümeden doğru büyümeden yanayız. İç tüketimin artmasına izin vermeyeceğiz. Yüzde 4 büyüme halen ulaşılabilir bir hedef. Henüz konuşmak için erken. Belki ileride bir revizyon olabilir ama bunu konuşmak için daha erken" açıklamasını yaptı.

Yabancılar 10 bin dolara inanmadı

BAŞBAKAN Yardımcısı Ali Babacan, gelecek 10 yılda dinamizm arayışının Türkiye olacağını kaydetti. Babacan, "OECD'nin yeni açıkladığı parametrelere ve satınalma gücü paritesine göre endekslenmiş kişi başına düşen milli gelirimiz 2013'te 19 bin dolar aşmış durumda... Bu rakam Japonya için 35 bin dolar. Satınalma



Faktoring Şirketlerine Reeskont Kredisi Kapısı Açıldı

Finansal kiralama, faktoring ve finansman şirketlerini aynı çatı altında birleştiren Finansal Kurumlar Birliği'nin (FKB) çalışmalarını sonucunda, faktoring şirketleri, Merkez Bankası'nın aldığı kararla ihracat desteklemek için Eximbank üzerinden maliyet avantajı sağlayan reeskont kredilerine ulaşma hakkına kavuştu.

Merkez Bankası'nın kararında faktoring şirketlerine tercih edilen ihracat alacaklarına ilişkin düzenlemeler ve faktoring firmalarının Türk Eximbank'a ciro eden ihracat reeskont kredisi kullanmalarını kolaylaştırdı.

Finansal Kurumlar Birliği, Türk Eximbank ve Türkiye İhracatçılar Meclisi'nin (TİM) ortak çalışması ile Merkez Bankası tarafından alınan bu karar sayesinde KOBİ'lerin desteklenmesine hizmet eden faktoring sektöründe Türkiye ihracatına katkısını artıracaktır.

Finansal Kurumlar Birliği, 2014 yılında 12 milyar dolar, 2015 yılında 15.4 milyar dolar ve 2016 yılında ise 18.2 milyar dolar olarak artarak devam etmektedir.

Member List

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 FFK Fon Finansal Kiralama A.Ş.
- 12 Finans Finansal Kiralama A.Ş.
- 13 Garanti Finansal Kiralama A.Ş.
- 14 Haliç Finansal Kiralama A.Ş.
- 15 Halk Finansal Kiralama A.Ş.
- 16 Harman Finansal Kiralama A.Ş.
- 17 ING Finansal Kiralama A.Ş.
- 18 İş Finansal Kiralama A.Ş.
- 19 Kaynak Finansal Kiralama A.Ş.
- 20 Mercedes-Benz Finansal Kiralama Türk A.Ş.
- 21 Pamuk Finansal Kiralama A.Ş.
- 22 Siemens Finansal Kiralama A.Ş.
- 23 Smart Finansal Kiralama A.Ş.
- 24 Şeker Finansal Kiralama A.Ş.
- 25 Vakıf Finansal Kiralama A.Ş.
- 26 VFS Finansal Kiralama A.Ş.
- 27 Yapı Kredi Finansal Kiralama A.O.
- 28 Yatırım Finansal Kiralama A.Ş.
- 29 Ziraat Finansal Kiralama A.Ş.

Factoring Sector

- 30 ABC Faktoring A.Ş.
- 31 Acar Faktoring A.Ş.
- 32 ACL Faktoring A.Ş.
- 33 Ak Faktoring A.Ş.
- 34 Akdeniz Faktoring A.Ş.
- 35 Akın Faktoring A.Ş.
- 36 Anadolu Faktoring A.Ş.
- 37 Analiz Faktoring A.Ş.
- 38 Arena Faktoring A.Ş.
- 39 As Faktoring A.Ş.
- 40 Atak Faktoring A.Ş.
- 41 Atılım Faktoring A.Ş.
- 42 Başer Faktoring A.Ş.
- 43 Bayramoğlu Faktoring A.Ş.
- 44 Berg Faktoring A.Ş.
- 45 C Faktoring A.Ş.
- 46 Ce-Sa Faktoring A.Ş.
- 47 Creditwest Faktoring A.Ş.
- 48 Çağdaş Faktoring A.Ş.
- 49 Çözüm Faktoring A.Ş.
- 50 De Lage Landen Faktoring A.Ş.
- 51 Değer Faktoring A.Ş.
- 52 Demir Faktoring A.Ş.
- 53 Deniz Faktoring A.Ş.
- 54 Destek Faktoring A.Ş.
- 55 Devir Faktoring A.Ş.
- 56 Doğa Faktoring A.Ş.
- 57 Doğan Faktoring A.Ş.
- 58 Eko Faktoring A.Ş.
- 59 Ekspo Faktoring A.Ş.
- 60 Eren Faktoring A.Ş.
- 61 Erişim Faktoring A.Ş.
- 62 Fiba Faktoring A.Ş.
- 63 Finans Faktoring A.Ş.
- 64 First Faktoring A.Ş.
- 65 Garanti Faktoring A.Ş.
- 66 Global Faktoring Hizm. A.Ş.
- 67 GSD Faktoring A.Ş.
- 68 Halk Faktoring A.Ş.
- 69 Huzur Faktoring A.Ş.
- 70 ING Faktoring A.Ş.
- 71 İş Faktoring A.Ş.
- 72 İstanbul Faktoring A.Ş.
- 73 Kapital Faktoring A.Ş.
- 74 Katar Faktoring A.Ş.
- 75 Kent Faktoring A.Ş.
- 76 Kıbrıs İktisat Faktoring A.Ş.
- 77 Kredi Alta Faktoring A.Ş.
- 78 Kredi Finans Faktoring Hizm.A.Ş.

- 79 Lider Faktoring A.Ş.
- 80 Makro Faktoring A.Ş.
- 81 Merkez Faktoring A.Ş.
- 82 Mert Finans Faktoring A.Ş.
- 83 Met-Ay Faktoring A.Ş.
- 84 MNG Faktoring A.Ş.
- 85 Optima Faktoring A.Ş.
- 86 Pamuk Faktoring A.Ş.
- 87 Para Finans Faktoring A.Ş.
- 88 Prime Faktoring Hizmetleri A.Ş.
- 89 Sardes Faktoring A.Ş.
- 90 Strateji Faktoring A.Ş.
- 91 Sümer Faktoring A.Ş.
- 92 Şeker Faktoring A.Ş.
- 93 Şirinoğlu Faktoring A.Ş.
- 94 Tam Faktoring A.Ş.
- 95 TEB Faktoring A.Ş.
- 96 Trend Faktoring A.Ş.
- 97 Tuna Faktoring A.Ş.
- 98 Turkish Faktoring A.Ş.
- 99 Ulusal Faktoring A.Ş.
- 100 Vakıf Faktoring Hizmetleri A.Ş.
- 101 VDF Faktoring Hizm.A.Ş.
- 102 Yapı Kredi Faktoring A.Ş.
- 103 Yaşar Faktoring A.Ş.
- 104 Yeditepe Faktoring A.Ş.
- 105 Zorlu Faktoring A.Ş.

Financing Sector

- 106 ALJ Finansman A.Ş.
- 107 DD Finansman A.Ş.
- 108 Koç Fiat Kredi Finansman A.Ş.
- 109 Koç Finansman A.Ş.
- 110 Man Finansman A.Ş.
- 111 Mercedes Benz Finansman Türk A.Ş.
- 112 Orfin Finansman A.Ş.
- 113 PSA Finansman A.Ş.
- 114 Şeker Finansman A.Ş.
- 115 TEB Finansman A.Ş.
- 116 VFS Finansman A.Ş.
- 117 Volkswagen Doğuş Finansmanı A.Ş.

Finansal Kiralama, Faktoring ve Finansman Şirketleri Birlięi

Unconsolidated financial statements together with independent auditor's
report for the year then ended December 31, 2014

(Convenience translation of a report and financial statements originally issued in Turkish- See Note 2)

Unconsolidated financial statements together with independent auditor's report for the year then ended December 31, 2014

(Convenience translation of a report and financial statements originally issued in Turkish- See Note 2)

Independent auditors' report on the financial statements

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

We have audited the accompanying unconsolidated balance sheet of Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği ("the Association") as at December 31, 2014 and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and 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 Association'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 is 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 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 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 financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Association'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 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 Association's management, as well as evaluating the overall presentation of the 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.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği as of December 31, 2014 and of their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reporting on other responsibilities arising from regulatory requirements

1. 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 Association's bookkeeping activities for the period January 1 - December 31, 2014 are not in compliance with the code and provisions of the Association's articles of association in relation to financial reporting.
2. 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.

Other matter

The subsidiaries of the Association are not consolidated in the accompanying financial statements. The consolidated financial statements of the Association were prepared and audited separately as of December 31, 2014 in accordance with TAS and an unqualified opinion was expressed on these financial statements in our independent audit report dated March 31, 2015. Accordingly, the accompanying special-purpose separate financial statements should be taken into consideration together with the Association's consolidated financial statements to obtain comprehensive information on the Association's financial position as at December 31, 2014 and on the Association's financial performance and cash flows for the year then ended.

Additional paragraph for convenience translation into English of financial statements originally issued in Turkish

As at December 31, 2014, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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



March 31, 2015
Istanbul, Turkey

Unconsolidated financial statements together with independent auditor's report for the year then ended December 31, 2014

(Convenience translation of a report and financial statements originally issued in Turkish- See Note 2)

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Statement of financial position for the year ended December 31, 2014

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

		Current period	Prior period
		Audited	Audited
	Notes	December 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents	3	5.752.135	4.834.676
Financial investments	4	-	133.236
Trade receivables	5	-	381.800
Other receivables	6	-	414
- Other receivables from third parties		-	414
Prepaid expenses	7	10.579	266
Other current assets		1.875	-
Total current assets		5.764.589	5.350.392
Non-current assets			
Subsidiaries	10	305.000	-
Tangible assets	8	1.530.672	-
Intangible assets	9	185.382	-
Prepaid expenses		5.560	-
Total non-current assets		2.026.614	-
Total assets		7.791.203	5.350.392

Statement of financial position for the year ended December 31, 2014

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

		Current period	Prior period
		Audited	Audited
	Notes	December 31, 2014	December 31, 2013
Liabilities and Equity			
Current liabilities			
Trade payables	11	217.012	30.801
- Trade payables to related parties	19	-	12.066
- Trade payables to third parties		217.012	18.735
Employee termination benefits obligations		120.014	41.415
Other liabilities	12	58.520	1.597
- Other liabilities to related parties	19	57.300	-
- Other liabilities to third parties		1.220	1.597
Deferred income	14	2.021.333	1.633.600
Current provisions for employee termination benefits		9.191	-
Other non-current liabilities		1.543	-
Total current liabilities		2.427.613	1.707.413
Non-current liabilities			
Provisions for long-term employee benefits	13	19.835	948
Total non-current liabilities		19.835	948
Total liabilities		2.447.448	1.708.361
Shareholders' equity			
Accumulated earnings		3.642.031	-
Net period income		1.701.724	3.642.031
Total equity		5.343.755	3.642.031
Total liabilities and shareholders' equity		7.791.203	5.350.392

Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği

Statement of profit or loss and other comprehensive income
for the year ended December 31, 2014

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

		Current Period	Prior period
		Audited	Audited
	Notes	January 1, 2014 - December 31, 2014	July 25, 2013 - December 31, 2013
Profit or loss			
Participation share costs	15	5.813.467	2.707.200
Entrance fee	15	80.000	1.145.000
Other income		46.776	-
Gross profit		5.940.243	3.852.200
General administrative expenses	16	(4.846.100)	(244.200)
Other operating income	17	2.199	1.689
Operating profit		1.096.342	3.609.689
Financial income	18	606.405	32.342
Foreign exchange income/(loss)		(1.023)	-
Net period income		1.701.724	3.642.031
Other comprehensive income/(loss)		-	-
Total comprehensive income		1.701.724	3.642.031

Statement of changes in equity for the year ended December 31, 2014

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

	Paid-in share capital	Accumulated profit / (loss)	Net income for the period	Total shareholders' equity
Balance as of July 25, 2013	-	-	-	-
Accumulated profit / (loss) transfer	-	-	-	-
Net income for the period	-	-	3.642.031	3.642.031
Total comprehensive expense	-	-	3.642.031	3.642.031
Balance as of December 31, 2013	-	-	3.642.031	3.642.031
Accumulated profit / (loss) transfer	-	3.642.031	(3.642.031)	-
Net income for the period	-	-	1.701.724	1.701.724
Total comprehensive income	-	3.642.031	1.701.724	5.343.755
Balance as of December 31, 2014	-	3.642.031	1.701.724	5.343.755

Statement of cash flows for the year ended December 31, 2014

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

		Current period	Prior period
		Audited	Audited
	Notes	January 1- December 31, 2014	July 25- December 31, 2013
Cash flows from operating activities:			
Net profit for the year		1.701.724	3.642.031
Adjustments for the reconciliation of net profit and net cash gained from operating activities:			
Deferred participation share costs	15	387.733	1.633.600
Entrance fees and accrued participation share costs		-	(381.800)
Depreciation and amortization	8,9	203.118	-
Provision for employee termination benefits	13	18.887	948
Provision for unused vacation liability		9.191	-
Interest income	18	(606.405)	(32.342)
Cash flows from operating activities before changes in operating assets and liabilities		1.714.248	4.862.437
Changes in financial investments	4	133.236	(133.236)
Changes in trade receivables, other receivables and prepaid expenses	5,6	366.341	(680)
Changes in other assets		(1.875)	-
Changes in trade payables	11	186.211	30.801
Changes in employee termination benefits	13	78.599	11.327
Changes in other trade payables	12	58.466	31.685
Net cash provided from operating activities		2.535.226	4.802.334
Cash flows from investing activities:			
Interest received	18	584.939	19.651
Cash flow from tangible and intangible asset purchase	8, 9	(1.919.172)	-
Cash outflows arising from establishment of subsidiary		(305.000)	-
Cash flows from investing activities		(1.639.233)	19.651
Cash flows from financing activities		-	-
Borrowings		-	-
Capital increase		-	-
Due to related parties		-	-
Net cash (used in) financing activities		-	-
Net changes in cash and cash equivalents		895.993	4.821.985
Cash and cash equivalents at the beginning of the period	3	4.821.985	-
Cash and cash equivalents as of December 31, 2014	3	5.717.978	4.821.985

Notes to the financial statements as of December 31, 2014

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

1. Association'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 "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 were elected with the decision of the General Assembly meeting held on 22 October 2013.

Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği "Leasing, Factoring and Financing Companies Association" ("the Association") is operating in Turkey and located in Esentepe Mahallesi, Büyükdere Caddesi, Bahar Sokak, No: 13 River Plaza Kat: 18 Ofis No: 48-49 34394 Şişli, İstanbul, Türkiye. As of the balance sheet date the number of personnel of the Association is 11 (December 31, 2013: 8).

According to the law provisions, all leasing, factoring and financing companies operated in Turkey, from the date they receive permission to operate, have to join the Association within one month, comply with the provisions of this 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 established in the nature of the legal entity in accordance with the law and public institutions.

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

Association performs the following tasks to accomplish these goals:

- a) Create policies for the development of relevant professionals and take decisions,
- b) Determine professional principles and standards to be comply by companies,
- c) Work for Principles and ethics of the profession by identifying companies that require the unity and dignity to work according to the needs of the economy in the discipline,
- d) Inform the companies about the decisions taken by relevant legislation and by the Authority in accordance with the required measures
- e) Take the necessary measures to protect the competitive environment,
- f) Represent the sector in the country and abroad, to promote and to make efforts to enlighten the public on this issue
- g) Transfer the informations to its members and relevants which are collected from he economy, the financial sector and by monitoring domestic and international developments in their system

Notes to the financial statements as of December 31, 2014

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

- 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) Announce to public and collect the companies unconfidential informations statistics,
- l) Follow up the regulations related to the industry and to publicize these arrangements to companies,
- m) Identify the principles to be followed in advertisements and announcements of the companies under the relevant legislation
- n) Follow up the decisions and measures and decide to administrative penalty about the companies do not exactly comply with the law,
- o) Organize seminars on issues related to industry, symposiums, conferences and so on training programs,
- p) Litigate about the common interests of the companies according to the board of directors decision,
- r) Take the required measures to be taken by the Agency,
- s) By taking proper opinion of the Board, determine the principles and procedures relating to the registration of private records held by the lease contracts,
- t) Determine the procedures and principles about the information for sharing and consolidate the information of transferred receivables including the billing information of banks and factoring companies in a appropriate way under consideration of Risk Center and the company,
- u) Carry out other tasks with the legislation

Approval of financial statements:

As of December 31, 2014, the financial statements have been approved by the Board of Directors on March 31, 2015 and are authorized for issuance on April 11, 2015. General Assembly has the authority to alter financial statements.

2. Basis of presentation of financial statements

A. Explanations on basis of presentation

Applied accounting standards

The Association prepares its statutory financial statements in accordance with Article 402 of the Turkish Commercial Code no. 6102, tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance in Turkey.

The financial statements of the Association have been prepared in accordance with the Turkish Accounting Standards/ Turkish Financial Reporting Standards, ("TAS/IFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

Notes to the financial statements as of December 31, 2014

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

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 Association'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 Association which have been published by the Public Oversight Accounting and Auditing Standards.

The main adjustments are as follows;

- adjustments related to the recognition of revenue in accordance with TAS 18,
- adjustments related to employee termination benefit provision in accordance with TAS 19,
- valuation of financial investments.

Functional and presentation currency of the Association is TL.

Convenience translation into English of financial statements originally issued in Turkish:

As at December 31, 2014, the accounting principles (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at 31 December 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Association's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows:

TAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have an impact on the financial statements of the Association.

TFRS Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is not applicable for the Association and did not have any impact on the financial position or performance of the Association.

Notes to the financial statements as of December 31, 2014

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

TAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial assets

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets have been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. These amendments did not have an impact on the financial statements of the Association.

TAS 39 Financial Instruments: Recognition and Measurement (Amended)– Novation of Derivatives and Continuation of Hedge Accounting

Amendments provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments did not have an impact on the financial statements of the Association.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS. This amendment does not have any impact on the financial position or performance of the Association.

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 financial statements are as follows. The Association will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Association will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Association.

Notes to the financial statements as of December 31, 2014

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

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. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Association.

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 are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Association.

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. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Association and will not have an impact on the financial position or performance of the Association.

Annual Improvements to TAS/TFRSs

In September 2014, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to "Annual Improvements - 2010-2012 Cycle" and "Annual Improvements - 2011-2013 Cycle". The changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements – 2010-2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

TFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

Notes to the financial statements as of December 31, 2014

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

TFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity - an entity that provides key management personnel services - is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements - 2011-2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

Amendment to the Basis for Conclusions on TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Association does not expect that these amendments will have significant impact on the financial position or performance of the Association.

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 Association will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

Notes to the financial statements as of December 31, 2014

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

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.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. 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). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, 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 Association is in the process of assessing the impact of the standard on financial position or performance of the Association.

IFRS 9 Financial Instruments – Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 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, IFRS 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. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Association is in the process of assessing the impact of the standard on financial position or performance of the Association.

IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27)

In August 2014, IASB issued an amendment to IAS 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 IAS 39),

Or

- Using the equity method.

Notes to the financial statements as of December 31, 2014

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

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Association is in the process of assessing the impact of the standard on financial position or performance of the Association.

Annual Improvements to IFRSs – 2012–2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 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 – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. The Association is in the process of assessing the impact of the amendments on financial position or performance of the Association.

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

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 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 IFRS 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. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Association is in the process of assessing the impact of the standard on financial position or performance of the Association.

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

In December 2014, IASB issued amendments to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Association and will not have an impact on the financial position or performance of the Association.

IAS 1: Disclosure Initiative (Amendments to IAS 1)

In December 2014, IASB issued amendments to IAS 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. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the financial statements of the Association.

Notes to the financial statements as of December 31, 2014

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

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.

Gains and losses arising from changes in the fair value that are managed in conjunction with designated financial assets or financial liabilities are included in the "Other Operational Income and Expenses" on the statement of income.

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or a dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit making exists.

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

All regular way purchases and sales of trading securities are recognized at the settlement date, which is the date that the asset is delivered to/from the Association.

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.

(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	3-5
Leasehold improvements	5

Expenditures incurred to replace a component of an item of tangible assets including major costs, can be capitalized or booked as expense. Subsequent costs can be capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognized in the income statement as expenses as they are incurred.

Notes to the financial statements as of December 31, 2014

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

d) Intangible assets

Intangible assets consist of license fees. 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.

(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 Association 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, 2014. 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.

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.

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

Shareholding charges and entrance fee

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

The costs of subsidiary shares consist of the entrance fee of the amount determined by the Board and approved by the Management Association of the General Assembly Association and the industry costs are merged after the expected budget.

Revenues are recognized according to giving the service, to have the transfer of risks and benefits associated with the service, determined the amount of revenue reliably and economic benefits associated with the transaction be taken over is likely to flow to the Association on an accrual basis over the fair value.

The entrance fee has been reflected to income statement after the membership process is completed and the costs of subsidiary shares has reflect regarding the following service period.

Notes to the financial statements as of December 31, 2014

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

Interest income and expense

Interest income and expenses are recognized 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 Association has obligation on stamp duty for papers issued in relation to the Association's transaction.

(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. The differences are recorded in the income statement.

(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 Association adjusts its financial statements if such subsequent events require an adjustment to the financial statements.

(k) Provisions and contingent assets and liabilities

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. When the amount of the obligation cannot be estimated and an outflow of resources is not probable, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements. As of December 31, 2014, the Association 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 Association,

(ii) If it has significant influence over the Association

(iii) In the case of a member of the Association or the parent Association's key management personnel

Notes to the financial statements as of December 31, 2014

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

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

(i) Entity and Association 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 Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association.

(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

	December 31, 2014	December 31, 2013
Cash	7.022	1.363
Bank		
- Demand deposits	24.626	221.330
- Time deposits	5.720.487	4.611.983
	5.752.135	4.834.676

Maturity dates change between January 2, 2015 and January 16, 2015 (December 31, 2013: January 2, 2015 and January 15, 2015), having interest rates change between %7,5 and %10,2 (December 31, 2013: 6,5% and 9%) respectively and having accrued interest rate amounting to TL 34.157 (December 31, 2013: TL 12.961).

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

	December 31, 2014	December 31, 2013
Cash and cash equivalents	5.752.135	4.834.676
Minus (-): Interest accruals	(34.157)	(12.691)
	5.717.978	4.821.985

Notes to the financial statements as of December 31, 2014

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

4. Financial investments**Securities held for trading;**

	December 31, 2014	December 31, 2013
Mutual funds	-	133.236
	-	133.236

As of December 31, 2013, mutual funds consist of Vakıfbank B type liquid funds and subject to valuation at the closing sale price on the day the balance sheet date.

5. Trade receivables

As of December 31, 2014 the Association has no trade receivables (December 31, 2013: TL 125.000 entrance fee from the members and TL 256.800 income accruals of participation share cost).

6. Other receivables

	December 31, 2014	December 31, 2013
Other receivables from third parties	-	414
	-	414

7. Prepaid expenses

Prepaid expenses consist of personnel health insurance amounting to TL 10.579.

8. Tangible assets

Property, plant and equipment	Furniture and fixtures	Leasehold improvements	Total
Cost			
Opening balance, January 1, 2014	-	-	-
Additions	306.666	1.407.475	1.714.141
Closing balance, December 31, 2014	306.666	1.407.475	1.714.141
Accumulated depreciation			
Opening balance, January 1, 2014	-	-	-
Charge for the period	(37.761)	(145.708)	(183.469)
Closing balance December 31, 2014	(37.761)	(145.708)	(183.469)
Net book value	268.905	1.261.767	1.530.672

Notes to the financial statements as of December 31, 2014

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

9. Intangible assets

	Rights	Total
Cost		
Opening balance, January 1, 2014	-	-
Additions	205.031	205.031
Closing balance, December 31, 2014	205.031	205.031
Accumulated amortization		
Opening balance, January 1, 2014	-	-
Charge for the period	(19.649)	(19.649)
Closing balance, December 1, 2014	(19.649)	(19.649)
Net book value	185.382	185.382

10. Subsidiaries

According to board of directors decision dated January 7, 2014, numbered 2014/2, 2014/3 and 2014/4 it was decided to establish economic enterprises to assist improving objectives of Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği and to be able to provide income to the Association, according to relevant provisions of law No. 6361.

The subject of the activity of the economic enterprises, respectively,

- Articles 21 and 22 of the relevant law to make the necessary investments for the establishment of related systems and operate in accordance with the registration procedures specified for this purpose,
- According to related Law entitled 'Central Billing Record' in Article 43, to make the necessary investments to establish the system for the consolidation of the transferred receivables information of banks and factoring companies, including the billing information,
- Conducting activities for the expansion and development of the process of Leasing, Factoring and Financing Companies in Turkey.

Economic enterprises which are Association's subsidiaries are as follows:

Title	Address (City/ Country)	Share rate	Paid-in capital amount
Finansal Kiralama İktisadi İşletmesi	İstanbul/Türkiye	100%	100.000
Faktoring İktisadi İşletmesi	İstanbul/Türkiye	100%	100.000
Birlik İktisadi İşletmesi	İstanbul/Türkiye	100%	105.000
Total			305.000

Notes to the financial statements as of December 31, 2014

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

11. Trade payables

	December 31, 2014	December 31, 2013
Other trade payables ⁽¹⁾	217.012	18.735
Due to related parties	-	12.066
	217.012	30.801

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

⁽¹⁾ Other trade payables consist of technical services, advertisement, corporate communication, etc.

12. Other payables

	December 31, 2014	December 31, 2013
Other payables to related parties	57.300	-
Other payables to third parties	1.220	1.597
	58.520	1.597

13. 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 employee benefits 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 3.438,22 (December 31, 2013 - TL 3.254,44).

The Association has provision for employment termination benefits amounting to TL 19.835 as of December 31, 2014 (December 31, 2013: TL 948)

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

	December 31, 2014	December 31, 2013
Discount rate (%)	1,87%	4,48%
Inflation rate (%)	7%	5%

Regarding the accumulated vacation right of the employees, the Association has calculated vacation provision amounting to TL 9.191 in the current period.

14. Deferred income

As of December 31, 2014, charges of shareholding and entrance fees which have been collected from the members are recorded as income for the period of January 1, 2014 -December 31, 2014 and the portion of the following years' amounting to TL 2.021.333 was accounted as deferred income (December 31, 2013: TL 1.663.600).

Notes to the financial statements as of December 31, 2014

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

15. Charges of shareholdings and entrance fees

	January 1 - December 31, 2014	July 25 - December 31, 2013
Association participation share costs	4.420.667	2.184.000
Factoring sector participation share costs	723.600	182.400
Financial leasing participation share costs	371.067	153.600
Financing company participation share costs	298.133	187.200
Factoring entrance fees	80.000	760.000
Financial leasing entrance fees	-	320.000
Financing company entrance fees	-	65.000
Other income ⁽¹⁾	46.776	-
	5.940.243	3.852.200

⁽¹⁾ A portion of TL 4.489 of the other income is FIDER's and the other portion of TL 42.287 is the amount donated to assess in the relevant sectors as a result of liquidation of the Factoring Association.

16. General administrative expenses

	January 1- December 31, 2014	July 25 - December 31, 2013
Personnel expenses	2.060.410	87.621
Conference and organization expenses	618.319	48.725
Rent expenses	487.317	-
Consultancy and audit expenses	446.917	62.535
Promotion and advertising expenses	352.411	6.077
General office expenses	204.899	6.198
Depreciation and amortization charges	203.118	-
Outsourcing expenses	121.213	8.708
Travel expenses	107.297	8.986
Representation and hospitality expenses	88.828	6.189
Other expenses	155.371	9.161
	4.846.100	244.200

17. Other income

Other income consists of gain on sale of securities amounting to TL 2.182 and the return of BEDAS deposit amounting to TL 17 (December 31, 2013: TL 1.689).

18. Financial income

Financial income consists of interest income on deposits amounting to TL 606.405 (December 31, 2013: TL 32.342).

Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği

Notes to the financial statements as of December 31, 2014

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

19. Related party transactions

Due to related parties	December 31, 2014	December 31, 2013
<i>Other payables</i>		
Finansal Kiralama İktisadi İşletmesi	25.108	-
Faktoring İktisadi İşletmesi	23.038	-
Birlik İktisadi İşletmesi	9.154	-
	57.300	-
<i>Trade payables</i>		
Finansal Kiralama Derneği	-	8.628
Tüketici Finansmanı Şirketleri Derneği	-	3.438
	-	12.066

The deposits of the Association at the related party Banks are as follows:

	December 31, 2014	December 31, 2013
DenizBank A.Ş.*	4.306.724	1.118.273
VakıfBank A.Ş.*	1.391.057	1.382.078
Yapı ve Kredi Bankası A.Ş.*	3.595	1.000.763
	5.701.377	3.501.114

^(*) Either Yapı Kredi Leasing and Factoring General Managers, Vakıf Leasing General Manager and Deniz Factoring General Manager are also in the Association Board of Directors, the main shareholders of these companies are considered as related parties.

There is no compensations to key management personnel as of December 31, 2014. (December 31, 2013: None).

20. Subsequent events

None.

21. Financial instruments and financial risk management

Risk management objectives and principles

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

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.

Notes to the financial statements as of December 31, 2014

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

Exposure to credit risk is also managed by obtaining collaterals in the form of listed equity securities. Association's credit risk arises mainly from receivables from members.

December 31, 2014	Other Receivables	Trade Receivables	Deposits at bank	Financial investments
Maximum exposure to credit risk at the reporting date (A+B+C+D+E) (1)	-	-	5.745.113	-
- 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	-	-	5.745.113	-
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	-	-	-	-

Notes to the financial statements as of December 31, 2014

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

December 31, 2013	Other Receivables	Trade Receivables	Deposits at bank	Financial investments
Maximum exposure to credit risk at the reporting date (A+B+C+D+E) (1)	414	381.800	4.833.313	133.236
- 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	414	381.800	4.833.313	133.236
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	-	-	-	-

Liquidity risk

Liquidity risk is the risk that the Board of Directors will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

A conservative liquidity risk management is defined by having optimum cash and cash equivalents, using optimum amount of loans to fund the company and ability of closing the companies' positions.

Notes to the financial statements as of December 31, 2014

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

The maturity distribution of trade and financial liabilities of the Association as of December 31, 2014 and 2013; expressed below:

December 31, 2014					
Maturities in accordance with agreement	Book values	Total cash outflow in accordance with agreement (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial liabilities					
Trade payables	217.012	217.012	217.012	-	-
Total	217.012	217.012	217.012	-	-
December 31, 2013					
Maturities in accordance with agreement	Book values	Total cash outflow in accordance with agreement (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial liabilities					
Trade payables	18.735	18.735	18.735	-	-
Due to related parties	12.066	12.066	12.066	-	-
Total	30.801	30.801	30.801	-	-

Interest rate risk

The Association has no interest rate risk as of December 31, 2014 (December 31, 2013: None).

Foreign currency risk

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

As of December 31, 2014 the Association has no foreign currency and was not exposed to exchange rate risk (December 31, 2013: 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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