

# **FINANSAL KURUMLAR BİRLİĞİ**

**1 January-31 December 2023**

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

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



Bağımsız  
Denetim ve  
Yeminli Mali  
Müşavirlik A.Ş.



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

**Finansal Kurumlar Birliği**

**To the Board of Directors**

### **A. Audit of the Financial Statements**

#### **Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards (“TAS”).

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.).
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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



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

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

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

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

1) Pursuant to subparagraph 4, Article 402 of "TCC", no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2023 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

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

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

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



Zekeriya Çelik  
Sorumlu Denetçi, YMM

14 May 2024, İstanbul

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**FİNANSAL KURUMLAR BİRLİĞİ**  
**STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2023**  
(Currency in Turkish Lira (“TL”) unless otherwise stated)

<b>ASSETS</b>	<b>Note</b>	<i>Audited</i>	<i>Audited</i>
		<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Current Assets</b>		<b>42.787.301</b>	<b>19.915.253</b>
Cash and Cash Equivalents	4	41.695.756	19.630.110
Trade Receivables	6	1.013.350	15.000
Other Receivables	7	--	15.000
Prepaid Expenses	8	78.195	255.143
<b>Non-Current Assets</b>		<b>9.279.354</b>	<b>9.961.496</b>
Subsidiaries	5	8.593.186	8.593.186
Tangible Assets	11	686.168	1.368.310
<b>TOTAL ASSETS</b>		<b>52.066.655</b>	<b>29.876.749</b>

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

**FİNANSAL KURUMLAR BİRLİĞİ**  
**STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2023**  
(Currency in Turkish Lira (“TL”) unless otherwise stated)

		<i>Audited</i>	<i>Audited</i>
<b>LIABILITIES</b>	<b>Note</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Current Liabilities</b>		<b>18.795.607</b>	<b>8.737.328</b>
Short Term Lease Liabilities	10	--	1.075.878
Trade Payables	6	1.080.872	321.644
Employee Benefit Obligations	14	921.913	588.184
Other Payables	7	--	50.110
Deferred Income	8	15.191.758	5.807.878
Short Term Provisions for Employee Benefits	15	1.444.673	837.003
Other Liabilities	9	156.391	56.631
<b>Non-Current Liabilities</b>		<b>2.480.594</b>	<b>1.563.573</b>
Provision for Employee Termination Benefits	16	2.480.594	1.563.573
<b>Equity</b>		<b>30.790.454</b>	<b>19.575.848</b>
Other Comprehensive Income Items not to be Reclassified to Profit or Loss			
-Actuarial loss arising from employee benefits	16	(1.938.251)	(1.162.100)
Retained Earnings		20.737.948	17.118.468
Net Profit for the Year		11.990.757	3.619.480
<b>TOTAL LIABILITIES</b>		<b>52.066.655</b>	<b>29.876.749</b>

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

**FİNANSAL KURUMLAR BİRLİĞİ**  
**PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
(Currency in Turkish Lira (“TL”) unless otherwise stated)

		<i>Audited</i>	<i>Audited</i>
	<b>Not</b>	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Profit or Loss</b>			
Sales	17	42.491.501	18.072.573
<b>Gross Profit</b>		<b>42.491.501</b>	<b>18.072.573</b>
General Administrative Expenses (-)	18	(42.459.577)	(19.223.334)
Other Operating Income	19	54.358	282.242
Other Operating Expense (-)	19	(704)	(64.655)
<b>Operating Profit</b>		<b>85.578</b>	<b>(933.174)</b>
Income from Investing Activities	20	12.043.948	4.928.944
<b>Operating Profit Before Financial Expenses</b>		<b>12.129.526</b>	<b>3.995.770</b>
Financing Expenses (-)	21	(138.769)	(376.290)
<b>Profit for the year</b>		<b>11.990.757</b>	<b>3.619.480</b>
<b>Other Comprehensive Income / (Expense)</b>		<b>(776.151)</b>	<b>(786.173)</b>
<b>Other comprehensive income items not to be reclassified to profit or loss</b>			
– Actuarial Loss from Employee Benefits	16	(776.151)	(786.173)
<b>Other Comprehensive Income / (Expense)</b>		<b>(776.151)</b>	<b>(786.173)</b>
<b>Total Comprehensive Income</b>		<b>11.214.606</b>	<b>2.833.307</b>

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



**FİNANSAL KURUMLAR BİRLİĞİ****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023**

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

	<b>Acturial Gain / Loss</b>	<b>Retained Earnings</b>	<b>Net profit for the Year</b>	<b>Total Equity</b>
<b>Balance as of 1 January 2022</b>	<b>(375.927)</b>	<b>12.106.492</b>	<b>5.011.976</b>	<b>16.742.541</b>
Transfers	--	5.011.976	(5.011.976)	--
Net profit for the period	(786.173)	--	3.619.480	<b>2.833.307</b>
<b>Balance as of 31 December 2022</b>	<b>(1.162.100)</b>	<b>17.118.468</b>	<b>3.619.480</b>	<b>19.575.848</b>
<b>Balance as of 1 January 2023</b>	<b>(1.162.100)</b>	<b>17.118.468</b>	<b>3.619.480</b>	<b>19.575.848</b>
Transfers	--	3.619.480	(3.619.480)	--
Net profit for the period	(776.151)	--	11.990.757	<b>11.214.606</b>
<b>Balance as of 31 December 2023</b>	<b>(1.938.251)</b>	<b>20.737.948</b>	<b>11.990.757</b>	<b>30.790.454</b>

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

**FİNANSAL KURUMLAR BİRLİĞİ**

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023**

(Currency in Turkish Lira ("TL") unless otherwise stated)

	Note	Audited 1 Jan.- 31 Dec.2023	Audited 1 Jan.- 31 Dec. 2022
<b>A. Cash Flows From (Used In) Operating Activities</b>		<b>13.092.082</b>	<b>4.969.959</b>
Profit for The Year		11.990.757	3.619.480
<b>Adjustments to Reconcile Profit for The Period</b>		<b>1.101.325</b>	<b>1.350.479</b>
Adjustments for Depreciation and Amortization Expense	11-12	1.194.935	1.133.764
Adjustments for Provisions	15-16	748.540	670.579
Adjustments for Impairment Loss	5	(43.103)	(199.275)
Adjustments for Interest Income	20	(10.693.970)	(3.464.601)
Adjustments for Interest Loss	21	131.735	376.290
Adjustments for Decrease (Increase) In Trade Accounts Receivable	6	(955.247)	(15.000)
Adjustments for Decrease (Increase) In Other Receivables Related with	7	15.000	(15.000)
Adjustments for Decrease (Increase) In Trade Accounts	6	759.228	179.142
Adjustments for Decrease (Increase) In Other Accounts	7	(50.110)	50.110
Adjustments for Prepaid Expenses	8	176.948	(255.143)
Adjustments for Deferred Income	8	9.383.880	2.651.061
Adjustments for Employee Benefits	14	333.729	179.142
Adjustments for Decrease (Increase) In Other Current Assets	13	--	35.943
Adjustments for Decrease (Increase) In Other Current Liabilities	9	99.760	23.467
<b>B. Cash Flows From (Used In) Investing Activities</b>		<b>9.042.317</b>	<b>3.262.946</b>
Purchase of Property, Plant and Equipment and Intangible Assets	11-12	(512.793)	(315.057)
Cash Inflows from Financial Investments	20	9.555.110	3.578.003
<b>C. Cash Flows From (Used In) Financial Activities</b>		<b>(1.207.614)</b>	<b>(1.755.179)</b>
Cash Outflows Related to Lease Obligations (-)	10	(1.207.614)	(1.755.179)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>20.926.785</b>	<b>6.477.726</b>
<b>D. Cash and Cash Equivalents at The Beginning of The Period</b>	<b>4</b>	<b>19.374.912</b>	<b>12.897.186</b>
<b>Cash and Cash Equivalents at The End of The Period(A+B+C+D)</b>	<b>4</b>	<b>40.301.697</b>	<b>19.374.912</b>

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

# FINANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

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

The Association's Organization:

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

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

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

Finansal Kurumlar Birliği "The Association of Financial Leasing, Factoring and Financing Companies" ("the Association") is operating in Turkey and located in Esentepe Mahallesi, Büyükdere Caddesi, Bahar Sokak, No:13 River Plaza Kat:18 Ofis No: 48-49 34394 Şişli, İstanbul, Turkey. As of the balance sheet date the number of personnel of the Association is 26 (31 December 2022: 25).

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

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

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

The Association performs the following tasks to accomplish this aim:

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

**NOTE 1- THE ASSOCIATION'S ORGANIZATION AND NATURE OF ACTIVITIES**  
**(Continued)**

**Subject of activity (Continued)**

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

# FİNANSAL KURUMLAR BİRLİĞİ

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira (“TL”).)

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

(Continued)

#### Subject of activity (Continued)

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

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

#### 2.1 Basis of Presentation

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

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

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

#### 2.2 Functional and Presentation Currency

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

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

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

In accordance with the decision of the Banking Regulation and Supervision Agency dated December 12, 2023 and numbered 10744, the Association is not subject to the inflation adjustment required under TAS 29. In accordance with the related decision, inflation adjustments within the scope of TAS 29 have not been applied in the preparation of the financial statements for the period ended December 31, 2023.

#### 2.4 Going Concern

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

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS****2.5 New and Revised Turkish Accounting Standards**

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

**a) The new standards, amendments and interpretations which are effective as at January 1, 2023 are as follows:**

**TFRS 17 – Insurance Contracts**

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

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

On January 15, 2021, POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The amendments did not have a significant impact on the consolidated financial position and performance of the Group.

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

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term ‘significant’ in TFRS, POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in TFRS and is widely understood by the users of financial statements, according to POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. The amendments did not have a significant impact on the consolidated financial position and performance of the Group.



**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.5 New and Revised Turkish Accounting Standards (Continued)**

**a) The new standards, amendments and interpretations which are effective as at January 1, 2023 are as follows: (Continued)**

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

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

The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments did not have a significant impact on the consolidated financial position and performance of the Group.

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments did not have a significant impact on the consolidated financial position and performance of the Group.

**b) Standards Issued but Not Yet Effective and Not Early Adopted as of 31 December 2023****Amendments to TAS 1 – Non-Current Liabilities with Covenants**

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

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TFRS 16.

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.5 New and Revised Turkish Accounting Standards (Continued)****b) Standards Issued but Not Yet Effective and Not Early Adopted as of 31 December 2023 (Continued)****Amendments to TFRS 16 – Lease Liability in a Sale and Leaseback**

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

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

**Amendments to TMS 7 and TFRS 7 – Supplier Finance Arrangements**

On September 19, 2023, POA issued amendments to TMS 7 and TFRS 7 Supplier Finance Arrangements. With these amandements, companies are expected to disclose the following regarding supplier finance agreements:

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

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

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

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

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

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

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

**b) Standards Issued but Not Yet Effective and Not Early Adopted as of 31 December 2023 (Continued)**

**Amendments to TMS 12 Income Taxes – International Tax Reform Pillar Two Model Rules (Continued)**

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

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

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

**Amendments to IAS 21 - Non-convertibility**

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

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

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

**2.7 Offsetting**

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

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.8 Summary of Significant Accounting Policies**

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

**Cash and Cash Equivalents**

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

**Trade Receivables**

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

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

**Trade Payables**

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

**Tangible Assets**

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

	<b>Useful lives</b>
Furniture and fixtures	5–10 years

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

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.8 Summary of Significant Accounting Policies (Continued)****Right of Use Assets**

The Association recognizes non-cancellable operating leases over 1 year, which include the right to control the use of the asset defined in the contract, as right-of-use assets. The right of use is calculated by discounting the lease payments to their present value at the interest rate explicitly or implicitly stated in the contract. The right-of-use asset is amortized over the lease term.

**Intangible Assets**

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

**Impairment of Assets**

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

**Revenue****Expense share and member entry fee**

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

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

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

**Foreign Currency Transactions**

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

**Events After the Balance Sheet Date**

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

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

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

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

**Provisions, Contingent Assets and Liabilities**

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

The said matters in the relevant notes. Contingent assets are not recognized until they are realized and only disclosed in the notes.

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

**Employee Benefits**

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

**Related Parties**

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

**Statement of Cash Flows**

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

**Leases**

As a lease

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



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

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

**Leases (Continued)**

*Right of use asset*

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

*Rent obligations.*

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

*As a lessor*

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

**Operating Segments**

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

**2.9 Critical Accounting Estimates and Assumptions**

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

**Useful life:**

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

**Employment termination benefits:**

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

**Vacation pay provision:**

Vacation pay provision represents the unused vacation time of the personnel in the related and prior periods.

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

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

#### NOTE 3 – RELATED PARTIES DISCLOSURES

- a) As of December 31, 2023 there are no receivables from related parties.
- b) As of December 31, 2023 transactions amounting to TL 880.881 were realized between the Association and Ticaret Finansmanı İktisadi İşletmesi, a subsidiary of the Association, due to service procurement.
- c) As of December 31, 2023 and 31 December 2022, there are no benefits provided to senior management from related parties.

#### NOTE 4 – CASH AND CASH EQUIVALENTS

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

	31 December 2023	31 December 2022
Cash	2.366	1.809
Banks		
- Time deposits	39.579.689	17.969.987
- Demand deposits	2.113.701	1.658.314
	<b>41.695.756</b>	<b>19.630.110</b>

	31 December 2023	31 December 2022
Cash and cash equivalents	41.695.756	19.630.110
Interest accruals (-)	1.394.059	(255.198)
Cash and cash equivalents in the statement of cash flows	<b>40.301.697</b>	<b>19.885.308</b>

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

#### 31 December 2023

	Interest Rate	Maturity Rate	Currency Amount	Amount (TL)
Time Deposits (TL)	44,00%	Ocak 2024	39.579.689	39.579.689
				<b>39.579.689</b>

#### 31 December 2022

	Interest Rate	Maturity Rate	Currency Amount	Amount (TL)
Time Deposits (TL)	20,50%	Ocak 2023	17.969.987	17.969.987
				<b>17.969.987</b>

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

#### NOTE 5 – FINANCIAL INVESTMENTS

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

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

The financial investments of the Association as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
<b>Subsidiaries and financial investments</b>		
JCR Avrasya Derecelendirme A.Ş. (*)	5.788.186	5.788.186
Birleşik İpotek Finansmanı A.Ş. (**)	2.500.000	2.500.000
Finansal Kiralama İktisadi İşletmesi (***)	100.000	100.000
Ticaret Finansmanı İktisadi İşletmesi (***)	100.000	100.000
Birlik İktisadi İşletmesi (***)	105.000	105.000
	<b>8.593.186</b>	<b>8.593.186</b>

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

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

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

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

#### NOTE 6 – TRADE RECEIVABLES AND PAYABLES

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

	31 December 2023	31 December 2022
<b>Trade receivables</b>		
Trade receivables	1.013.350	15.000
Doubtful receivables	377.215	420.318
Provision for doubtful receivables (-)	(377.215)	(420.318)
	<b>1.013.350</b>	<b>15.000</b>

The movement table for doubtful trade receivables for 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
<b>Opening balance 1 January</b>	(420.318)	(619.593)
Provision on the current period	--	(64.655)
Collected in the period	43.103	263.930
<b>Closing balance as of 31 December 2023</b>	<b>(377.215)</b>	<b>(420.318)</b>

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

	31 December 2023	31 December 2022
<b>Trade payables</b>		
Trade payables (*)	1.080.872	321.644
	<b>1.080.872</b>	<b>321.644</b>

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

#### NOT 7 – OTHER RECEIVABLES AND PAYABLES

As of December 31, 2023, the Association has no other short-term receivables (December 31, 2022: TL 15.000).

As of December 31, 2023, the Association has no other payables (December 31, 2022: TL 50.110).

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

As of December 31, 2023, the Association has prepaid expenses amounting to TL 78.195, of which TL 38.081 is related to IT service purchases, TL 37.395 is related to health and workplace insurance policies, and the remaining amount of TL 2.719 is related to newspaper and internet subscription expenses (December 31, 2022: IT expenses: TL 165.153, insurance expenses: TL 165.153, newspaper and internet subscription expenses: TL 2.719): TL 165.153, insurance expenses: TL 56.763, subscription expenses: TL 33.227).

#### Deferred Income

As of December 31, 2023, the portion of the dues and expense participation shares collected from the members for the period January 31, 2023 - December 31, 2023 has been recognized as income and TL 15.191.758 belonging to the next year has been recognized as deferred income (December 31, 2022: TL 5.807.878).

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

#### NOTE 9 – OTHER LIABILITIES

The other liabilities of the Association as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
<b>Other liabilities</b>		
VAT payables	156.391	56.631
	<b>156.391</b>	<b>56.631</b>

#### NOTE 10 – FINANCIAL BORROWINGS

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

	31 December 2023	31 December 2022
<b>Short-term lease liabilities</b>		
Lease liabilities	--	1.075.878
	<b>--</b>	<b>1.075.878</b>

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

#### NOTE 11 – TANGIBLE ASSETS

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

	1 January 2022	Additions	31 December 2022	Additions	31 December 2023
<b>Cost</b>					
Furniture and fixtures	780.946	315.057	1.096.003	512.793	1.608.796
Right-of-use assets	4.498.151	--	4.498.151	--	4.498.151
Leasehold improvements	1.420.231	--	1.420.231	--	1.420.231
	<b>6.699.328</b>	<b>315.057</b>	<b>7.014.385</b>	<b>512.793</b>	<b>7.527.178</b>
<b>Accumulated depreciation</b>					
Furniture and fixtures	535.161	163.148	698.309	224.319	922.628
Right-of-use assets	2.556.919	970.616	3.527.535	970.616	4.498.151
Leasehold improvements	1.420.231	--	1.420.231	--	1.420.231
	<b>4.512.311</b>	<b>1.133.764</b>	<b>5.646.075</b>	<b>1.194.935</b>	<b>6.841.010</b>
<b>Net book value</b>	<b>2.187.017</b>		<b>1.368.310</b>		<b>686.168</b>

## FINANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

#### NOT 12 – INTANGIBLE ASSETS

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

	1 January 2022	Additions	31 December 2022	Additions	31 December 2023
<b>Costs</b>					
Rights	206.044	--	206.044	--	206.044
	<b>206.044</b>	--	<b>206.044</b>	--	<b>206.044</b>
<b>Accumulated Depreciation</b>					
Rights	206.044	--	206.044	--	206.044
	<b>206.044</b>	--	<b>206.044</b>	--	<b>206.044</b>
<b>Net book value</b>	--		--		--

#### NOTE 13 – OTHER CURRENT ASSETS

As of December 31, 2023, the Association has no other current assets (December 31, 2022: None).

#### NOTE 14 – EMPLOYEE BENEFITS

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

	31 December 2023	31 December 2022
Taxes and funds payable for personnel	920.155	561.706
Due to personnel	1.758	26.478
	<b>921.913</b>	<b>588.184</b>

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

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

##### 15.1 Short term debt provisions

	31 December 2023	31 December 2022
Short term debt provisions for employee	1.444.673	837.003
	<b>1.444.673</b>	<b>837.003</b>



## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

#### NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### 15.1 Short term debt provisions (Continued)

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

	31 December 2023	31 December 2022
<b>Balance at January 1</b>	837.003	306.347
Provision during the period	607.670	530.656
<b>Provision as of the end of the period</b>	<b>1.444.673</b>	<b>837.003</b>

##### 15.2 Guarantees given/received

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

The Association has no guarantees received.

#### NOTE 16 – LONG TERM PROVISIONS

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

Within the framework of the existing laws in Turkey, the Association is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or completes a total of 20 years of service for women and 25 years for men or achieves the retirement age. Monthly severance pay ceiling should not be exceeded in the calculations. The employment termination benefits to be paid as of the date of 31 December 2023 is calculated over the monthly severance pay ceiling of TL 35.058,58 , valid starting from 1 January 2024 (31 December 2022: TL 19.982,83). The employment termination benefits liability is not subject to any legal funding.

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

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

The provisions as at 31 December 2023 are calculated with a real discount rate of 3,12 %, based on the assumption of an annual inflation rate of 21,70% and a discount rate of 25,50 %. (31 December 2022: 2,92 % real discount rate) The estimated ratio of the amounts of employment termination benefits to be retained by the Association as they are not paid due to voluntary leaves of employment is also taken into consideration.

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

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

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

As of 31 December 2023 and 2022, the movements in the provision for severance pay are as follows:

	31 December 2023	31 December 2022
<b>Balance at January 1</b>	<b>1.563.573</b>	<b>637.478</b>
Payments	(328.704)	(127.561)
Interest cost	48.822	18.614
Current service cost	420.752	248.869
Actuarial (gains) / losses	776.151	786.173
<b>Balance at December 31</b>	<b>2.480.594</b>	<b>1.563.573</b>

#### NOTE 17 – REVENUE AND COST OF SALES

As the revenues of the Association are included in Article 23 of the Statute; It consists of union and sector expense participation shares, entrance fees and profit shares that can be distributed by economic enterprises. The details of income for the periods ending on 31 December 2023 and 2022 are as follows:

	1 Jan.– 31 Dec. 2023	1 Jan.– 31 Dec. 2022
<b>Revenue</b>		
Associaton expense contribution	20.381.395	6.987.907
Factoring sector expense contribution	3.296.667	1.406.666
Financing companies sector expense contribution	4.053.333	1.825.000
Financing leasing sector expense contribution	2.695.000	1.358.000
Cost participation share of savings finance companies	3.120.000	1.200.000
Association entrance fee	2.956.860	3.300.000
Asset management sector contribution	2.210.000	1.125.000
Association additional expense contribution	435.000	870.000
Other	3.343.246	--
	<b>42.491.501</b>	<b>18.072.573</b>

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

#### NOTE 18 – GENERAL ADMINISTRATIVE EXPENSES

As of January 1-December 31, 2023 and 2022; The Association's administrative expenses are as follows;

	1 Jan. – 31 Dec. 2023	1 Jan. – 31 Dec. 2022
<b>General administrative expenses</b>		
Personnel expenses	29.515.369	13.476.002
Depreciation expenses	1.194.937	1.133.764
Conference organization expenses	1.727.143	953.978
External benefits and services	1.642.428	861.854
Donation and aid expenses	3.000.000	--
Dues and general office expenses	1.307.078	928.123
Consulting service expenses	1.209.345	700.118
Education expenses	456.743	256.618
Travel expenses	350.729	221.617
Membership expenses (*)	246.928	303.039
Representation and entertainment expenses	202.344	219.430
Promotion and advertising expenses	120.816	119.240
Other expenses	1.485.717	49.551
	<b>42.459.577</b>	<b>19.223.334</b>

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

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

The amount of TL 43.103 in the other income account for the year ended 31 December 2023 consists of the revenues related to the doubtful trade receivables collections. There are other incomes of TL 11.255 apart from the related amount (31 December 2022: TL 282.242).

As of December 31, 2023, TL 704 in other expenses consists of expenses related to SSI payments (December 31, 2022: TL 64.655 consists of provisions for doubtful receivables).

#### NOTE 20 - INCOME FROM INVESTMENT ACTIVITIES

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

	1 Jan.– 31 Dec. 2023	1 Jan.– 31 Dec. 2022
<b>Income from investment activities</b>		
Interest income	10.693.970	3.464.601
Dividend income	1.349.978	1.464.343
	<b>12.043.948</b>	<b>4.928.944</b>

## FİNANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

#### NOT 21 – FINANCING EXPENSES

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

	1 Jan.– 31 Dec. 2023	1 Jan.– 31 Dec. 2022
<b>Finance expenses</b>		
Interest expense on lease transactions	138.769	376.290
	<b>138.769</b>	<b>376.290</b>

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

##### Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

##### Risk management framework

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

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

##### Credit risk

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

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

	31 December 2023	31 December 2022
Cash and cash equivalents (excluding cash in hand)	41.693.390	19.628.301
Trade receivables	1.013.350	15.000
Other receivables	--	15.000
	<b>42.706.740</b>	<b>19.658.301</b>
<b>Secured with guarantees part of maximum credit risk</b>	<b>--</b>	<b>--</b>

## FINANSAL KURUMLAR BİRLİĞİ

### NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023 (All amounts expressed in Turkish Lira ("TL")).

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

##### Financial risk management (Continued)

##### Credit risk (Continued)

Management has an existing credit policy and credit risk is monitored on an ongoing basis. The Association may request collateral for receivables. The credit risk to which the Association is exposed is affected by the individual characteristics of each customer. The Association closely monitors the situation of its customers and risks are controlled by risk limitation for each customer. The Association recognizes provision for impairment for estimated losses that may arise from the collection of receivables.

##### Liquidity risk

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

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

	Book Value	Contractual cash outflow totals	Less than 3 months	Between 3-12 months	More than a year
<b>31 December 2023</b>					
<b>Non derivative financial liabilities</b>	<b>1.080.872</b>	<b>1.080.872</b>	<b>1.080.872</b>	--	--
Lease liabilities	--	--	--	--	--
Trade payables	1.080.872	1.080.872	1.080.872	--	--
Other payables	--	--	--	--	--
	Book Value	Contractual cash outflow totals	Less than 3 months	Between 3-12 months	More than a year
<b>31 December 2022</b>					
<b>Non derivative financial liabilities</b>	<b>1.447.632</b>	<b>1.447.632</b>	<b>1.447.632</b>	--	--
Lease liabilities	1.075.878	1.075.878	1.075.878	--	--
Trade payables	321.644	321.644	321.644	--	--
Other payables	50.110	50.110	50.110	--	--

##### Financial Assets

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

## **FİNANSAL KURUMLAR BİRLİĞİ**

### **NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 1 JANUARY-31 DECEMBER 2023** (All amounts expressed in Turkish Lira ("TL")).

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#### **NOTE 22- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

##### **Financial risk management (Continued)**

##### **Market risk**

Market risk is the risk that changes in the money market, such as foreign exchange rates, interest rates or the prices of instruments traded on securities markets, will affect the Company's income or the value of its holdings of financial assets. Market risk management aims to optimize returns while controlling exposure to market risk within acceptable limits.

##### **Currency risk**

As of December 31, 2023 and December 31, 2022, the Company has no monetary assets and liabilities denominated in foreign currencies.

##### **Financial Liabilities**

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

#### **NOTE 23 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR'S**

1) The independent audit fee expense of the Association for the reporting period ending on 31 December 2023 is 65.000 TL (31 December 2022: 38.000 TL).

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

#### **NOTE 24 – EVENTS AFTER THE BALANCE SHEET DATE**

None.

#### **NOT 25– OTHER ISSUES**

None.