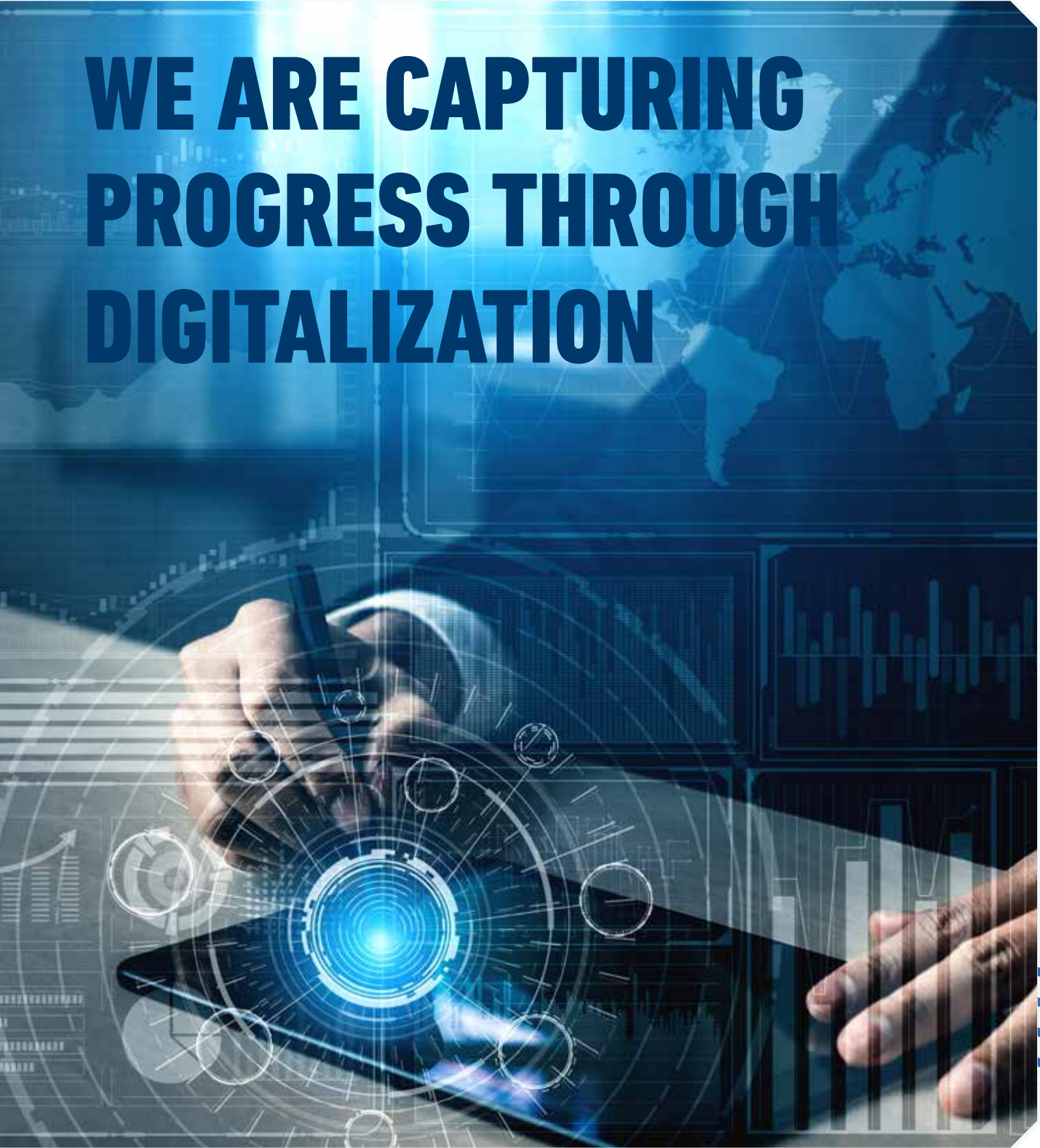




Association of
Financial
Institutions

WE ARE CAPTURING PROGRESS THROUGH DIGITALIZATION



Annual Report 2021

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31 DECEMBER 2021
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THE ASSOCIATION OF FINANCIAL INSTITUTIONS

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CORPORATE PROFILE

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

AFI is an umbrella organization for concerns in Türkiye that provides

- **Financial Leasing**
- **Factoring**
- **Financing**
- **Asset Management**
- **Saving Finance**

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

VISION

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

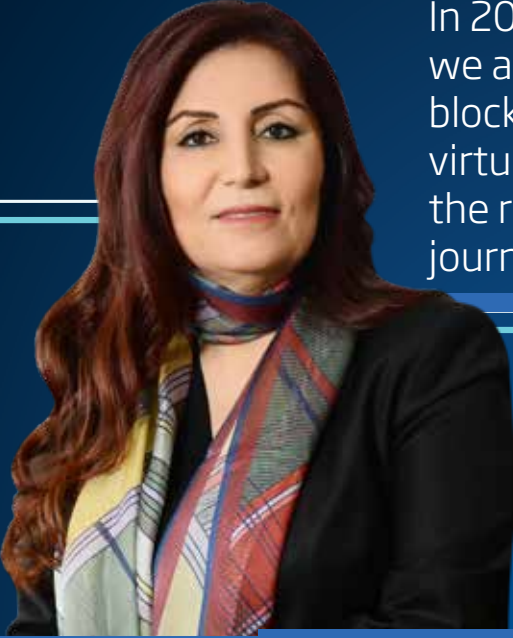
MISSION

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

WE ARE INCREASING OUR CONTRIBUTION TO THE ECONOMY







In 2021 we have demonstrated once again that we are among the indispensable building blocks of the manufacturing and trade cycle by virtue of the financing supports extended to the real sector within the unabating growth journey of our economy.

Aynur Eke
Chairperson

2021 has been an important milestone for the Association of Financial Institutions.

In 2021, we have experienced different aspects of the pandemic that started evolving into a new process. A relatively more positive operating environment arose as vaccination gained momentum, which was accompanied by normalization and recovery in the economy. However, the consumer demand that increased with the rapid recovery was unreciprocated by the supply front, which led to price increases through the cost channel, ultimately giving rise to an inflationary spiral.

The most critical issue that dogged the agenda of our national economy has been the inflationary pressures that intensified with the Turkish lira's loss of value and excessive activity in exchange rates.

As the economy administration endeavored to mitigate the negative effects upon economic activity employing various policy tools, it remained keen on maintaining mechanisms such as support packages and debt restructuring, while also guiding the financial sector in the same direction.

Our companies under the AFI roof sustained restructuring practices aimed at alleviating the economic pressures on customers such as payment deferrals and maturity extensions also in 2021. In addition, our Association spent all efforts to facilitate repayment or deferment of debts to our members by, or to provide financing to, customers who suffered from the adverse impacts the wildfires that scorched parts of our country in 2021 summer caused upon the regional economy and whose payment capabilities were injured. Furthermore, our Association bought a fire truck (water tender), and donated it the General Directorate of Forestry.

Together with all our sectors operating under the AFI roof, we have demonstrated once again amid the extraordinary circumstances that spanned 2021 that we are among the indispensable building blocks of the manufacturing and trade cycle by virtue of the financing supports extended to the real sector within the unabating growth journey of our economy.

The regulatory frameworks enforced made 2021 a major threshold to be crossed over for our Association. Upon enforcement of the Law no. 7292 Amending the Law on Financial Leasing, Factoring and Financing Companies and Certain Laws upon its publication in the Official Gazette on 7 March 2021;

The name of our Law no. 6361 was changed to the "Law on Financial Leasing, Factoring, Financing and Saving Financing Companies".

The official name of our Association was changed from the Association of Financial Leasing, Factoring and Financing Companies to the Association of Financial Institutions, which is our brand name that we have already been using in practice.

Saving financing companies were included in the scope of the Law no. 6361 and specific arrangements governing saving financing were incorporated in the Law. The Law obligates saving financing companies that complete the adaptation process set forth by the law to become a member of the Association within one month following the receipt of their operating permissions. The BRSA assessment is ongoing for the eight saving financing companies that are currently operational.

New entries

The arrangement that went into force on 24 June 2021 made amendments to the Statute of the Association of Financial Institutions, and asset management companies and saving finance companies were included in the Statute.

On another hand, Asset Management Companies governed by the rules in the Banking Law no. 5411 are also obligated to become members of our Association within one month following the enactment of the Law. Asset Management Companies (AMC) successfully completed their transitioning to the Association of Financial Institutions in 2021.

The arrangement that went into force on 24 June 2021 made amendments to the Statute of the Association of Financial Institutions, and asset management companies and saving finance companies were included in the Statute.

While all these arrangements expand the operating sphere and service coverage of our Association, they also take the duties and responsibilities of the AFI to the next level.

We gave a good account of ourselves amid the volatile conjuncture triggered by the pandemic.

Although it has not been an easy year for our sectors either, we are happy to have ended the year by capturing high growth figures once again in 2021 during which the impacts of the pandemic upon global economy endured. As AFI, we authored a significant achievement in 2021 and went back on growth track in the rebalancing period despite the high exchange rate levels that our country experienced. In the process, intensive consultations and the close contact we maintained both with the public authority and the real sector representatives added value to the positive steps we have taken on behalf of our sectors.

According to 2021 consolidated data for the financial leasing, factoring, financing and asset management sectors represented by our Association, our business volume rose TL 288 billion, our total assets to TL 226 billion, and our shareholders' equity to TL 36 billion. The number of total customers served by our sectors, on the other hand, reached 6.2 million as asset management companies joined us.

Digitalization moves that are also supported by the public authority steer the future of our sectors.

Given the ever-increasing importance of digitalization and access to finance in our day, execution of processes via digital platforms is also the key to strong growth for our sectors. Based on this fact, AFI formulates its strategies upon digital transformation that it has defined as its main axis. Our Association continues to develop digital projects that support fast and secure liquidification of trade receivables and expanding its sphere of influence by signing its name under new integrations and partnerships. In this framework, relying on the power granted to us by the Law no 6361, in 2015, we introduced to the Turkish finance system the Receivables Recording Center (RRC) that prevents double assignment and financing of the same receivable, and the Contract Registration System (CRS) where financial leasing contracts are registered. Similarly, we foresee that the Trade Chain Finance System (TCFS) built upon a digital infrastructure and launched in 2019, which incorporates the supply chain finance product, will evolve into a gradually broadening ecosystem that gives our SMEs access to affordable financial instruments.

We keep contributing to our sectors and the national economy with our Private Integrator, Documented/Undocumented Export Credits projects as well.

High growth rates

Although it has not been an easy year for our sectors either, we are happy to have ended the year by capturing high growth figures once again in 2021 during which the impacts of the pandemic upon global economy endured.

The BRSA Regulation on Remote Identification Methods to be Used by Financial Leasing, Factoring, Financing and Saving Financing Companies and Establishment of Contractual Relationships Electronically to determine the remote identification methods that may be used by financial leasing, factoring, financing and saving financing companies for customer identification under the Law no. 6361 entered into force by early 2022. We consider this regulation as a major development that clears the way primarily for the financing sector and for all the Association-member sectors. We envisage that the regulation will contribute positively to our member companies' adjustment to advancing technology, work processes, and consequently, to their faster and more secure service delivery capability.

One of the most important steps of 2021 within the scope of digitalization has been the commencement of services by AFI Cloud Shared Data Center as the first BRSA-approved "group cloud platform" to financial institutions.

Following the BRSA's regulation that set the legal ground for high security and cloud platforms, which allows finance companies to outsource services based on group cloud service model subject to

BRSA permission, AFI Cloud Shared Data Center launched under the Association of Financial Institutions brings to its members Türkiye's first-ever technology infrastructure and managed services exclusively designed to meet the needs of banks and financial institutions and are compatible with the BRSA rules.

AFI Cloud Shared Data Center brings along significant cost advantages for the sector with the scale economy advantage presented by the cloud technology and the pay-per-use service model. Decreasing IT costs and maintenance expenses of financial institutions due to centralized delivery of system hosting, maintenance, support and managed services, AFI Cloud undersigned a stellar achievement by earning the Private Cloud award given by the IDC (International Data Corporation).

Furthermore, AFI Cloud underwent BRSA audit in 2021 and received approval for usage with total alignment to Information Technologies Communiqué criteria.

Our sectors' contribution to the economy will continue at an increasing extent.

When the direct correlation with the size of non-bank financial institutions and economic growth and development is taken into consideration, the importance of the sectors forming the AFI with respect to Türkiye's development will be better understood.

We believe that financial institutions will once again be the originator of the most effective solutions for headings such as access to financing, trade fluidity, and technological infrastructure upgrades that represent critical topics for the real sector against the possible negative effects of the pandemic process and global developments in 2022, as was the case in 2021. In this context, coordinated policy steps for ensuring non-interruption of production and supply chain, preserving employment, and maintaining healthy operation of the financial system will reflect positively also in the coming period.

In the forthcoming period...

We will continue to stand by our real sector, exporters, SMEs, and consumers; keep producing solutions for their financing needs, and contribute our Association's strength to our economy.

As in the past so too in the future, together with all our member companies, we will own our mission and responsibility; continue to stand by our real sector, exporters, SMEs, and consumers; keep producing solutions for their financing needs, and contribute our Association's strength to our economy.

I extend my heartfelt thanks to all our members and stakeholders, and wish good health to all.

Aynur Eke
Chairperson

MESSAGE FROM THE FINANCIAL LEASING SECTOR REPRESENTATIVES BOARD



The new business volume of the financial leasing sector in 2021 that has been the scene to high growth increased by 21% in USD terms to USD 4 billion.

Coşkun Çabuk
Deputy Chairperson

Distinguished Stakeholders,

In 2021, our sector outperformed the volume targets projected at the onset of the fiscal year.

2021, during which the fight against the Covid outbreak continued, has seen the economy start recovering as compared to the previous year, the industrial production increase, investments pick up relatively, and growth gain momentum. In the reporting period, the Association of Financial Institutions spent intensive efforts for formulation of regulatory framework concerning the sector, accelerating its members' access to financing and expanding its coverage, and increasing collaboration with the other public institutions. The Association carried out regular publicity and informative activities for promoting financial leasing and shared statistics with the public opinion via its social network accounts and media.

GDP maintained its growth for six quarters that followed the second quarter of 2020, in which it sustained a 10.4% annual contraction, and growth was measured at 7.5% for the third quarter of 2021 and 9.1% for the whole year in 2021.

The new business volume of the financial leasing sector in 2021 that has been the scene to high growth increased by 21% in USD terms to USD 4 billion, whereas the number of transactions for the overall sector went up by 43% to 19,753. While nearly half of the leases in this period were in Turkish lira, foreign currency leases, which substantially consisted of Euro, accounted for the other 50% and the FC weight of previous years in leasing receivables descended in the sector's balance sheets slipped down from 75% to 72%.

Although the extremely volatile exchange rates and the rise in TL lending rates paralleling the inflation had a partial influence that contributed to shrinking transaction volume in December, they are anticipated to take their toll fully in the first quarter of 2022.

On the other hand, being a medium- and long-term investment finance instrument and investment loan, leasing once again manifested its character as a reliable financing instrument as repayment terms of investors remained unchanged, despite the volatility in the markets.

Paralleling the growth in business volume, the overall sector's financial leasing receivables increased by 45% to TL 83.2 billion and total assets by 51% to TL 106 billion. With total shareholders' equity amounting to TL 14.6 billion, our sector booked TL 2 billion in net profit for the period.

The ratio of private sector fixed investment expenditures financed through leasing, which had declined from 5.5% in 2017 to 2.7% in 2019, edged up to 3.5% in 2020 and maintained the same level in 2021.

In terms of the distribution of investments in the financial leasing sector, heavy equipment and construction machinery take the top spot with a share of 23%, followed in second and third places by other machinery and equipment and textile machinery with respective shares of 13.2% and 11.7%, while road vehicles get 10.8% share and real estate gets 9.8% share.

On another note, the intensive efforts the leasing companies have been spending in the area of renewable energy began to yield results and the share of renewable energy equipment went up from 4% in 2020 to 5.3% in 2021.

Although funding in foreign currency outweighs in the financial leasing sector, funding in Turkish lira increased significantly in 2020 in response to historic-low interest rates, resulting in a TL-weighted outlook in new business volume. The same outlook lived on also in 2021.

The Contract Registration System is a key component of our sector's technological infrastructure.

Operating completely on the electronic medium, the Financial Leasing Contract Registration System has been successfully in use by 36 users comprised of leasing companies, participation banks, investment banks and development banks. Running in integration with the Ministry of Finance, e-government and the Central Civil Registration System (in Turkish: MERNİS), the system registers the contracts that are electronically signed and time stamped. The upgrades carried out in 2021 enabled the use of the system for sector-related forecasts and projections.

In 2022...

We are forecasting that the post-pandemic recovery and enlargement investments will continue, that this trend will positively impact our sector in 2022 and customer acquisition and business volumes will increase on the back of the new regulatory framework introduced.

In 2021, the number of contracts registered in the system increased by 31% to reach 23,613.

The regulatory framework on remote identification made our fundamental strategy and targets regarding digitalization a higher priority.

Although entailing some deficiencies with respect to legal arrangements, the legislation published in relation to remote identification and customer acquisition is anticipated to contribute significantly to fast adaptation of the sector players to the digital and to enhance customer experience by digitalizing their work processes in terms of tapping the possible future potential that may arise in financial leasing.

The rising sectors of the pandemic, being e-commerce, logistics, food packaging, food safety, healthcare, textile, plastics, chemicals and energy, will continue to offer opportunities with respect to financing of investments also in the coming period. Additionally, we are expecting a potentially accelerating demand, especially regarding renewable energy, road vehicles and digital transformation investments.

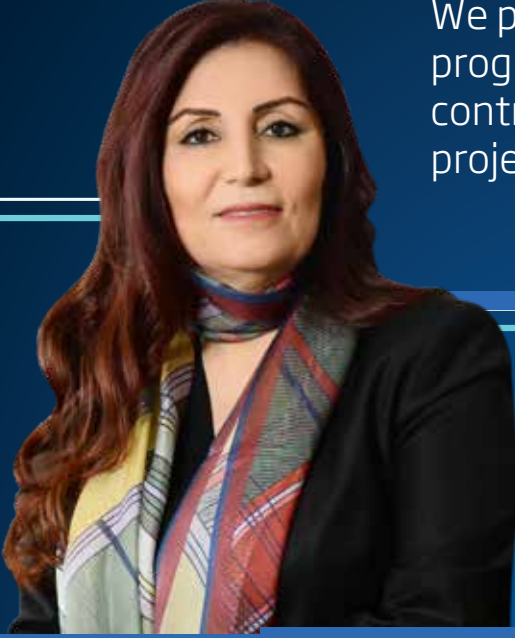
In spite of the increased volatility in exchange and interest rates in the last quarter of the year, we are forecasting that the post-pandemic recovery and enlargement investments will continue, that this trend will positively impact our sector in 2022 and customer acquisition and business volumes will increase on the back of the new regulatory framework introduced.

Embracing hope and new goals for the future, I thank and wish all the best to our members and all our stakeholders.

Coşkun Çabuk
Deputy Chairperson

(on behalf of the Financial Leasing Sector Representatives Board)

MESSAGE FROM THE FACTORING SECTOR REPRESENTATIVES BOARD



We perceive digitalization as the direction of progress and we increase our sector's contribution to the real economy through our projects.

Aynur Eke
Chairperson

Distinguished Stakeholders,

The factoring sector has acted as the greatest supporter of the SMEs throughout the pandemic.

Giving the production-oriented SMEs that are challenged in accessing funding reach to affordable financing using their own trade receivables, the factoring sector continued to extend support to the real sector, exporter companies and over 80 thousand customers comprised mainly of SMEs throughout the pandemic.

The importance of the uninterrupted continuity of the supply chain and the role factoring undertakes in commerce were once again perceived clearly during the pandemic days.

In 2021 when the pandemic effects relatively abated, the rate of vaccination increased and growth gained momentum with the base effect, the factoring sector recorded a successful performance.

According to 2021 year-end financial data of the sector in which 52 factoring companies offer service out of nearly 350 branches and which provides employment to over 4 thousand people, the factoring business volume was up by 34% year-over-year to TL 200 billion and total assets by 35% to TL 65 billion. The sector's receivables grew by more than 33% to top TL 59 billion.

We are carrying our sector forward with a strong digital backbone.

We perceive digitalization as the direction of progress and we increase our sector's contribution to the real economy through our projects.

The Receivables Recording Center (RRC) System, in which factoring companies and banks are obliged to record the invoices and similar documents certifying receivables used in factoring transactions, has been developed as an important mechanism that supports prevention of unregistered economy. Ever since its establishment, 35 million documents worth more than TL 1 trillion in total have been recorded in the RRC System in which currently all factoring companies in our country and 78 financial institutions in total, of which 26 are banks that represent a great majority of the banking sector, record all sorts of documents and information pertaining to receivables subject to factoring. The duplication, excess amount and similar controls performed during record entry precluded over 1 million risky transactions. The ratio of e-invoices registered in the RRC System reached 93% as at year-end 2021 and maintains its uptrend.

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

The integration of RRC and the Movable Pledge Registry System (MPRS), which will give access to the information whether the factoring receivable has been previously pledged in part or in whole, is planned to be introduced in 2022.

Under the protocol signed in November 2021 between the Participation Banks Association of Türkiye and the Association of Financial Institutions, it is targeted to electronically share and cross-check the information regarding documents entered in the Participation Banks Invoices Registration System and the information on receivable documents maintained on the RRC System. We deem this collaboration that will provide the integration of the two systems that facilitate and record the real sector's access to financing extremely valuable in terms of its contribution to the national economy and in the sense that it concurrently supports registered economy.

The Trade Chain Finance System (TCFS) that runs in integration with the RRC is another significant project that we have realized with the aim of facilitating our SMEs' access to affordable financing quickly and securely.

Launched under the AFI roof in keeping with the advancing technology and the sector's digitalization vision, TCFS takes on an important mission in bringing the supply chain financing product and other factoring products alike to broad audiences.

Trade Chain Finance allows SMEs to finance their trade in advance at a low-cost without waiting for the due date set by big buyers, without needing additional collateral by benefiting from the buyers' credibility, and lets them create operating capital by providing the funding for their production process.

Currently enabling supply chain finance, confirmed factoring, payment instrument-based factoring, and refactoring transactions, the TCFS is targeted to be used for supplier finance in accordance with participation banking principles, export factoring, credit insurance system and financing of insured receivables, integration with the State-Subsidized Trade Receivable Insurance (SSTR) System, payment of trade payables with trade receivables and distributor finance transactions in the near future.

When all its components become operational, TCFS will enhance prediction capability and the chance to take action proactively owing to instant regular information flow, as well as helping prevent unregistered economy.

Our Private Integrator Project, which is a major step in digitalization, has established an infrastructure that will let companies wishing to carry their business processes to the digital environment digitalize all their processes end-to-end through such applications as e-invoice, e-archive and e-ledger and so on.

Our Undocumented Export Credits Module gives all user companies quick reach from a single point to the latest version of customs declarations at the time of closing export credits, while precluding double usage of statements.

In 2022, we are targeting to complete the development of the Documented Export Credits Module in view of the feedbacks received from the sector, which allows electronic recording of Inward Processing Regime, notification of exemptions from taxes, charges and duties, Free Zone Processing Form, and Electronic Trade Customs Declarations in accordance with the rules of the Ministry of Trade.

For fulfilling the software need of the factoring sector, work is in progress regarding the Core Factoring Software, and the Association members will revisit the project in 2022 in line with the sector's needs.

Based on the provisions allowing use of private cloud of the "Communiqué on the Information System Management and Audit of Financial Leasing, Factoring and Financing Companies", which came into effect on 6 April 2019, the AFI Cloud Shared Data Center went live at the AFI in 2020, which is made available for use by the finance sector.

Thanks to AFI Cloud, financial institutions subject to BRSA audit are able to procure their system infrastructure requirements from a shared platform, and can also receive shared technical personnel service for their various needs including technology infrastructure management, disaster recovery center and backup management, cyber security, system management and so on.

In 2022, our work is ongoing for SAAS (Software as a Service) for fulfilling financial institutions' software requirements other than system infrastructure through AFI Cloud Shared Data Center.

We are holding a hopeful outlook for the future.

We believe that the sector's growth momentum will be preserved on the back of the structure of the Turkish economy and our sector that grow stronger with tough conditions, their dynamics, and the increasing importance of the factoring instrument.

Given that a sustainable supply chain forms the basis of the healthy operation of the trade cycle, we will bolster our sector's development with digitalization. We will continue to produce new projects in keeping with our digitalization target.

Under any circumstance, we will continue to act as the lifeline of our SMEs, to channel funds to the real economy, and to contribute value to the Turkish economy with the efforts and initiatives of our sector that is the direct supporter of the real sector.

I extend my heartfelt thanks to all our members and stakeholders.

Aynur Eke
Chairperson

(on behalf of the Factoring Sector Representatives Board)

MESSAGE FROM THE FINANCING COMPANIES SECTOR REPRESENTATIVES BOARD



Our financing companies sustained their contribution to the Turkish economy at an increasing extent also in 2021, significantly supporting financial inclusion and access to financing.

Zeynel Korhan Bilek
Deputy Chairperson

Distinguished stakeholders,

The financing sector's contribution to the economy was sustained also in 2021.

Making borrowing fast and easy for companies and individuals to purchase goods and services such as auto loan primarily, as well as consumer durables, computer infrastructure, telecommunication products and so on, our financing companies sustained their contribution to the Turkish economy at an increasing extent also in 2021, significantly supporting financial inclusion and access to financing.

Although the pandemic that spanned 2020 had enduring impacts on the economy in 2021, our finance companies successfully ended the year in terms of business volume. Business volume of the finance sector grew by 36.6% to TL 51.8 billion. In the same period, total assets of finance companies increased by 35.1% and reached TL 48.7 billion.

According to year-end 2021 actual figures, automotive sector was accountable for approximately TL 46 billion of the business volume attained by all finance companies, whereas financing of other goods and services purchases such as consumer durables, electronics and insurance amounted to TL 6 billion. Within automotive finance business volume, TL 34 billion originated in commercial vehicles finance and TL 12 billion in individual auto finance.

As individual passenger car usage rates soared during the pandemic as people strove to protect themselves against the disease, and changes in prices turned automotive products into an investment good, there has been a significant rise in demand from end-2020. Based on automotive numbers, the number of total passenger cars and light commercial vehicles sold in Türkiye reached 737,350 as at year-end. Of this figure, 277,458 were extended credit by our finance companies, which manifests our remarkable contribution to the sector.

Major regulatory steps

With regard to the important developments in the financing sector in 2021, we see that the significance of digitalization has become even more marked with the ongoing pandemic. In April, the Regulation on Remote Identification Methods to be Used by Banks and Establishment of Contractual Relationships Electronically published by the BRSA entered into force. This development formed a big building block for digitalization of the Turkish economy. In addition, the Regulation on Operating Principles of Digital Banks and Service Model Banking announced and enforced by the BRSA in December, which closely concerns our sector as well, vested the sector's financial technology usage in a new dimension and led to paving significant distance in terms of democratization and inclusion of financial services.

Looking at the connection of these developments to our sector, I can say that 2021 has been a turning point. As AFI, we collaborated with the BRSA, FCIB and all related institutions for digitalization of remote identification processes. With BRSA, we conducted workshops focused on needs on the basis of sub-sectors and segments, and presented our suggestions to related public agencies. Our year-long efforts helped produce a regulatory framework addressing the needs of our members, and the Draft Regulation on Remote Identification Methods to be Used by Financial Leasing, Factoring, Financing and Saving Financing Companies and Establishment of Contractual Relationships Electronically was published. Under this regulation that enables an end-to-end digital process, our role in financial inclusion will further strengthen as we support the growth of e-commerce in our country by providing fast, simple and affordable financing.

The age of digital finance

In the past decade, the top value creating business models were created by firms that made a differentiation in access in connection with the increased use of technology, experience and productivity. With the accelerating effect of the changes in consumer behaviors and the developments in e-commerce during the pandemic, financial technology progressed significantly.

With taglines such as "buy now, pay later", e-commerce marketplaces have become a part of the fintech ecosystems in the world. As finance companies, we closely monitor the changes in consumer behaviors and global trends. In this framework, we are targeting to digitalize end-to-end the entire lending process and to facilitate access to financing.

The regulatory arrangements that are raised in conjunction with technological developments create opportunities for finance companies. Those firms that are capable of producing technological solutions rapidly, are strong in data analytics, manage risk correctly and design the customer experience properly will be the successful ones. Areas such as especially

big data, digital and smart contracts, new identity recognition technologies, rapid credit approval systems, and AI technologies will play an even more central role with respect to the development of the sector.

A notable transformation in automotive

We are keeping a close eye on the rare transformation in the automotive industry in the world. Europe will be phasing out internal combustion engine conventional cars by 2030. Electric vehicles will become an unavoidable part of our lives. Just like mobile phones turned into smart phones over time, automobiles will also turn into smart vehicles and financing systems will adapt to car sharing formats in the process of their delivery to consumers via platforms. We are preparing our sector for the future along these lines.

We are more hopeful and better prepared for the future.

From a future perspective, I would like to note that we have high expectations for 2022 and beyond for our sector in the light of all our activities in 2021 and developments I have outlined above.

With the supposed resolution of the chip crisis process across the world in the second half of 2022, we are anticipating a positive trend in the automotive industry. Furthermore, new expansions in the area of micro loans enabled by technology and new business models will make one of the main growth domains of the coming period. We envisage that the financing sector's positive contributions to the Turkish economy will further increase as and when the regulatory arrangements needed by the sector are devised and enforced.

In 2022, we are expecting new companies to join our sector that has reached 17 financing companies including TOM Finansman A.Ş. and Vodafone Finansman A.Ş., our two members that recently received their licenses, and we believe that we will achieve a further broadened scale.

In 2021, the financing sector successfully got through a challenging period. I would like to extend my gratitude to our member companies, regulatory agencies and our customers who hold their trust in us for making this achievement possible.

I wish health, peace and wellbeing for all our stakeholders in 2022.

Warm regards,

Zeynel Korhan Bilek
Deputy Chairperson

(on behalf of the Financing Companies Sector Representatives Board)

MESSAGE FROM THE ASSET MANAGEMENT SECTOR REPRESENTATIVES BOARD



As asset management companies, we have successfully finalized the transition to the Association of Financial Institutions in 2021.

Ali Emre Ballı
Deputy Chairperson

Distinguished stakeholders,

Asset management companies have joined among the members of the Association of Financial Institutions.

As asset management companies, we have successfully finalized the transition to the Association of Financial Institutions in 2021 as a result of intensive efforts within the scope of the economy package launched by the Government in March 2021.

We are delighted that asset management companies are included under the Association's roof by the amendment made by the Law no. 7292 to Article 40 of the Law no. 6361 governing the incorporation of the Association of Financial Institutions. Our sector's contribution to the economy will increase to the extent that it is granted a stronger infrastructure, extended support for achieving its targets, and regulatory arrangements are made for fulfilling the sector's current needs.

Total shareholders' equity of the 21 companies operating in the asset management companies sector as at year-end were worth TL 3.2 billion and their total assets amounted to TL 6 billion. Total number of employees working in the sector is 2,260.

The BRSA Regulation introduced significant rules for our sector.

The enactment of the Regulation setting out our sector's operating procedures and principles of company incorporation by the BRSA represents a major stage in terms of regulatory processes.

The Regulation sets forth the processes from obtaining incorporation and operating permissions by our asset management companies to establishment of information and internal control systems.

It also incorporates principles that need to be complied with during the sales process by the SDIF, banks and other financial institutions (source organizations) wishing to sell their receivables to asset management companies. Hence, the tender process has become much more transparent and competitive.

The BRSA clarified that asset management companies can take over not just non-performing loans, but also performing loans of source organizations.

A wide variety of constructive solution suggestions are brought to issues that obligors refer to asset management companies. A fresh start opportunity is granted by way of numerous options ranging from restructuring to maturity options, debt deferral to interest reductions. In brief, it is possible to reach the result as long as we employ the right communication tools.

Also, best efforts are spent to make things easier for obligors who certify that they do not have the financial means up to and including discounts on the principal receivable amount. The new regulation allows asset management companies to reloan and restructure up to three folds of their shareholders' equity for collection of their receivables, which provides an additional convenience for debtors.

Particularly when big-ticket commercial receivables are in question, once it becomes a non-performing loan, it is extremely difficult for a given company to reborrow from banks or for banks to forbear such a loan. Under the new regulation, asset management companies will be able to restructure these non-performing loans up to three folds of their shareholders' equity, thus letting the companies survive and therefore, support the continuity of commercial life. This will be one of the greatest benefits of the new regulation for the national economy and for the sector alike.

Alternative plans

In 2022, we will keep offering alternative plans for betterment of the bad debts structure in our finance sector, and for ridding our real sector of these debts as new actors join our sector.

We believe that we will set the potential in motion and reach a significant volume in the coming period.

We forecast that the growth potential of our sector will reach a significant volume even with respect to non-performing loans only.

In 2022, we will keep offering alternative plans for betterment of the bad debts structure in our finance sector - particularly our banks-, and for ridding our real sector of these debts as new actors join our sector. Furthermore, we are also planning to develop new perspectives regarding performing loans in the period ahead.

We will be concentrating on financial advisory processes for enterprises that are challenged in sustaining their operations at times of economic crashes. We will also develop suggestions such as business finance and maturity support for these firms.

We are confident that we will be moving forward more solidly thanks to the Association's activities that contribute to development of our non-bank financial institutions and to increasing the depth of financial markets, and we keep working to help drive the growth of the Turkish economy.

Ali Emre Ballı

Deputy Chairperson

(on behalf of the Asset Management Sector Representatives Board)

BOARD OF DIRECTORS



Aynur Eke

Chairperson of the Board
Vakıf Faktoring A.Ş.



Coşkun Çabuk

Deputy Chairperson of the Board
Halk Finansal Kiralama A.Ş.



Zeynel Korhan Bilek

Deputy Chairperson of The Board
Turkcell Finansman A.Ş.



Ali Emre Ballı

Deputy Chairperson of the Board
Adil Varlık Yönetim A.Ş.



Bircan Ünlü

Member of the Board
Birleşim Varlık Yönetim A.Ş.



Bozkurt Çöteli

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Yapı Kredi Faktoring A.Ş.



Cafer Sadık Karabüber

Member of the Board
Kent Faktoring A.Ş.



Fidan Sevilmiş

Controller Member of the Board
Koç Fiat Kredi Finansman A.Ş.



Kunter Kutluay

Member of the Board
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Muhittin Bülent Önder

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Volkswagen Doğu Finansman A.Ş.



Fatma Nurcan Taşdelenler

Member of the Board
Arena Finans Faktoring A.Ş.



Oğuz Çaneri

Member of the Board
De Lage Landen Finansal
Kiralama A.Ş.



Özgür Öztürk

Member of the Board
Orfin Finansman A.Ş.



Rahime Özlem Baysal

Member of the Board
Şeker Finansal Kiralama A.Ş.



Selahattin Süleymanoğlu

Member of the Board
Halk Faktoring A.Ş.



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Member of the Board
İstanbul Varlık Yönetim A.Ş.



Tanju Fatih Torun

Member of the Board
Yapı Kredi Finansal Kiralama A.O.



Uygur Şafak Ögün

Member of the Board
İş Finansal Kiralama A.Ş.



Yeşim Pınar Kıtıpçı

Member of the Board
Koç Finansman A.Ş.



Zehra Sezin Ünlüdoğan

Member of the Board
Gelecek Varlık Yönetim A.Ş.

MEMBER COMPANIES

Financial Leasing Sector

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

Factoring Sector

23	ABC Faktoring A.Ş.
24	Acar Faktoring A.Ş.
25	Ak Faktoring A.Ş.
26	Akdeniz Faktoring A.Ş.
27	Akın Faktoring A.Ş.
28	Anadolu Faktoring A.Ş.
29	Arena Finans Faktoring A.Ş.
30	Atılım Faktoring A.Ş.
31	Başer Faktoring A.Ş.
32	Bayramoğlu Faktoring A.Ş.
33	Bien Finans Faktoring A.Ş.
34	Creditwest Faktoring A.Ş.
35	Çağdaş Faktoring A.Ş.
36	Çözüm Faktoring A.Ş.
37	Deniz Faktoring A.Ş.
38	Destek Finans Faktoring A.Ş.
39	Devir Faktoring A.Ş.
40	Doğa Faktoring A.Ş.
41	Doruk Faktoring A.Ş.
42	Eko Faktoring A.Ş.

43	Ekspo Faktoring A.Ş.
44	Fiba Faktoring A.Ş.
45	Garanti Faktoring A.Ş.
46	GSD Faktoring A.Ş.
47	Halk Faktoring A.Ş.
48	Huzur Faktoring A.Ş.
49	İstanbul Faktoring A.Ş.
50	İş Faktoring A.Ş.
51	Kapital Faktoring A.Ş.
52	Kent Faktoring A.Ş.
53	Kredi Finans Faktoring Hizmetleri A.Ş.
54	Lider Faktoring A.Ş.
55	Mert Finans Faktoring A.Ş.
56	MNG Faktoring A.Ş.
57	Optima Faktoring A.Ş.
58	Para Finans Faktoring A.Ş.
59	QNB Finans Faktoring A.Ş.
60	Sardes Faktoring A.Ş.
61	Sümer Faktoring A.Ş.
62	Şeker Faktoring A.Ş.
63	Şirinoğlu Faktoring A.Ş.
64	Tam Finans Faktoring A.Ş.
65	TEB Faktoring A.Ş.
66	Tradewind Faktoring A.Ş.
67	Tuna Faktoring A.Ş.
68	Ulusal Faktoring A.Ş.
69	Vakıf Faktoring A.Ş.
70	VDF Faktoring Hizmetleri A.Ş.
71	Yapı Kredi Faktoring A.Ş.
72	Yaşar Faktoring A.Ş.
73	Yeditepe Faktoring A.Ş.
74	Zorlu Faktoring A.Ş.

Financing Sector

75	ALJ Finansman A.Ş.
76	Doruk Finansman A.Ş.
77	Evkur Finansman A.Ş.
78	Hemenal Finansman A.Ş.
79	Koç Fiat Kredi Finansman A.Ş.
80	Koç Finansman A.Ş.
81	Mercedes Benz Finansman Türk A.Ş.
82	Mercedes Benz Kamyon Finansman A.Ş.
83	Orfin Finansman A.Ş.
84	Şeker Mortgage Finansman A.Ş.

85	TEB Finansman A.Ş.
86	Tırsan Finansman A.Ş.
87	TOM Finansman A.Ş.
88	Turkcell Finansman A.Ş.
89	Turk Finansman A.Ş.
90	VFS Finansman A.Ş.
91	Vodafone Finansman A.Ş.
92	Volkswagen Doğu Finansman A.Ş.

Asset Management Sector

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



Vahit Altun
Deputy Secretary
General / Financing

Mehmet Karakılıç
Deputy Secretary
General / Financial
Leasing

Ahmet Candan
Secretary General

Filiz Ünal
Deputy Secretary
General / Factoring

Evren Katip
Deputy Secretary
General / Asset
Management



Sevilay Alşar
Education Director



Aysun Koçak Gül
Manager, Financial and
Administrative Affairs



Atty. Eda Atamer Coşkunsu
Manager, Legislation and Legal
Affairs



Sibel Özata Erdoğan
Manager, Statistics and Economic
Researches



Janin Ersöz Amiroğlu
Manager, Financial Leasing
Commercial Enterprise



Mehmet Şahin
Manager, Information
Technologies, Trade Finance
Commercial Enterprise



Tevfik Altuğ Çetinbaş
Manager, Trade Finance
Commercial Enterprise



Gencay Karaman
Assistant Manager, Trade Finance
Commercial Enterprise



Özkan Tekeş
Assistant Manager, Financial and
Administrative Affairs



Emre Kırşan
Assistant Manager, Financial
Leasing, Commercial Enterprise



Fuat Yıldırım
Senior Specialist, Trade Finance
Commercial Enterprise



Ceren İnce Yılmaz
Specialist, Financial and
Administrative Affairs



Nurdan Yıldırım Ertaş
Specialist, Financing Sector



Zülfiye Yeşilçimen
Assistant of Secretary General



Hande Demirkol Karaman
Assistant



Mevlüt Karakuş
Office Assistant



Kerim Koca
Office Assistant



WE ARE INCREASING OUR CONTRIBUTION TO THE ENVIRONMENT



FINANCIAL INDICATORS

TL **36,530** million

As of year-end 2021, total business volume of financial leasing companies grew by 56.3% year-over-year to TL 36,530 million. While heavy equipment and construction machinery got the biggest share out of total financial leasing receivables with 23%, other machinery and equipment accounted for 13.2%.

TL **199,554** million

Total business volume of factoring companies was up by 34.4% to TL 199,554 million in the twelve months to end-2021. Domestic and international factoring transactions made up 84.5% and 15.5% of the total business volume, respectively.

Financial Leasing

(TL million)	2020	2021	% CHANGE
Transaction Volume	23,375	36,530	56.3%
Total Assets	70,277	106,048	50.9%
Receivables	57,278	83,203	45.3%
NPL	4,096	5,094	24.4%
Special Provisions (-)	3,407	5,352	57.1%
Shareholders' Equity	12,431	14,575	17.2%
Borrowings	49,604	77,459	56.2%
Net Profit	1,502	2,042	36.0%

Factoring

(TL million)	2020	2021	% CHANGE
Transaction Volume	148,501	199,554	34.4%
Total Assets	48,044	64,971	35.2%
Receivables	44,565	59,543	33.6%
NPL	1,828	1,700	-7.0%
Special Provisions (-)	1,598	1,512	-5.4%
Shareholders' Equity	8,946	10,816	20.9%
Borrowings	33,786	46,243	36.9%
Net Profit	979	1,821	86.0%

(units)

(units)	2020	2021	% CHANGE
Number of Companies	22	22	-
Number of Branches	116	115	-0.9%
Number of Employees	1,206	1,242	3.0%
Number of Customers	36,240	35,669	-1.6%

(units)	2020	2021	% CHANGE
Number of Companies	55	54	-1.8%
Number of Branches	343	350	2.0%
Number of Employees	4,098	4,026	-1.8%
Number of Customers	74,414	80,373	8.0%

	2020	2021	% CHANGE
Return on Equity	13.2%	15.1%	1.9 pps
Return on Assets	2.3%	2.3%	0.0 pps
NPL Ratio	6.7%	5.8%	-0.9 pps

	2020	2021	% CHANGE
Return on Equity	11.5%	18.4%	7.0 pps
Return on Assets	2.3%	3.2%	0.9 pps
NPL Ratio	3.9%	2.8%	-1.2 pps

TL **51,815** million

Total business volume of financing companies, which increased 36.6% year-over-year, was TL 51,815 million in 2021. 88.4% of the new loans extended during 2021 consisted of auto loans.

TL **6,081** million

Total assets of asset management companies increased by 24.1% year-on-year and amounted to TL 6,081 million in 2021.

TL **287,899** million

The aggregate business volume of financial leasing, factoring and financing companies rose by 37.2% and amounted to TL 287,899 million in 2021 and had a 4.0% share in GDP.

Financing

2020	2021	% CHANGE
37,931	51,815	36.6%
36,046	48,700	35.1%
31,735	42,453	33.8%
1,524	1,465	-3.9%
1,193	1,092	-8.5%
6,333	7,344	16.0%
26,266	34,396	31.0%
1,090	1,389	27.4%
15	16	6.7%
0	0	-
853	918	7.6%
2,504,978	2,172,993	-13.3%
18.9%	20.3%	1.5 pps
3.4%	3.3%	-0.1 pps
4.6%	3.3%	-1.2 pps

Asset Management

2020	2021	% CHANGE
4,901	6,081	24.1%
2,118	3,221	52.1%
1,655	1,345	-18.7%
292	858	193.8%
18	21	16.7%
-	-	-
2,150	2,260	5.1%
3,884,861		n.m.
14.4%	32.1%	17.7 pps
5.9%	15.6%	9.7 pps

Total

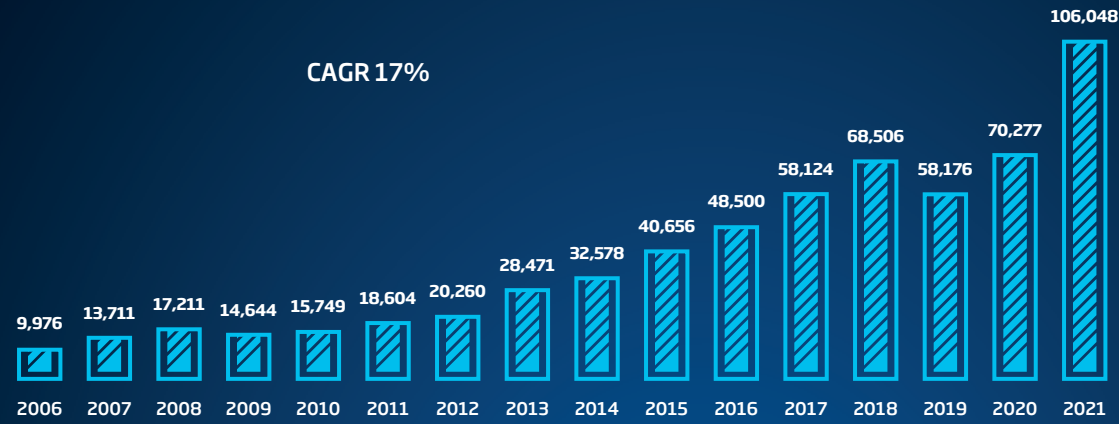
2020	2021	% CHANGE
209,806	287,899	37.2%
159,268	225,800	41.8%
133,578	185,199	38.6%
7,448	8,259	10.9%
6,198	7,956	28.4%
29,828	35,956	20.5%
111,311	159,443	43.2%
3,863	6,110	58.2%
110	113	2.7%
459	465	1.3%
8,307	8,446	1.7%
2,615,632	2,289,035 ^(*)	-12.5%
13.9%	18.6%	4.7 pps
2.7%	3.2%	0.5 pps
5.3%	4.3%	-1.0 pps

^(*) Excluding the number of Asset Management Companies customers.

FINANCIAL INDICATORS

ASSETS

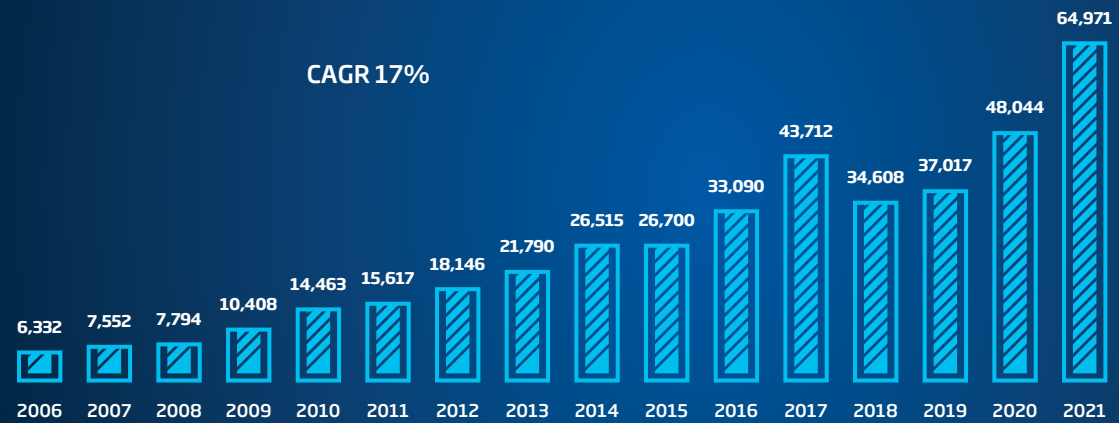
Financial Leasing Sector - Total Assets (TL million)



TL **106,048** million

In 2021, total assets of the financial leasing sector increased by 50.9% and amounted to TL 106,048 million. Return on assets remained flat year-on-year at 2.3%.

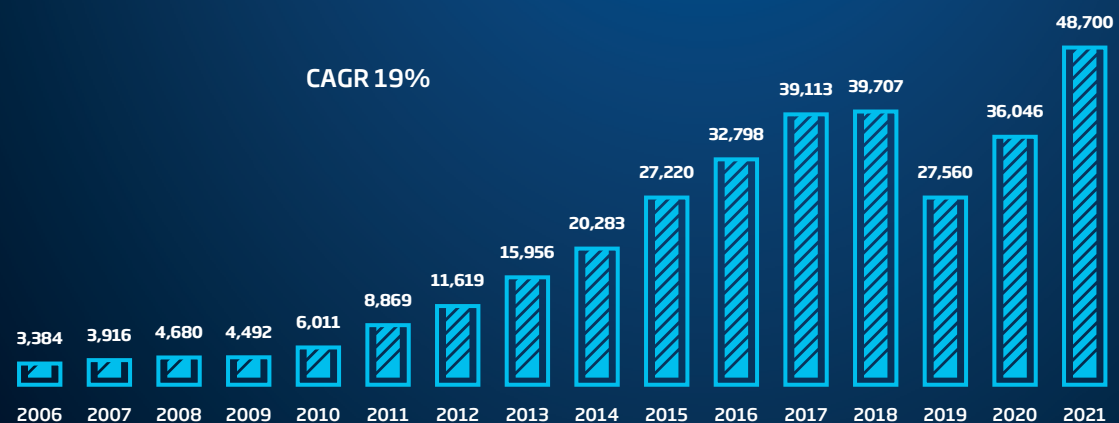
Factoring Sector - Total Assets (TL million)



TL **64,971** million

The factoring sector's total assets reached TL 64,971 million in 2021, up by 35.2%. Return on assets increased by 0.9 points to 3.2%.

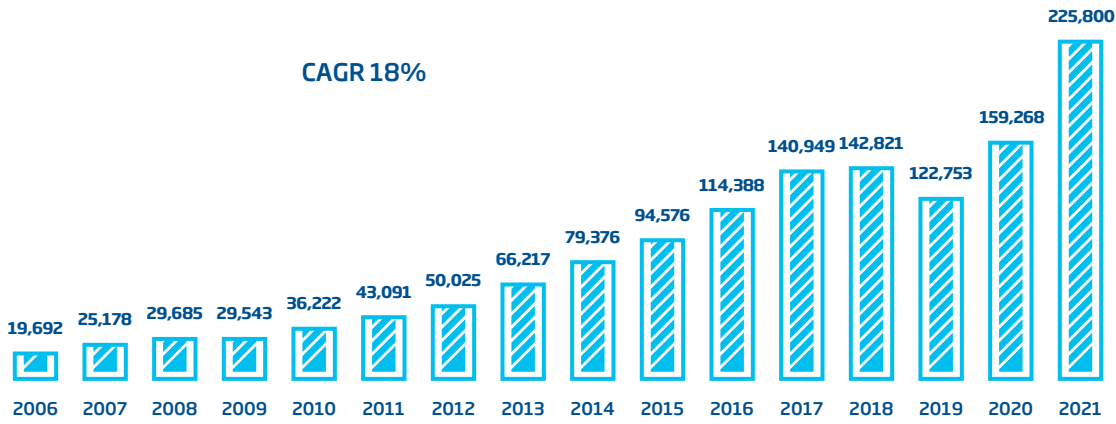
Financing Sector - Total Assets (TL million)



TL **48,700** million

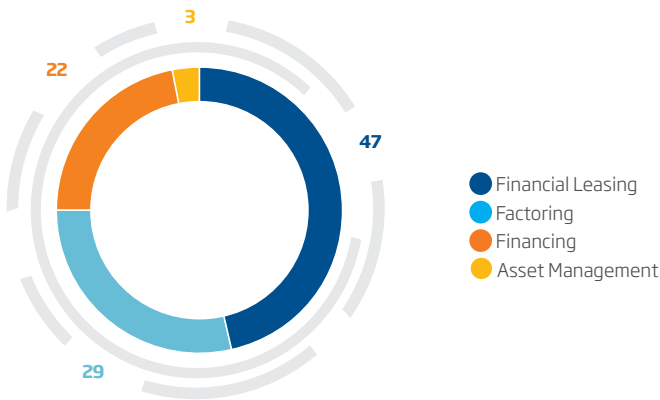
Total assets of the financing sector amounted to TL 48,700 million in 2021, translating into a year-on increase by 35.1%. Return on assets was recorded as 3.3% with a decrease of 0.1 points.

Consolidated Assets of the AFI Sectors
(TL million)



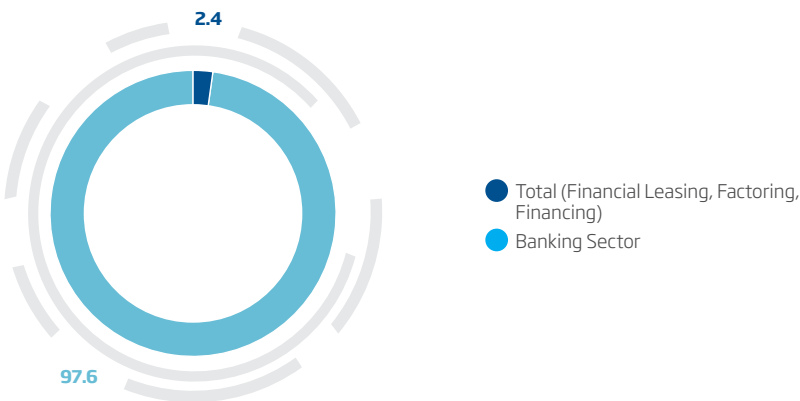
TL **225,800** million
 During 2021, consolidated total assets of the financial leasing, factoring and financing sectors grew by 41.8% and amounted to TL 225,800 million. Annual average growth rate of total assets of the sectors between 2006 and 2021 is 18% (17% excluding the impact of inclusion of asset management companies).

Sectoral Breakdown of Total Assets
(%)



47%
 In 2021, the financial leasing sector claimed the highest share out of total assets with 47%.

Position in the Finance Sector
(%)



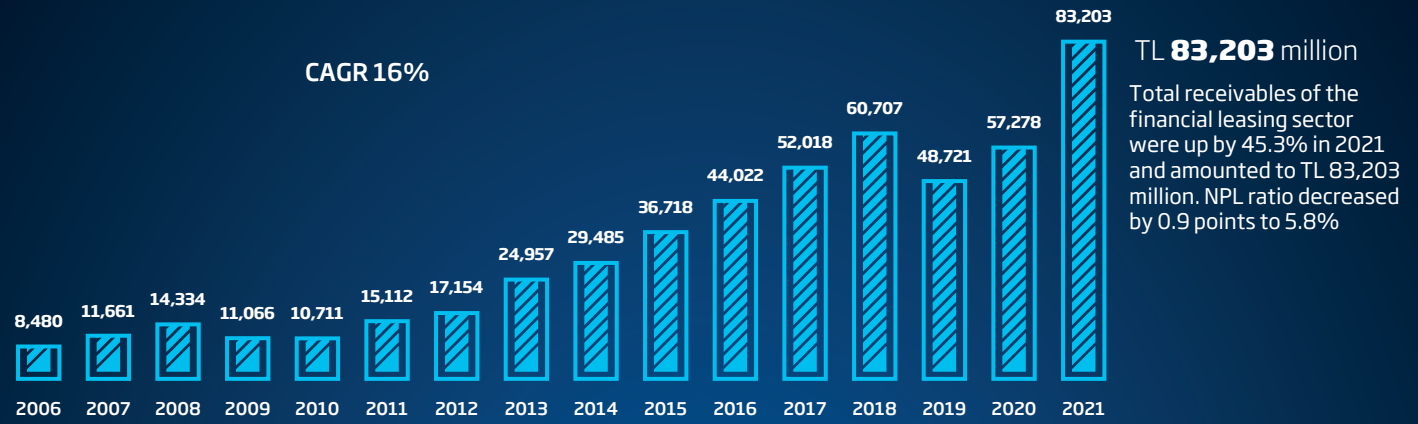
2.4%
 The AFI sectors represent 2.4% of the Turkish finance sector in terms of total assets.

FINANCIAL INDICATORS

RECEIVABLES

Financial Leasing Sector - Receivables

(TL million)



Factoring Sector - Receivables

(TL million)

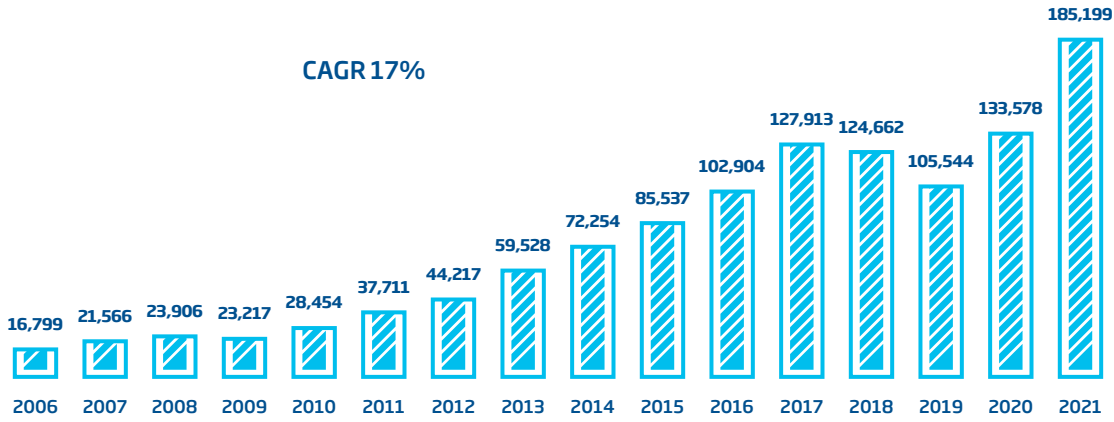


Financing Sector - Receivables

(TL million)

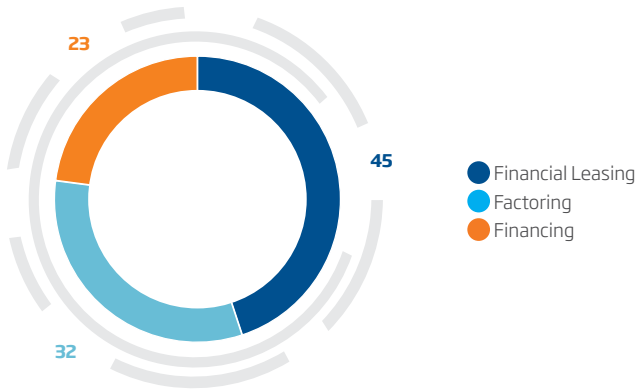


Consolidated Receivables of the Sectors (TL million)



TL **185,199** million
 Consolidated receivables of the sectors increased to TL 185,199 million in 2021, up by 38.6% year-over-year. Total receivables of the sectors grew by 17% on average between 2006 and 2021.

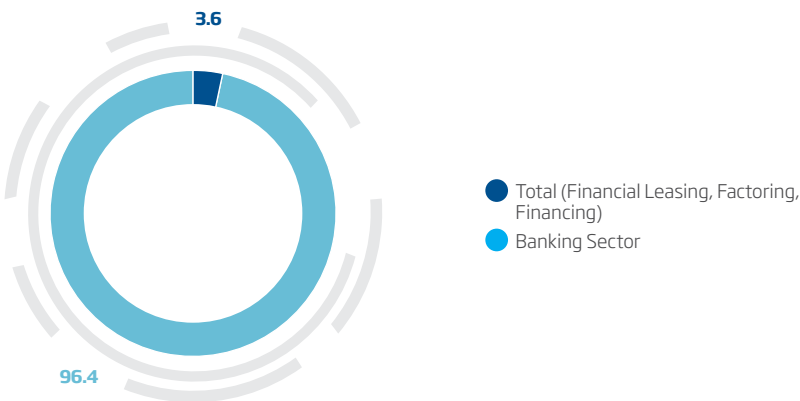
Sectoral Breakdown of Total Receivables (%)



45%

In 2021, the financial leasing sector got the highest share out of total receivables with 45%.

Position in the Finance Sector (%)



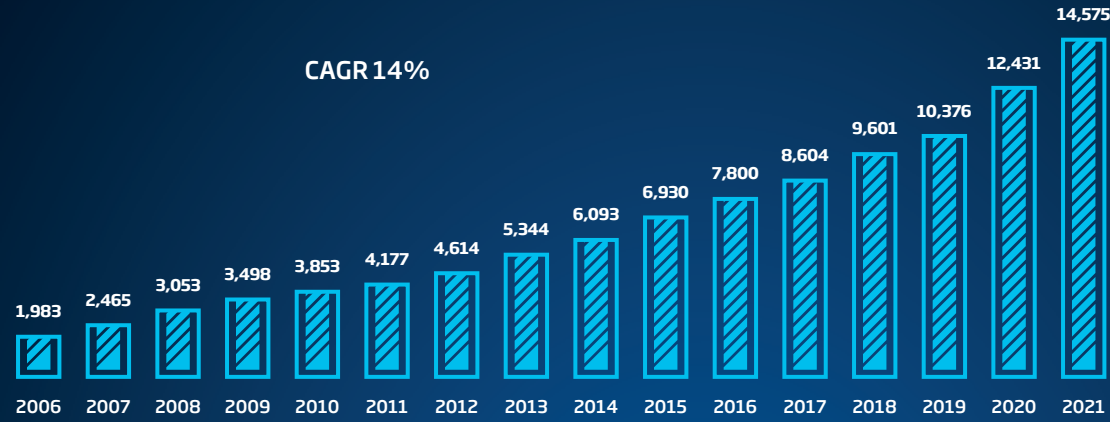
3.6%

All the AFI sectors account for 3.6% of the Turkish finance sector in terms of total receivables.

FINANCIAL INDICATORS

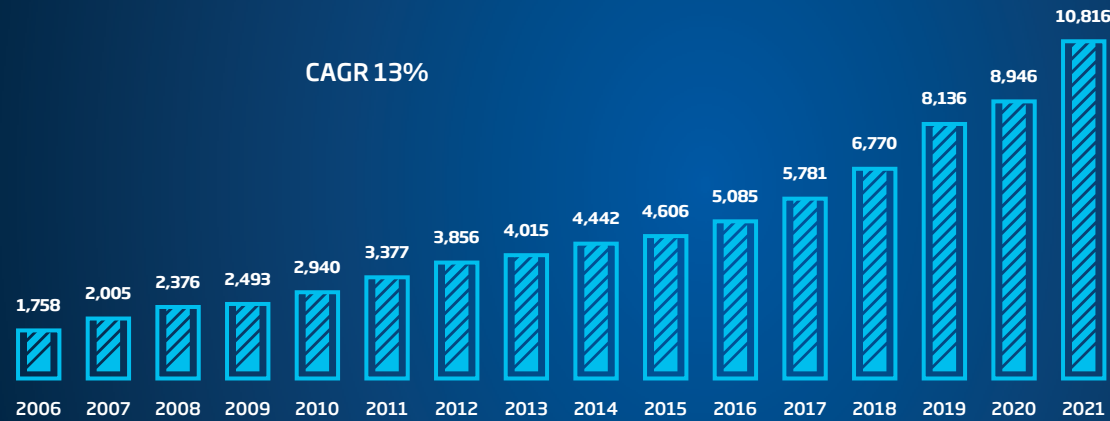
SHAREHOLDERS' EQUITY

Financial Leasing Sector - Shareholder' Equity (TL million)



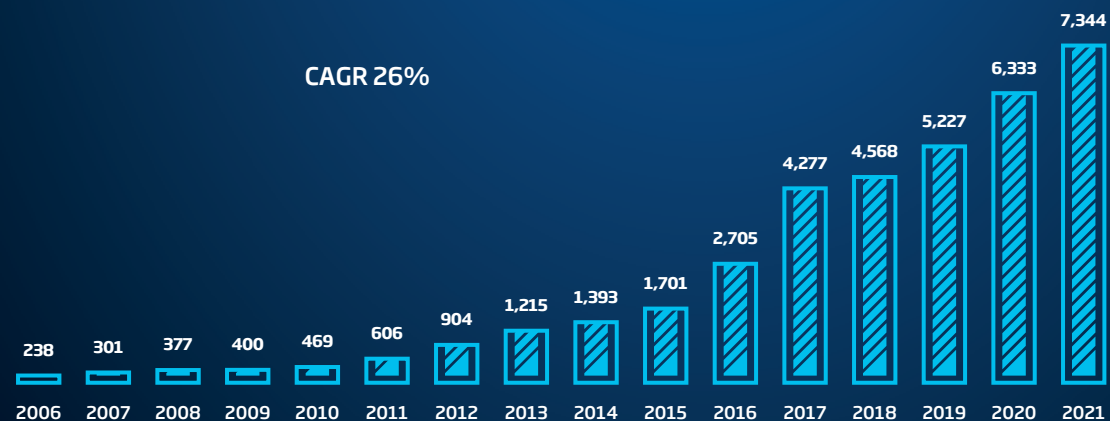
TL **14,575** million
 Total shareholders' equity of the financial leasing sector grew by 17.2% in 2021 and reached TL 14,575 million. Return on equity increased by 1.9 points to 15.1%.

Factoring Sector - Shareholder' Equity (TL million)



TL **10,816** million
 Total shareholders' equity of the factoring sector was up by 20.9% in 2021 and amounted to TL 10,816 million. Return on equity increased by 7 points to 18.4%.

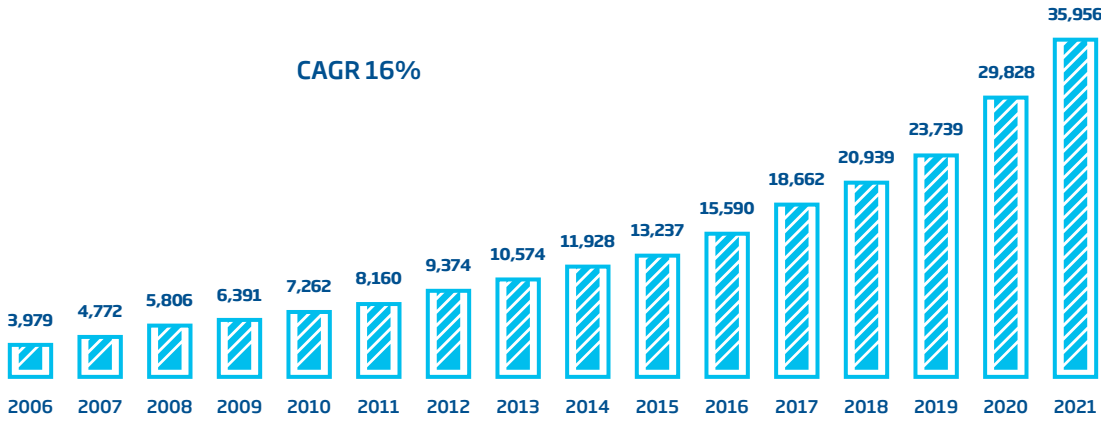
Financing Sector - Shareholder' Equity (TL million)



TL **7,344** million
 Total shareholders' equity of the financing sector reached TL 7,344 million in 2021, translating into a year-on rise by 16%. Return on equity was recorded as 20.3% with an increase of 1.5 points.

Consolidated Shareholders' Equity of the AFI Sectors

(TL million)

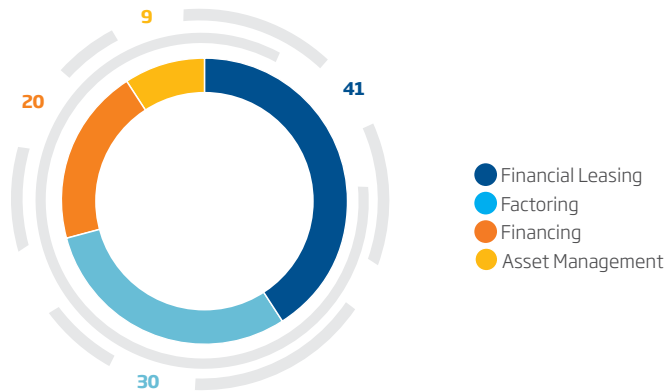


TL **35,956** million

Total shareholders' equity of the sectors displayed a year-on rise by 20.5% and reached TL 35,956 million in 2021. Average annual growth rate of total shareholders' equity of the sectors between 2006 and 2021 was registered as 16% (15% excluding the impact of inclusion of asset management companies).

Sectoral Breakdown of Total Shareholders' Equity

(%)

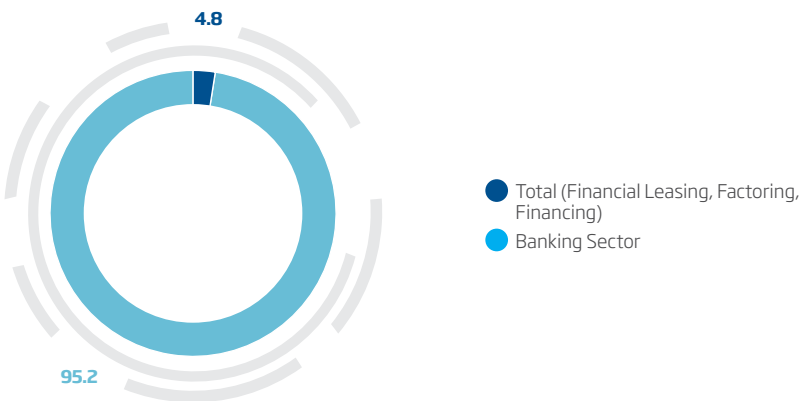


41%

In 2021, the financial leasing sector got the highest share out of total shareholders' equity with 41%.

Position in the Finance Sector

(%)



4.8%

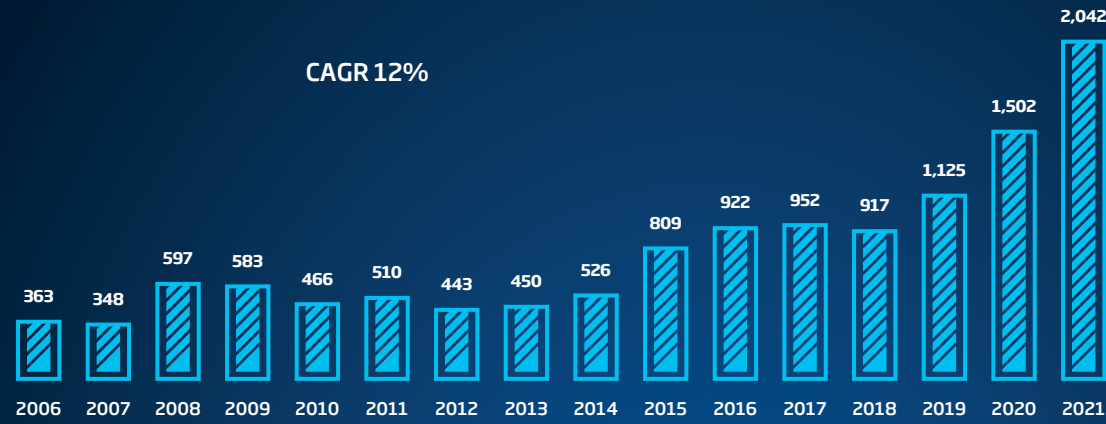
The AFI sectors constitute 4.8% of the Turkish finance sector in terms of total shareholders' equity.

FINANCIAL INDICATORS

NET PROFIT

Financial Leasing Sector - Net Profit

(TL million)

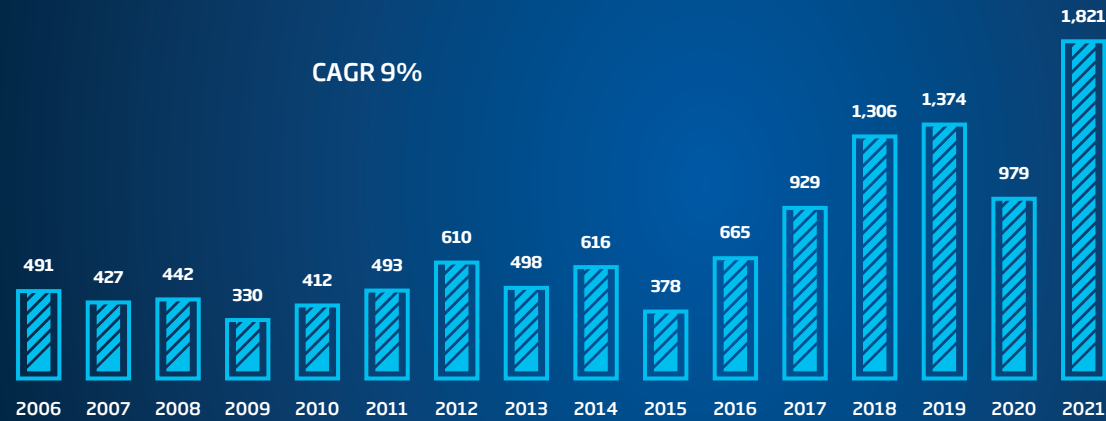


TL **2,042** million

Total net profit of the financial leasing sector was up by 36% in 2021 and reached TL 2,042 million.

Factoring Sector - Net Profit

(TL million)

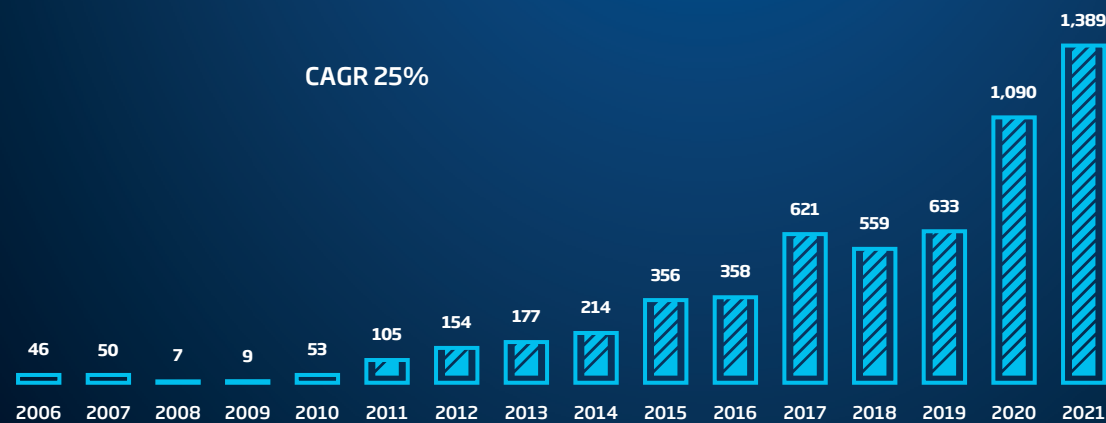


TL **1,821** million

Having gone up by 86% in 2021, the factoring sector's total net profit amounted to TL 1,821 million.

Financing Sector - Net Profit

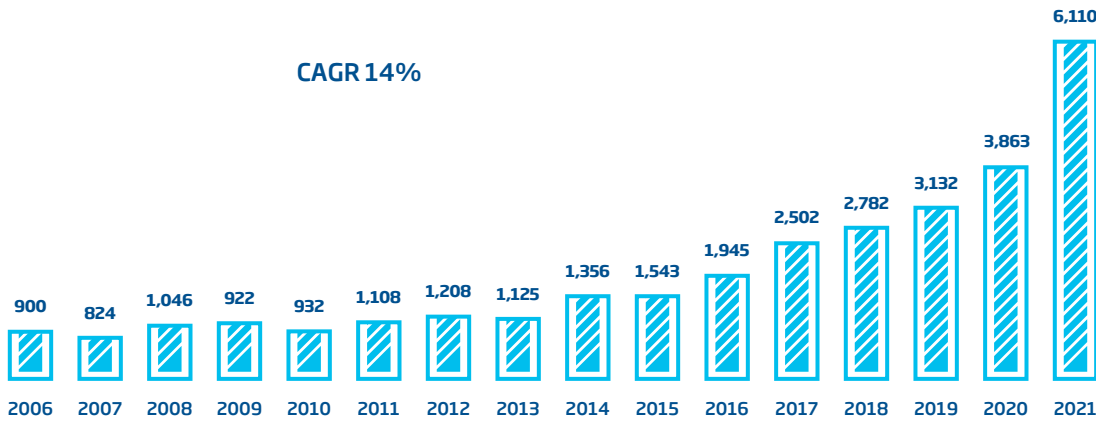
(TL million)



TL **1,389** million

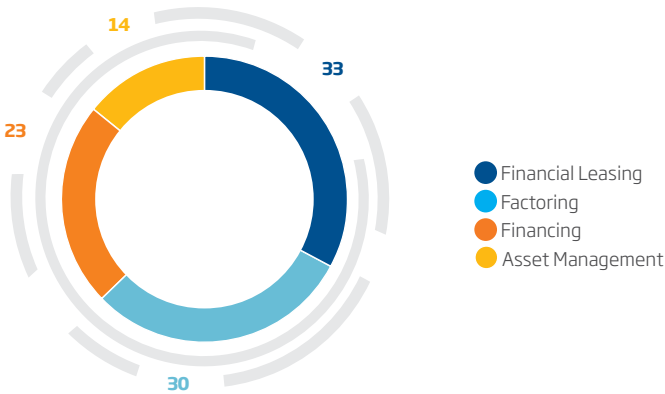
The financing sector booked TL 1,389 million in net profit in 2021, which increased by 27.4% year-on-year.

Consolidated Net Profit of the AFI sectors
(TL million)



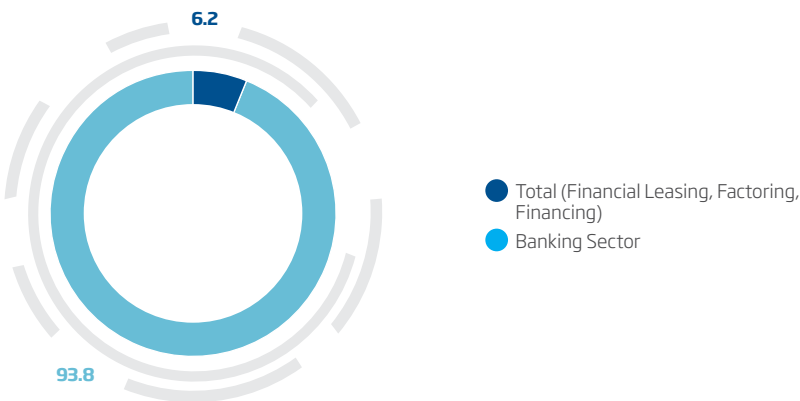
TL **6,110** million
As at year-end 2021, total net profit of the AFI sectors increased to TL 6,110 million, which was 58.2% higher than what it was in 2020. Total net profit of the three sectors combined grew by 14% on average from 2006 to 2021 (12% excluding the impact of inclusion of asset management companies).

Sectoral Breakdown of Total Net Profit
(%)



33%
In 2021, the financial leasing sector was the greatest contributor to total net profit with a share of 33%.

Position in the Finance Sector
(%)

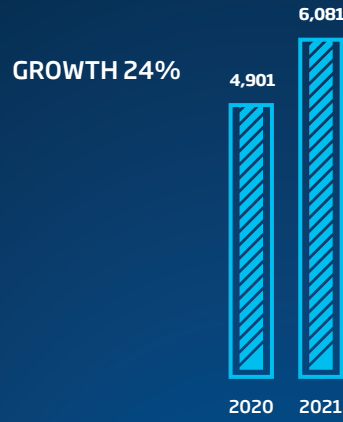


6.2%
With the net profit they generated, the sectors got 6.2% share in the Turkish finance industry.

FINANCIAL INDICATORS

ASSET MANAGEMENT COMPANIES

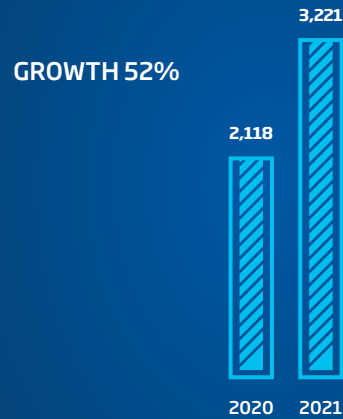
Total Assets (TL million)



TL **6,081** million

Total assets of the asset management sector reached TL 6,081 million in 2021, increasing by 24.1%. Return on assets rose by 9.7 points to 15.6%.

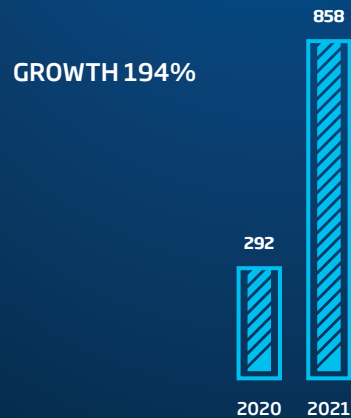
Shareholder' Equity (TL million)



TL **3,221** million

Total shareholders' equity of the asset management sector grew by 52.1% in 2021 and reached TL 3,221 million. Return on equity increased by 17.7 points to 32.1%.

Net Profit (TL million)



TL **858** million

Total net profit of the asset management sector climbed by 193.8% in 2021 and reached TL 858 million.

ECONOMIC OUTLOOK

WORLD ECONOMY

The Covid-19 pandemic has remained a hot topic on the world agenda also in 2021.

Having dominated the whole world in 2020, the Covid-19 pandemic caused a 3.5% contraction of the world economy. The recovery of global economy during the reporting period followed a better-than-forecasted course, which was enabled by the support extended by fiscal and monetary policies implemented to mitigate the effects of the pandemic that remained a hot topic on the world agenda also in 2021, the increased coverage of vaccination, loosening of restrictive measures and deferred demand.

However, as the pandemic regained momentum with the emergence of its new variant in the second quarter of the year, deteriorated public finances, elevated indebtedness and high unemployment rate kept putting pressure on the economies despite recovery.

In the second half of the year, the recuperation of global economy lost some pace due to the supply chain issues in the first place, as well as concerns regarding the Chinese housing sector, the spreading of the Delta variant, and effect of some restrictive measures implemented. In addition, high commodity prices, coupled with the imbalances in supply and demand increased inflationary pressures, which led central banks of developed and developing countries to expedite their tightening calendars.

While global growth projections did not decline remarkably, there were significant changes in forecasts for individual countries.

The IMF report released in January 2022 decreased 2022 global growth projection by 0.1 point, while keeping the estimations for 2021 unchanged. While global growth projections did not decline remarkably, there were significant changes in forecasts for individual countries. The pandemic circumstances forced a decline in the growth rates of developing countries, and anticipations were downgraded in developed countries that did not present a good-enough recovery outlook in the short term.

According to the IMF, the increasing depth of the negative decoupling between developed and developing economies comes at the top of the issues that will affect the economy. The major risks facing developing countries are named as tightening financial conditions, inflation that comes unanchored, and financial supports that were withdrawn faster than expected. Although the IMF expressed that it anticipates inflation to return to pre-pandemic levels in many countries in 2022, inflationary pressures take place among the most important risk factors of the coming year.

The IMF disclosed global economic growth projection as 4.4% for 2022, during which inflation expectations will be shaped, and the roles of central banks will become highly important in protecting financial conditions against early tightening.

World Economic Growth (2020-2023) (%)

	Realization	Estimate	Projection	
	2020	2021	2022	2023
WORLD OUTPUT	-3.1	5.9	4.4	3.8
Advanced Economies	-4.5	5.0	3.9	2.6
USA	-3.4	5.6	4.0	2.6
Europe (Euro Area)	-6.4	5.2	3.9	2.5
Germany	-4.6	2.7	3.8	2.5
France	-8.0	6.7	3.5	1.8
Italy	-8.9	6.2	3.8	2.2
Spain	-10.8	4.9	5.8	3.8
Japan	-4.5	1.6	3.3	1.8
UK	-9.4	7.2	4.7	2.3
Canada	-5.2	4.7	4.1	2.8
Other Advanced Economies	-1.9	4.7	3.6	2.9
Emerging Market and Developing Economies	-2.0	6.5	4.8	4.7
Emerging and Developing Europe	-1.8	6.5	3.5	2.9
Russia	-2.7	4.5	2.8	2.1
Emerging and Developing Asia	-0.9	7.2	5.9	5.8
China	2.3	8.1	4.8	5.2
India	4.0	-8.0	12.5	6.9
MENA	-2.8	4.2	4.3	3.6
Latin America	-6.9	6.8	2.4	2.6

Source: IMF World Economic Outlook, January 2022

High demand for the supply chain

Having been disrupted due to the lockdown measures in 2020, the supply chain was faced with a rapidly increasing growth as vaccination rates increased and measures were loosened in 2021.

The US economy that registered growth in 2021 is anticipated to stay strong also in 2022.

The US economy has been one of the economies that led global recovery in 2021. During the reporting period, an economic support package worth USD 1.9 trillion was introduced for fighting the pandemic. In the second half of the year, there was material deceleration in private consumption and manufacturing production, and growing supply scarcity and soaring energy prices put an upward pressure on inflation. The marked recovery in the labor market put the spotlight on inflationary pressures.

Although the US Federal Reserve System (the Fed) initially considered the high inflation to be transitory, it made a sharp turn in its discourse and commented that inflation might be longer than past projections and permanent with the added effect of the assumptions that the supply chain issues would spill over to 2022. The Fed, which kept its policy rate unchanged in the 0-0.25% interval in 2021, maintained its guidance until the last quarter that asset purchases commenced in March 2020 would be sustained until employment and inflation targets are achieved.

Having announced its asset purchase reduction program in November, the Fed accelerated tapering and forecasted three rate hikes in 2022 in its December meeting.

Due to the verbal guidance and tightening steps of the central banks of developed countries, developing countries in general tended to tighten their monetary policies in the second half of 2021. In 2022, the speed of the Fed's normalization of its monetary policy is expected to be a main telling factor on capital flows to developing countries.

After the 2020 contraction of 3.4%, the USA achieved 5.6% growth in 2021.

Euro Area displayed a strong recovery in 2021.

Representing Türkiye's largest export market, the Euro Area had a positive growth in 2021 benefiting from vaccination and supportive fiscal and monetary policies. Tightening activity and rising commodity prices pushed the export growth and workers' remittances up, further strengthening Euro Area's recuperation.

European Central Bank (ECB) kept the interest rates fixed in 2021. It has been underlined that inflation surged during the reporting period, but that incentives would not be terminated until full recovery was secured in the economy. It has been confirmed that the Pandemic Emergency Purchase Programme (PEPP) would be terminated in March 2022, giving the first signals of normalization.

Elevated energy prices are expected to create substantial financial burdens in numerous countries and primarily in Central European and Eastern European countries, as a result of energy subsidies.

The PMI data for the Area demonstrate that growth in economic activities persist, even if at a slower pace. The PMI, the purchasing managers' index in the manufacturing industry, ended 2021 with 60 on average. Having shrank by 10.4% in 2020, the EU manufacturing industry production is anticipated to grow by 8.5% in 2021 and 4.7% in 2022.

The deceleration in the rate of growth in the last quarter, energy crisis and disrupted supply chain have been the factors that pressured the production performance. Despite these negative factors, the IMF estimates EU's growth at 5.2% for 2021, projecting 3.9% growth for 2022.

Japan and China sustained their prudent and stable stances in 2021.

During the reporting period, Japan twice extended the duration of its specific program under which it provided financing support against the pandemic effects, and declared a new funding program for combating climate change. Economic activity in the country recovered by the end of 2021 as high vaccination rates allowed looser Covid-19 control measures.

In China, which is one of the rare countries to register growth in 2020, the issues putting pressure on the economy include high indebtedness, real estate crisis, increased energy prices, possible increases in cases and restrictions, along with the supply chain bottlenecks.

The Chinese central bank reduced its policy rate from 3.85% to 3.80% in the last quarter, and in the process, supported the markets by injecting a liquidity in the market amounting to 1.2 trillion Chinese yuans in the form of required reserve move.

Fixed capital investments continued to act as the driving force of China's economic growth also in 2021. Supportive steps in relation to fiscal policies are anticipated to boost the positive developments in the economy, which, coupled with the strong manufacturing industry and infrastructure investments will presumably keep contributing positively to the economy.

In its report released in January 2022, the IMF revised its growth projection solely for Japan, increasing it to 3.3%. In the same report, the IMF revised China's growth figure downwards by 0.8 points, forecasting the growth at 4.8%.

The pandemic caused damages to the supply chain that will take a long time to remedy.

Having been disrupted due to the lockdown measures implemented in 2020, the supply chain was faced with a rapidly increasing growth as vaccination rates increased and measures were loosened in 2021. This led to a global chaos for producers and distributors who failed to match pre-pandemic procurement and manufacturing volumes. The chaos that infected the supply chain not only restrained producers' capability to fulfill the growing demand throughout the year, but also caused the costs entailed in global goods trade to rise considerably.

The United Nations Conference on Trade and Development data showed that the cost of goods shipment from China to Latin America increased by five folds by early 2021 as compared to 2020. The freight prices along China and North America destination, on the other hand, more than doubled, which also caused a worldwide rise in inflation.

Growth in global trade volume outdid the forecasts.

Macroeconomic indicators rebounded with a speed that matched that of their downfall, benefiting from the incentives introduced and the normalization steps. As the recovery in global trade outdid the forecasts, regional variations were noted.

The World Trade Organization (WTO) heightened global goods trade volume growth estimation to 10.8% which it had estimated as 8% in March, and projected 2022 growth at 4.7%.

World Trade Growth Rates (2020-2023) (%)

(Average growth rates in world import and export volumes)

	Realization		Estimate	
	2020	2021	2022	2023
World Trade Volume	-8.2	9.3	6.0	4.9
Advanced Economies	-9.0	8.3	6.2	4.6
Emerging Market and Developing Economies	-6.7	11.1	5.7	5.4

Source: IMF World Economic Outlook, January 2022



The soaring commodity prices made one of the headlines in 2021.

Oil prices lagged behind in capturing the recovery that occurred in the prices of many commodities from the second half of 2020 due to the downside pressure the pandemic created upon global oil demand. This situation was reversed in 2021 as economies normalized, causing the per barrel price of Brent-type oil to skyrocket to USD 85.82 and end the year with a 50.83% rise. Similarly, gas, another member of the energy complex, closed 2021 with 46.85% increase.

On the agricultural commodities front, on the other hand, numerous factors ranging from climate change to rapidly increased global demand affected agricultural commodity prices in 2021, hence global food prices reached the peak of the past decade with 28.10% increase according to the Food and Agriculture Organization of the United Nations (FAO). On another note, the rise in fertilizer prices pushed farmers' fertilizer costs up, acting as one of the major causes of the overall rise in food prices.

Iron ore prices, which ended 2020 at USD 155 after starting the year at USD 91, took an upturn also in 2021; although they declined until November as compared to the onset of the year as China reduced its purchases in July due to rising prices and stocks piled up in ports, iron ore price closed the year at USD 112.

The course of China's growth, the attitude of the OPEC+ Group, Iran's nuclear deal, utilization of strategic reserves and geopolitical risks arising from Russia-Ukraine are among the important factors that might affect the course of commodity prices in 2022.



4.4% growth forecast in 2022

The IMF disclosed global economic growth projection as 4.4% for 2022, during which the roles of central banks will become highly important.

IMF projected 2022 global growth as 4.4%.

The positive effects in 2021 that presented a better-than-anticipated outlook are expected to be carried forward to 2022, and accumulated orders and relatively insufficient investments are anticipated to lead to a strong rise in demand in 2022. In the coming year, with the risks upon growth mitigated, but the risks on inflation possessing the potential to create pressure, supply issues might come up in developed countries, while the course of vaccination will continue to be important in developing countries.

In its January 2022 report, the IMF revised the US growth downwards by 1.2 points to 4% for 2022, and China's growth by 0.8 points to 4.8%. The IMF projects that the Euro Area will grow by 3.9% in 2022, Japan by 3.3% and the UK by 4.7%, while forecasting that India will claim the growth record with 9.0%. The global economy, on the other hand, is anticipated to contract by 0.5 points as compared with the previous IMF report and come down to 4.4%.

Projections relating to global economy vary depending on the outcomes of the vaccination. The continuation of the Covid-19 pandemic and the emergence of different variants that spread more rapidly such as the Omicron variant that followed the Delta variant indicate that the pandemic-associated uncertainties will continue to take a toll on the world economy. Yet, the increasingly milder symptoms in Omicron cases and loosening of restrictive measures implemented in the first quarter of 2022 nurture the hopes that the pandemic might come to an end.

A possible tightening beyond the forecasts in governments' fiscal policies in 2022, geopolitical developments centered around Russia-Ukraine, developments in the Chinese financial and property markets, and fluctuations in capital flows to developing countries gain the foreground as potential factors that may act upon global economy.

Source: IMF Global Economic Outlook, OECD Economic Outlook, WTO

THE TURKISH ECONOMY

The Turkish economy outgrew the forecasts in 2021.

Being one of the few countries to register positive growth in 2020, Türkiye achieved a growth that outdid the forecasts and its potential in 2021, benefiting from internal and external demand. According to the chained volume measure, the Turkish economy grew by 7.3%, 21.9%, 7.5% and 9.1% in the four quarters of 2021. 2021 GDP growth was 11.0% year-on-year. The rapid growth performance was produced by the household consumption expenditures that increased significantly with the contribution of the low base effect and exports that experienced record levels.

Having ended 2021 with a double-digit growth figure, the Turkish economy is anticipated to maintain its positive growth performance in 2022 at a slower pace. The Medium Term Program (MTP) for 2022-2024 projects 5.5% growth for 2022.

The consumer prices index (CPI) has been high throughout the year.

As the high levels in exchange rates and in global commodity and energy prices exacerbated inflationary pressures through the cost channel, the CPI that has been high throughout the year was up by 36.08% over its value in December 2020, marking the highest level of the past 19 years.

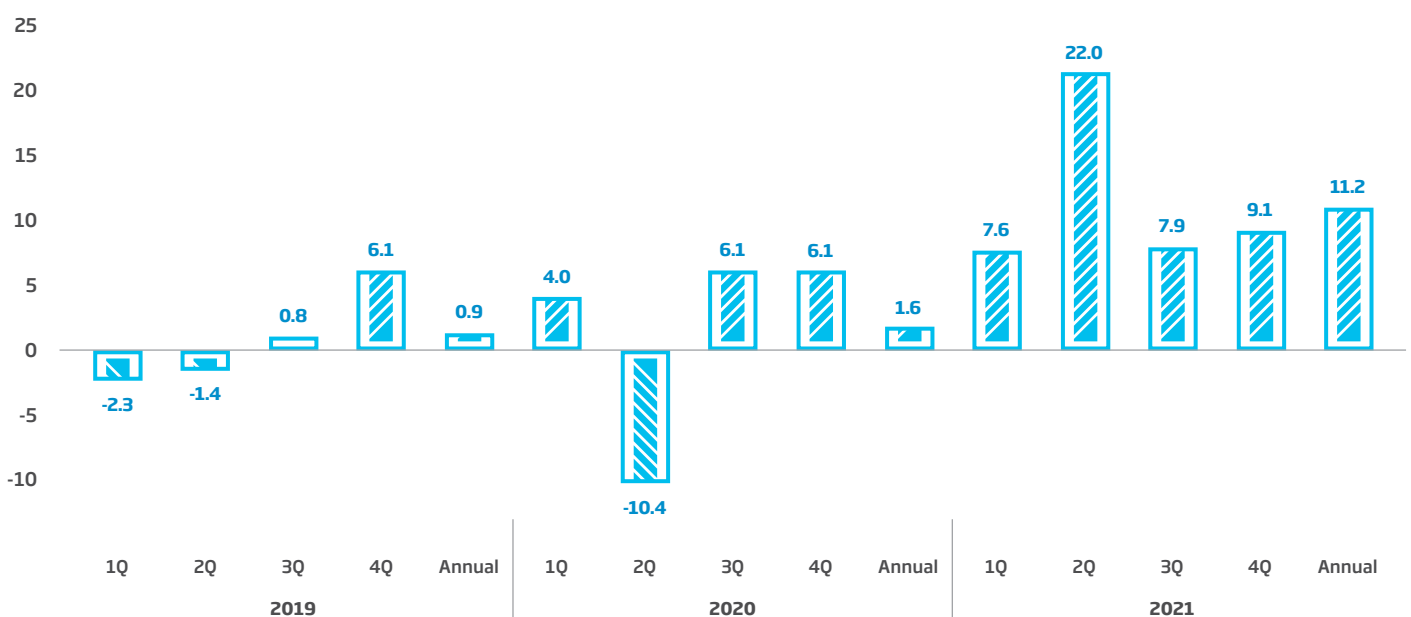
11% growth in the economy

Türkiye achieved a growth that outdid the forecasts and its potential in 2021, benefiting from internal and external demand.

The lowest annual increase in CPI has taken place in the communication main group with 8.76%. Other main groups that saw a rise that was lower on a year-on-year basis were education with 17.23%, alcoholic beverages and tobacco with 20.02%, and clothing and footwear with 20.13%. The highest rise, on the other hand, occurred in the main groups of transportation with 53.66%, food and non-alcoholic beverages with 43.80%, and furniture and other household appliances with 40.95%.

The domestic producer prices index (D-PPI) surged by 79.89% as compared to December 2020. Annual D-PPI changes for the four sectors of the industry were as follows: 62.84% in mining and quarrying, 77.44% in manufacturing, 117.14% in electricity and gas generation and distribution, and 33.99% in water procurement.

GDP Growth (buyer prices)



Source: TURKSTAT

Record levels were attained in exports in 2021.

2021 was a year of difficulties for global trade due to the worldwide supply chain issues and the sharp rise in transportation costs, while Türkiye was able to benefit from this situation owing to the advantage granted by its location. Export was responsible for about half of the growth in 2021.

According to Türkiye’s export growth data, the growth rate of imports that contracted in connection with demand levels in 2019, and the growth rate of exports that declined during the pandemic turned to the positive particularly from March 2021.

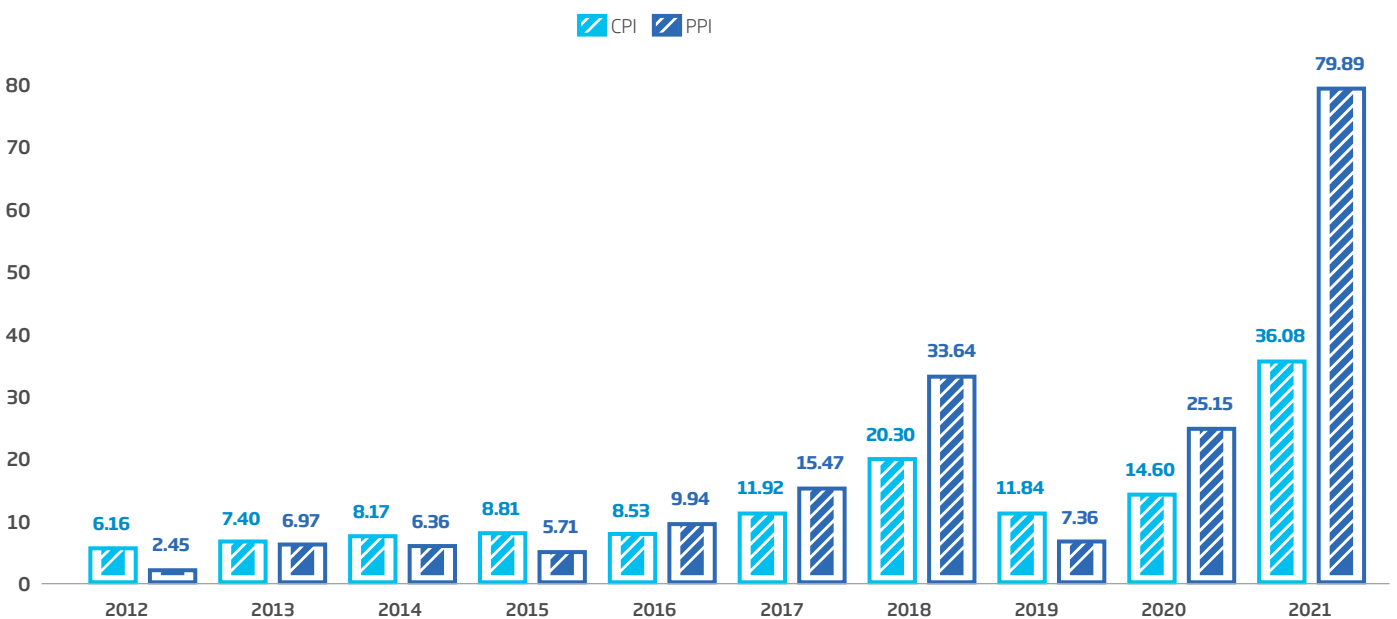
Based on the general trade system, export grew by an annual 32.8% in the twelve months to end December 2021 and was worth USD 225.3 billion, whereas imports increased by 23.6% to USD 271.4 billion. The ratio of exports to imports was 83%.

In 2021, tourism revenues surpassed the forecasts as a result of vaccination, and together with exports, it has been telling upon the declined current deficit. The predicted abatement of the pandemic in 2022 with the support of vaccination and medications keep the positive expectations for tourism alive in 2022. While it is considered that the realization of postponed travel plans might positively affect the tourism industry in 2022, the developments in Russia and Ukraine, which have a significant share in the number of incoming tourists, will likely be a determining factor for our country’s tourism revenues.

32.8% increase in exports

Export grew by a 32.8% year-on-year and was worth USD 225.3 billion, whereas imports increased by 23.6% to USD 271.4 billion.

Inflation (Annual - %)



After starting the year with rate hikes, the CBRT ended 2021 with rate cuts.

The Central Bank of the Republic of Türkiye (CBRT) implemented a front-loaded rate hike. The CBRT increased the policy rate from 17% to 19% in March 2021 due to the upside risks on inflation outlook. In September, however, the CBRT implemented a rate cut for the first time after 16 months as a result of its modified monetary policy.

The depreciation of the Turkish lira became even more evident as the anticipations grew stronger that the 400-bps rate cut in total made until the last month of the year would continue. The CBRT started directly intervening the market by selling due to unhealthy price formations in exchange rates. After the CBRT set the policy rate as 14% with a further 100 bps reduction in its December meeting, the depreciation of the Turkish currency accelerated. "FC-indexed TL Time Deposit" practice launched by the end of the year to curb the Turkish lira's loss of value and to encourage TL deposits was positively received by the markets and exchange rates declined somewhat.

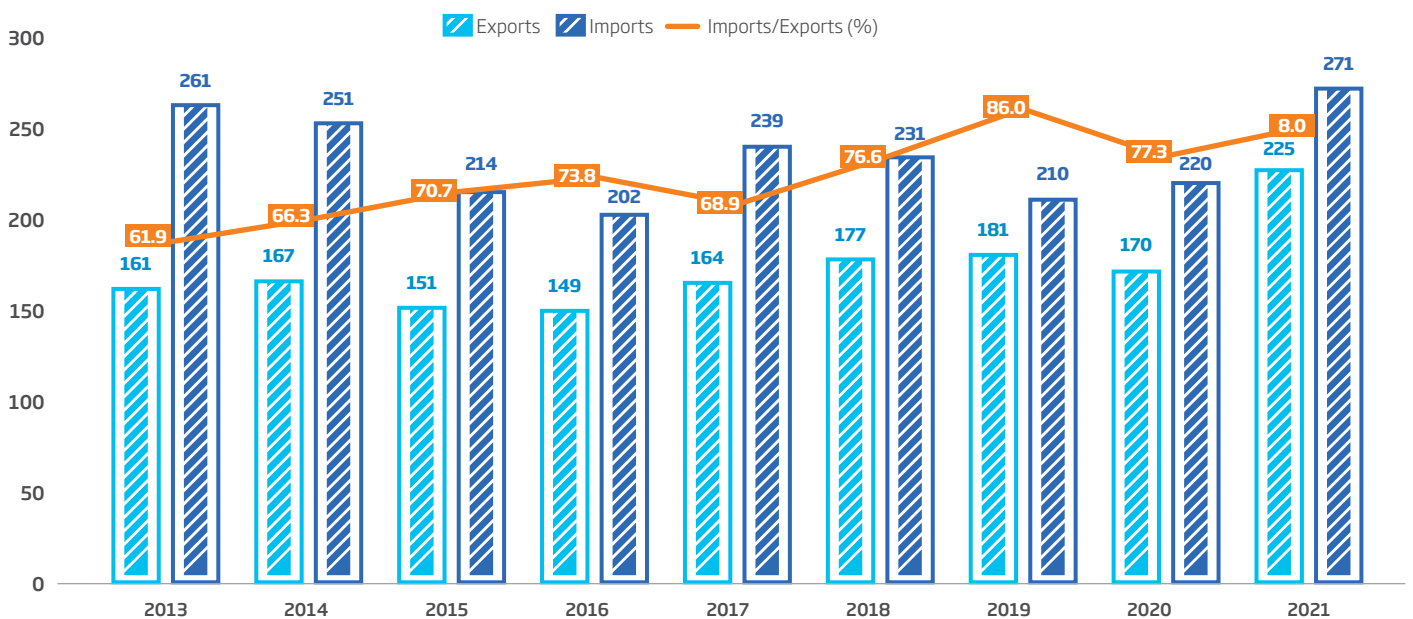
Türkiye's New Economic Model

Concurrently with the developments in the money markets in the last quarter of the year, transition was made to Türkiye's New Economic Model which prioritizes high growth and low current deficit.

While the Model basically focuses on stable and sustainable increase in the momentum of exports that is the driving engine of the national economy, it targets backing exports with value-added production, overcoming the middle income trap, accurate evaluation of the international conjuncture to climb up in the global value chains, and ultimately, resolving the current deficit issue permanently.

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

Foreign Trade (USD Billion)



A nighttime photograph of a multi-level highway interchange with light trails from cars. In the background, a city skyline is visible under a dark blue sky. The image is framed by a white and blue border with a stylized, angular shape on the left side.

WE ARE TARGETING TO EXPAND OUR INFLUENCE



E-document rate reaching 93%

The ratio of e-documents, which was 23% when RRC was established, reached 93% as of year-end 2021.

In brief, RRC;

- is utilized by factoring companies and banks,
- prevents double assignment and financing of the same receivable,
- runs online and integrated with the e-invoice system of the RA,
- verifies the accuracy of e-invoices and e-archives through integration with the RA,
- allows verification of the T.R. ID No. and VAT No. of buyer and seller companies through the Credit Bureau,
- allows tracking payments and collections in relation to the documents pertaining to a given receivable,
- maintains records of data for all assigned receivable documents in relation to the finance sector,
- provides reporting service on assigned receivables.

RRC serves as an important data warehouse for the sector.

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

In addition, work was initiated for system updates for refactoring transactions; for inclusion of retail sales receipts, e-self-employment receipts, e-producer receipts in the system; and for performance of additional controls for payment instruments associated with receivable documents. These initiatives are slated for introduction in 2022.

HIGHLIGHTS OF 2021 DEVELOPMENTS AND PROJECTS

Receivables Recording Center (RRC)



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

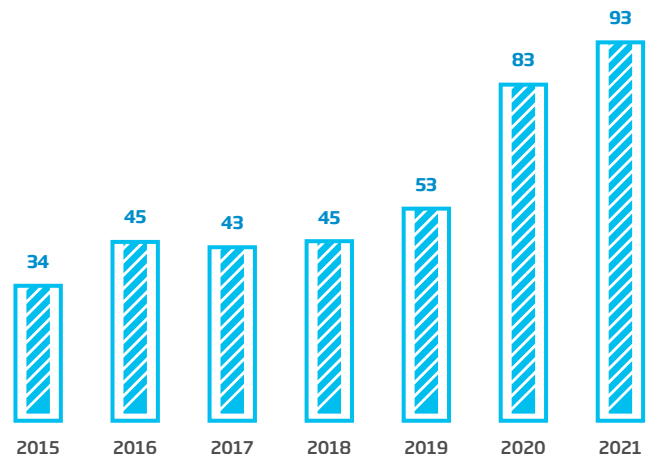
Supporting formal economy and preventing double assignment and financing of the same receivable, RRC started to be used in January 2015. By the end of 2021, commercial receivables intermediated by 54 factoring companies and 24 banks were registered with the RRC.

35 million invoices and receivable documents worth TL 1,155 billion in total have been recorded in the system since its establishment until year-end 2021. The ratio of e-invoices, which was 23% when the system was established, reached 93% as of year-end 2021.

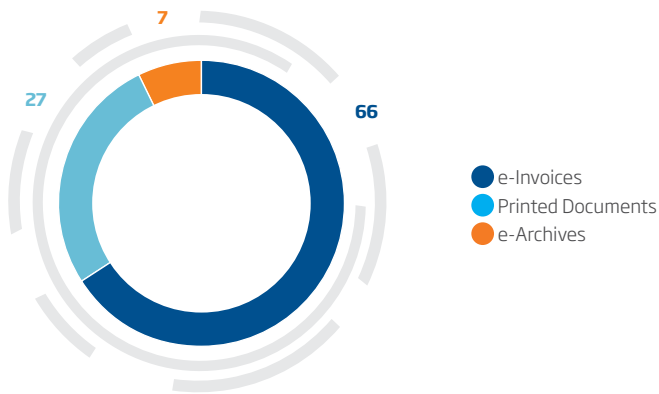
RRC, into which all kinds of documents and information pertaining to receivables subject to factoring transactions are entered, precluded more than 1 million risky transactions until the end of 2021 thanks to duplication and excess amount controls performed during such recording.

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

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



Breakdown of Document Types (quantity basis %)



Quantity and Ratio of Documents by Type

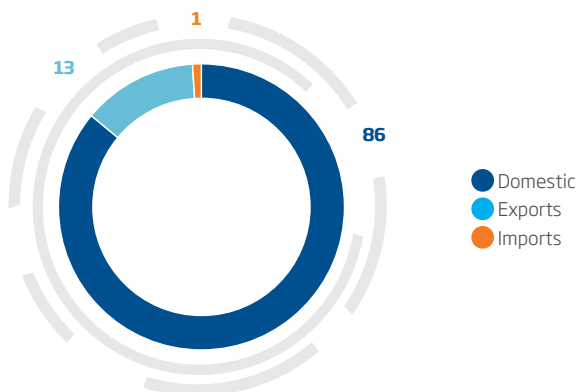
Document Type	Quantity	Average Amount of Documents (TL thousand)	Quantity Ratio (%)
e-Archives	1,157,145	36	27
e-Invoices	2,837,347	59	66
Printed Documents	314,842	111	7
Grand Total	4,309,334	56	100

Quantity and Ratio of Documents by Category *

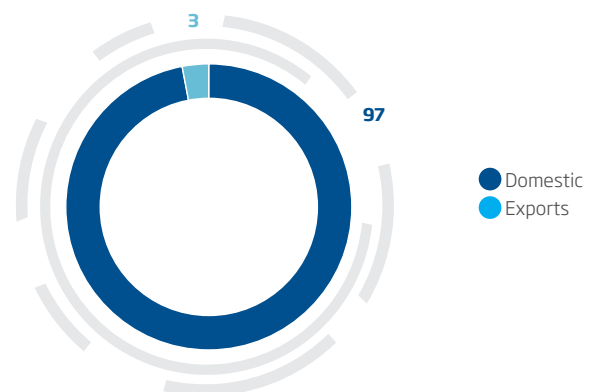
Category	Quantity	Amount (TL thousand)	Average Amount of Documents (TL thousand)	Quantity Ratio (%)	Amount Ratio (%)
Exports	127,618	31,456,614	246	3	13
Imports	3,400	3,252,833	956	0	1
Domestic	4,178,316	208,585,487	49	97	86
Grand Total	4,309,334	243,294,935	56	100	100

* Represents Banks and Factoring Companies combined.

Breakdown of Category Types (amount basis %)



Breakdown of Category Types (quantity basis %)



RRC and PBRRC integration

The integration between RRC and PBRRC is planned to go live in 2022.

The Receivables Recording Center (RRC) and the Movable Pledge Registry System (MPRS) will be integrated.

The Movable Pledge Registry System (MPRS) is used to register, amend and cancel mortgage agreements, to transfer pledged movable property and the right of mortgage, and to register the right to move a subordinated mortgage up to higher priority ranks, to inquire about the registered matters and to create documents pertaining to the same.

A protocol was signed between the Ministry of Trade and AFI for the integration of RRC and MPRS in 2017. The following will be enabled by the integration between RRC and MPRS:

Pledge data on MPRS and receivable documents data on RRC will be shared and cross-checked electronically; furthermore, members will be able to access MPRS via RRC, and to perform mortgage procedures under the Law no. 6750 concerning Chattel Mortgage in Commercial Transactions. The integration between RRC and MPRS is planned to go live in 2022.

RRC and Participation Banks Receivables Recording Center (PBRRC) will be integrated.

In November 2021, a protocol was signed for integrating RRC and the Participation Banks Receivables Recording Center set up before the Participation Banks Association of Türkiye in which participation banks record the commercial receivables they finance. The integration, which is planned to be completed in 2022, is intended for electronically sharing and cross-checking the financing document data on PBRRC and the receivable document data on RRC.

DIGITAL TRANSFORMATION AT AFI

AFI aims to upgrade the work processes and products of factoring, which is a valuable financial instrument in trade finance in today's digitalized world. In line with this goal, AFI decided to augment its contribution to this process and thus initiated the Private Integrator Project.

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

- custody
- e-invoice
- e-archive
- e-book (of account)
- e-waybill
- e-self-employed invoice
- e-producer receipt
- e-reconciliation
- e-bank balance

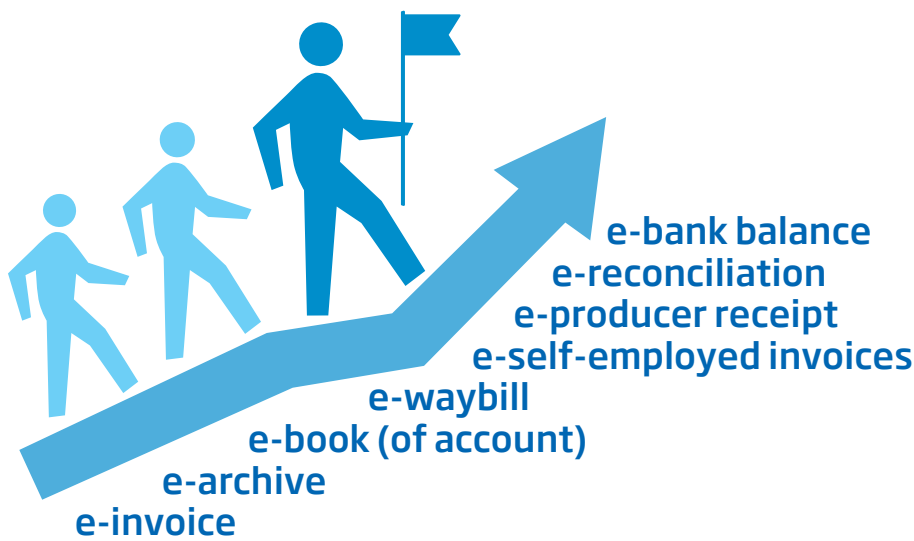
The necessary infrastructure was set up for companies wishing to migrate their work processes to the digital environment.

Under the private integrator services began to be offered under the AFI assurance, the companies are being proposed e-transformation applications, which are aligned with their needs, save labor, time and cost, enhancing the productivity of their work processes and making financial data accessible electronically.

The infrastructure has been set up which lets companies wishing to move their work processes to the digital environment register with the AFI e-portal via www.fkb.org.tr and help them digitalize all their processes.

E-invoice and e-archive applications take the lead among the Private Integrator-supplied services, which are critical for recording the economy. These services provided as a Private Integrator let companies work more easily and faster with a much more reliable system.

E-books (of account) application is another important phase of the digital transformation process. This application enables the preparation of journals and ledgers, which are compulsory to be kept, to be prepared and printed in electronic file format in compliance with all regulatory and technical requirements, guaranteeing their inalterability, integrity and authenticity, thus allowing them to be used as proof before relevant parties.



(*)ITIL (Information Technology Infrastructure Library)

(**)RA: Revenue Administration

E-booking of accounts is a system that keeps all financial data of organizations secure, while also facilitating reporting and analyses. In addition, all e-invoices, e-archive, e-waybills, e-self-employed invoices, e-producer receipts and e-books (of account) records received/sent through the private integrator can be retained on this platform throughout the legally prescribed period of time.

The AFI successfully completed the biennial Revenue Administration E-Document Private Integrators Information Systems Audit, the first one of which was conducted in 2020. Moreover, ISO 20000, ISO 22301, ISO 27001 certifications were revised during 2021 for RRC, Documented/undocumented Export Credit Module and Private Integrator activities.

Trade Chain Finance System (TCFS)

The Trade Chain Finance System (TCFS) is another project that AFI developed in keeping with its vision of digitalization and adapting to the advancing technology. The TCFS is the trade finance application platform through which all trade finance services including supply chain finance is offered via an information technology system, and which technologically enables viewing the entire flow.

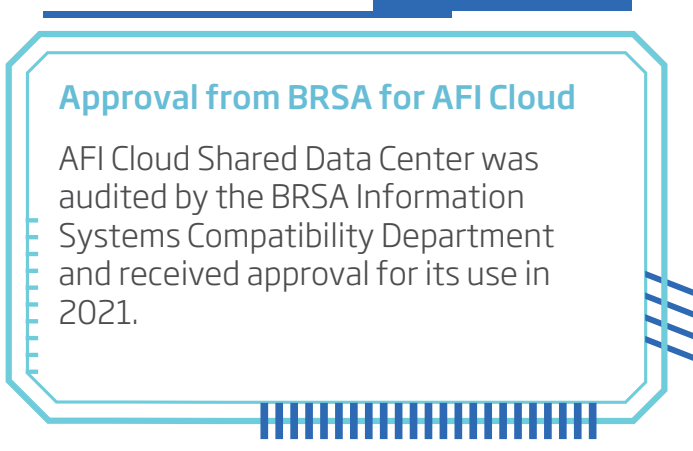
Buyer or seller real or legal persons, factoring companies, banks, financial institutions defined in the Banking Law no. 5411 and other persons deemed fitting by the Banking Regulation and Supervision Agency can join the system.

Launched in 2019 at AFI, TCFS aims to give the SMEs a faster, more secure and low-cost access to financing through electronic receivable assignment and confirmation to be received from the debtors and to be instrumental in increasing the ratio of SMEs' access to financing from 24% to the order of 50%.

Hardships in usage posed by the technological systems in our day, cost factors and security infrastructures were studied, and certain revisions are considered to be made to TCFS in view of the new developments that arose in communication technology from the establishment of the contract up to the tasks and procedures entailed in the financing process.

from 24% to the order of 50%.

TCFS aims to be instrumental in increasing the ratio of SMEs' access to financing from 24% to the order of 50%.



Approval from BRSA for AFI Cloud

AFI Cloud Shared Data Center was audited by the BRSA Information Systems Compatibility Department and received approval for its use in 2021.

Currently enabling supply chain finance, confirmed factoring, payment instrument-based factoring, and refactoring transactions, the TCFS is targeted to be used for supplier finance in accordance with participation banking principles, export factoring, credit insurance system and financing of insured receivables, integration with the State-Subsidized Trade Receivable Insurance (SSTRI) System, payment of trade payables with trade receivables and distributor finance transactions in the near future.

From a macroeconomic standpoint, once the TCFS goes live with all its capabilities mentioned above, it will be useful for predicting the economic variables and will enable proactive measures as instant information about commercial activity will be available. Moreover, unregistered economy will lessen significantly, and it will become possible for the supply chain ecosystem incorporating the SMEs, large-scale companies, factoring companies, banks and other financial institutions to acquire a more institutionalized structure.

Core Factoring Software Project

For fulfilling the software need of the factoring sector, detailed analysis have been undertaken and contacts have been held with technology companies regarding the Core Factoring Software. The project will be revisited in 2022 according to the sector's needs.

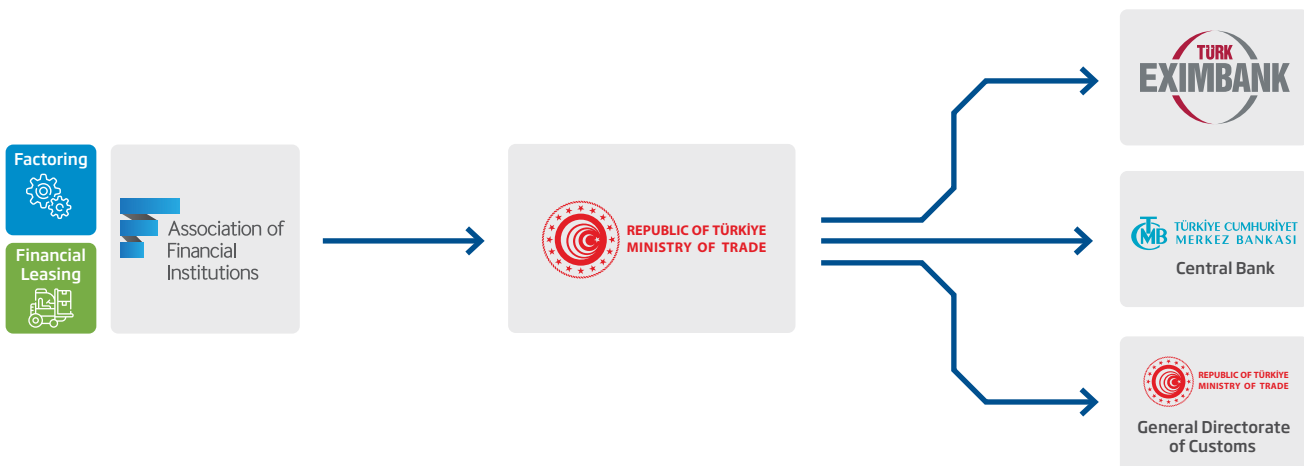
AFI Cloud Shared Data Center

The Communiqué on the Information System Management and Audit of Financial Leasing, Factoring and Financing Companies of the Banking Regulation and Supervision Agency (BRSA), which came into effect on 6 April 2019, allowed using group cloud structures by the finance sector. Along this line, AFI initiated the Shared Data Center project in 2020, which is customized for the needs of banks and financial institutions and which is compatible with the rules of the BRSA.

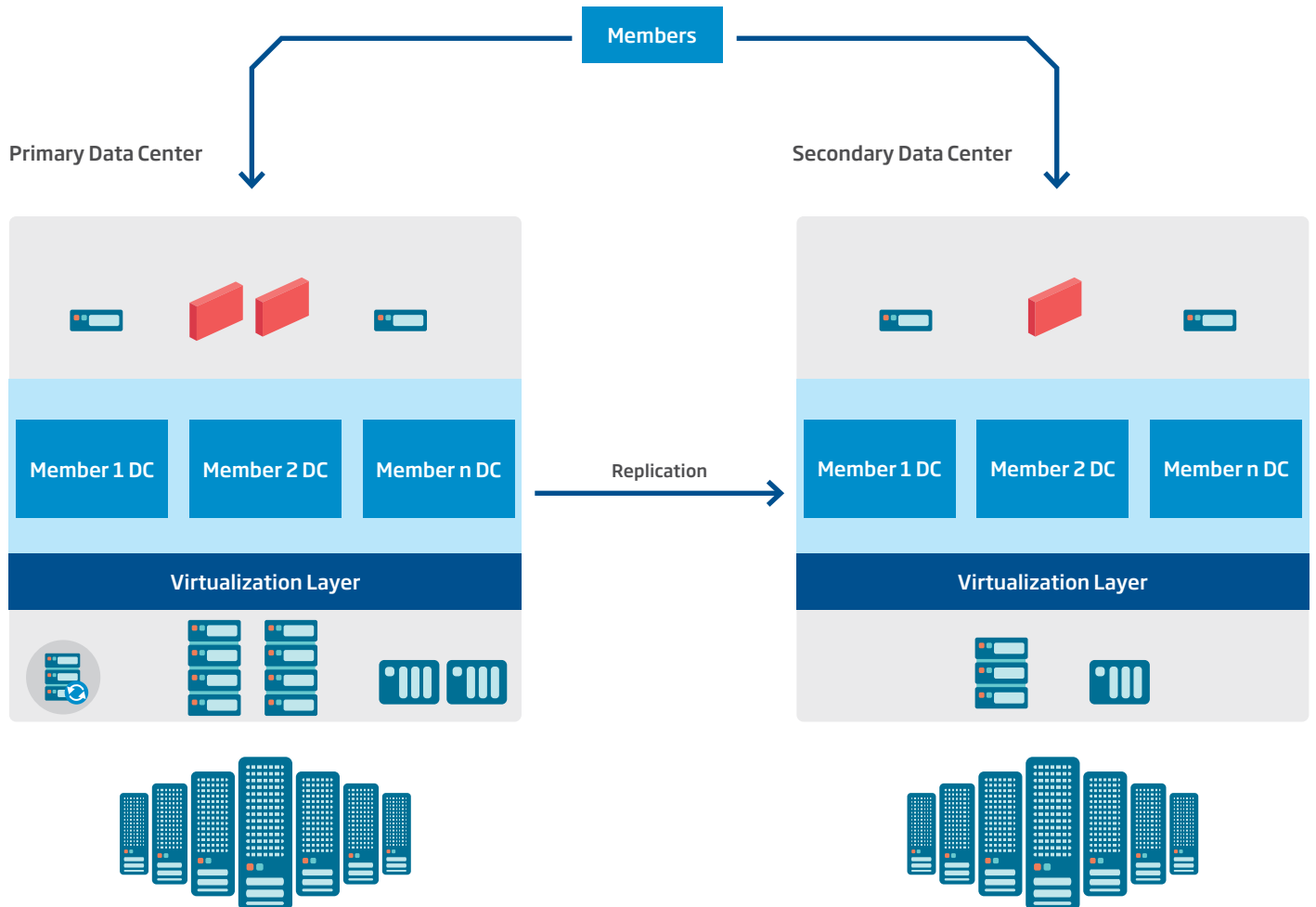
AFI Cloud Shared Data Center enables financial institutions supervised by the BRSA to receive technology service securely, flexibly and affordably within the scope of system infrastructure and managed services. AFI Cloud Shared Data Center also offers services such as backup, disaster recovery center,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

AFI Cloud Shared Data Center was audited by the BRSA Information Systems Compatibility Department and received approval for its use in 2021.

Undocumented Export Credits Module



Architectural Structure



With the AFI Cloud Shared Data Center project custom-designed for the finance sector to capture the scale economy advantage stemming from the cloud technology, the AFI was awarded in the best private cloud project category by the IDC (International Data Corporation) in 2021.

It is planned to offer SAAS (Software as a Service) for fulfilling financial institutions' software requirements other than system infrastructure through AFI Cloud Shared Data Center in 2022.

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

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

2021 ACTIVITIES

Financial Leasing Contract Registration System

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

The System is created to be kept fully on electronic environment by Central Registry Agency (MKK) and is being operated by the MKK on behalf of the AFI.

The financial leasing contracts, which are electronically signed, are being entered into the system by financial leasing companies, participation, investment and development banks, and can be retrieved 24/7 bearing the Registered Document time stamp. At present, the system users include 22 financial leasing companies, seven participation banks, five investment banks and two development banks.

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

Based on the decision passed by the Financial Leasing Sector Representatives Board, one sapling for each financial leasing contract has been planted for 23,125 and 23,751 contracts financed in 2015 and 2016 respectively whereby the AFI - Financial Leasing Memorial Forest of 46,876 saplings was

created under the protocol signed by and between the AFI and the Directorate General of Forestry. With the participation of the other sectors, one fire truck was purchased and donated to the Directorate General of Forestry in 2021 to be used against wildfires.

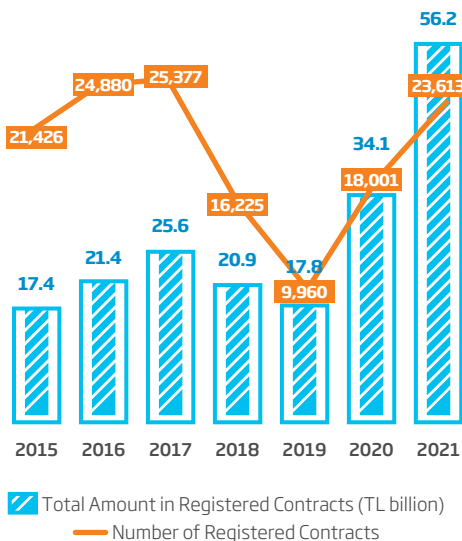
The Financial Leasing Sector Board is determined to perpetuate important social responsibility initiatives in the future.

Register for Leasing Transactions Provided by Non-Resident Financial Leasing Companies to Resident Companies

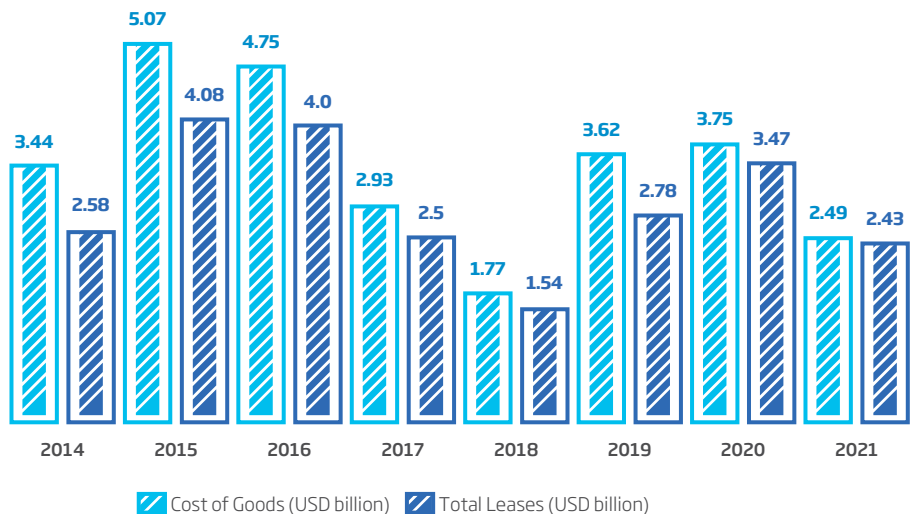
In keeping with the duty delegated thereto by Article 21 of the Financial Leasing, Factoring, Financing and Saving Finance Companies Law no: 6361, financial leasing contracts where the financial leasing company is a non-resident and the lessee is a resident, are being registered by the AFI as per the Circular that went into force on 31 July 2013 upon its approval by the BRSA.

The said circular was amended on 28 January 2022 and the latest version thereof was posted on the AFI website. These contracts generally belong to aircraft transactions.

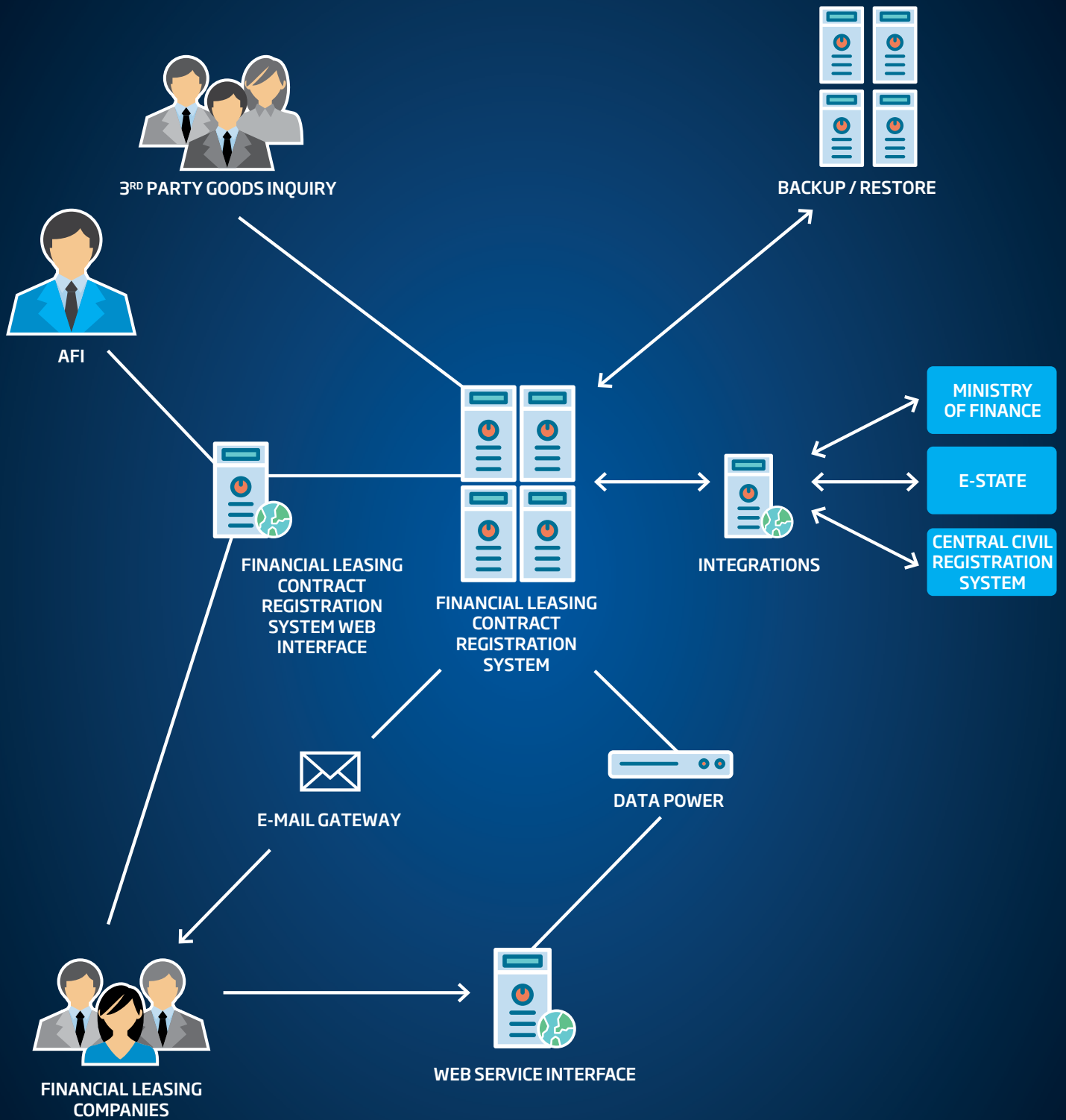
Contract Registration Statistics



Cross-Border Financial Leasing Contracts Statistics



The Architecture of the Financial Leasing Contract Registration System



DEVELOPMENTS CONCERNING THE MEMBERS

Granted Operating Licenses

Bien Faktoring A.Ş.: It was decided to grant operating permission to Bien Faktoring A.Ş., the incorporation of which was authorized by the BRSA Decision no. 9112 dated 29 July 2020, under Article 7 of the Law no. 6361 on Financial Leasing, Factoring and Financing Companies and Article 5(2) of the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies (7 January 2021).

Ortak Varlık Yönetim A.Ş.: It was decided to grant operating permission to Ortak Varlık Yönetim A.Ş., the incorporation of which was authorized by the BRSA Decision no. 9221 dated 23 October 2020, under Article 143 of the Banking Law no. 5411 and Article 6 of the Regulation on the Establishment and Operating Principles of Asset Management Companies and Receivables to be Taken Over (5 March 2021).

Diriker Varlık Yönetim A.Ş.: It was decided to grant operating permission to Diriker Varlık Yönetim A.Ş., the incorporation of which was authorized by the BRSA Decision no. 9446 dated 5 March 2021, under Article 143 of the Banking Law no. 5411 and Article 6 of the Regulation on the Establishment and Operating Principles of Asset Management Companies and Receivables to be Taken Over (9 September 2021).

TOM Finansman A.Ş.: It was decided to grant operating permission to TOM Finansman A.Ş., the incorporation of which was authorized by the BRSA Decision no. 9639 dated 29 June 2021, under Article 7 of the Law no. 6361 on Financial Leasing, Factoring, Financing and Saving Financing Companies and Article 5(2) of the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies (30 September 2021).

Vodafone Finansman A.Ş.: It was decided to grant operating permission to Vodafone Finansman A.Ş., the incorporation of which was authorized by the BRSA Decision no. 9448 dated 5 March 2021, under Article 7 of the Law no. 6361 on Financial Leasing, Factoring, Financing and Saving Financing Companies and Article 5(2) of the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies (21 October 2021).

İlke Varlık Yönetim A.Ş.: It was decided to grant operating permission to İlke Varlık Yönetim A.Ş., the incorporation of which was authorized by the BRSA Decision no. 9538 dated 29 April 2021, under Article 143 of the Banking Law no. 5411 and Article 6 of the Regulation on the Establishment and Operating Principles of Asset Management Companies and Receivables to be Taken Over (21 October 2021).

Mercedes Benz Kamyon Finansman A.Ş.: It was decided to grant operating permission to Mercedes Benz Kamyon Finansman A.Ş., the incorporation of which was authorized by the BRSA Decision no. 9819 dated 23 September 2021, under Article 7 of the Law no. 6361 on Financial Leasing, Factoring, Financing and Saving Financing Companies and Article 5(2) of the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies (19 March 2022).

Tuna Varlık Yönetim A.Ş.: It was decided to grant operating permission to Tuna Varlık Yönetim A.Ş., the incorporation of which was authorized by the BRSA Decision no. 9658 dated 08 July 2021, under Article 143 of the Banking Law no. 5411 and Article 6 of the Regulation on the Establishment and Operating Principles of Asset Management Companies and Receivables to be Taken Over (5 March 2022).

Revoked Operating Licenses

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

- Global Faktoring Hizmetleri A.Ş. (22 June 2021)
- Pamuk Faktoring A.Ş. (12 August 2021)
- C Faktoring A.Ş. (13 January 2022)
- ING Faktoring A.Ş. (13 January 2022)

Saving Financing Companies Currently Undergoing BRSA Evaluation

- Birevim Tasarruf Gayrimenkul Oto. Org. Paz. ve Tic. A.Ş.
- Çözüm Tasarruf Org. Paz. ve Tic. A.Ş.
- Emin Evim Emin Oto. İlet. Org. Paz. San. ve Tic. A.Ş.
- Fuzul Gayrimenkul Yatırım A.Ş.
- İmece Yatırım Org. A.Ş.
- Katılımevim Oto. İlet. Org. Paz. San. ve Tic. A.Ş.
- Meskenfinans Gayrimenkul Yatırım Org. San. ve Tic. A.Ş.
- Sinpaş Yapı Endüstrisi A.Ş.

MEETINGS IN 2021

AFI and sector representatives had a busy meeting agenda in 2021 as well. The distribution of the meetings by sector and category is presented in the table below.

	AFI	Factoring	Financial Leasing	Financing	Asset Management	Saving Finance	Total
Meetings Attended or Organized	49	210	25	15	1	-	300
Meetings with Public Institutions	12	16	10	12	4	-	54
Meetings with Members	17	43	62	50	17	2	191
Meetings with International Organizations	6	9	10	16	-	-	41
Total	84	278	107	93	22	2	586

REGULATORY CHANGES IN 2021

Date	Description	Sector
04.02.2021	Resolution on Determining the Portion of Total Expenses and Costs That is not Deductible (Resolution Number: 3490) in Accordance with Article 41, paragraph 1, Sub-paragraph 9 of Income Tax Law Numbered 193 and Article 11, Paragraph 1, Sub-paragraph (i) of Corporate Tax Law Numbered 5520	AFI
24.02.2021	Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism	Financial Leasing, Factoring, Financing, Asset Management Companies
26.02.2021	Regulation on Compliance Programs Regarding Obligations on Prevention of Laundering Proceeds of Crime and Financing of Terrorism	AFI
26.02.2021	Regulation on Procedures and Principles on Application of the Law on Prevention of Financing of Proliferation of Weapons of Mass Destruction	AFI
26.02.2021	Regulation to Amend the Regulation Regarding Procedures and Principles on Application of the Law on Prevention of Financing of Terrorism	AFI
26.02.2021	General Communique of Financial Crimes Investigation Board (Number: 5)	AFI
07.03.2021	Law on Amendment of Law on Financial Leasing, Factoring and Financing Companies and Other Specific Laws	AFI
07.04.2021	Regulation on Establishment and Operating Principles of Savings Finance Companies	Saving Finance
30.04.2021	General Communique of Financial Crimes Investigation Board (Number: 19)	AFI
01.05.2021	Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism	Saving Finance
16.06.2021	Regulation on Activities to be Evaluated within the Scope of Insurance Services and on Distance Insurance Contracts	Financial Leasing, Financing
24.06.2021	Resolution on Amendment of the Statute of Association of Financial Leasing, Factoring and Financing Companies	AFI
29.06.2021	Regulation on Amendment of the Regulation on Accounting Applications and Financial Statements of Financial Leasing, Factoring and Financing Companies	Saving Finance
29.06.2021	Regulation on Amendment of Regulation on Uniform Chart of Accounts	Saving Finance
14.07.2021	Regulation on Principles of Establishment and Activities of Asset Management Companies and Receivables to be Acquired	Asset Management Companies
15.07.2021	Resolution on Extension of Application Period of Provisional Article 32 of the Banking Law numbered 5411 for Two Years (Resolution Number: 4299)	AFI
28.07.2021	Law on Amendment of Certain Laws and Executive Orders	Saving Finance
09.08.2021	Communique on Amendment of Communique on Procedures and Principles for Fees to be Obtained from Financial Consumers numbered 2020/7 (Number: 2021/7)	AFI
16.10.2021	Communique on Amendment of Communique on Asset or Mortgage Backed Securities numbered III-58.1 (III-58.1.C)	Asset Management Companies
26.10.2021	Law on Amendment of Tax Procedural Law and Certain Other Laws	Asset Management Companies
29.12.2021	Regulation on Operating Principles of Digital Banks and Service Model Banking	AFI
31.12.2021	Regulation on Independent Audit of Information Systems and Business Processes	AFI

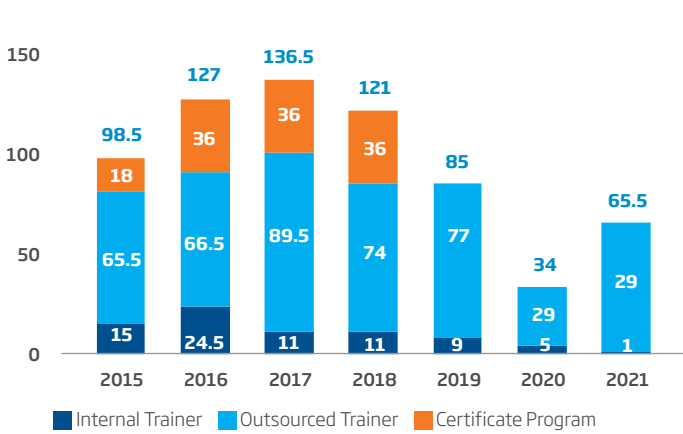
2021 ACTIVITIES

CERTIFICATE PROGRAMS, TRAININGS AND SEMINARS

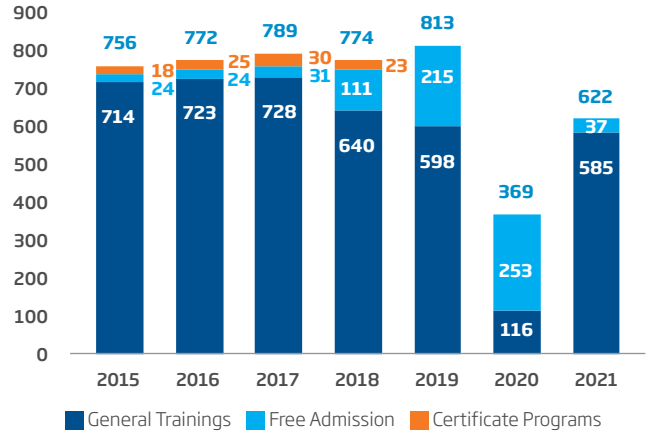
In 2021, a total of 55 training programs that would last 85 days were organized. Out of these programs, 42, all of which were on the Webex platform, actually took place and were attended by 622 participants. In 2022, online trainings will continue to be held via Webex.

Trainings were offered under the "Basic Expertise in Financial Institutions Certification Program" which was launched after a protocol signed by AFI and Marmara University Continuing Education Center (MUSEM) in November 2014. These trainings were delivered by faculty members from Marmara University and volunteer market professionals with training experience from financial leasing, factoring and financing companies. Participants who are successful at the exams after 18 days of training receive certificates from Marmara University and AFI. A total of 110 participants were qualified in these certificate programs. The program could not be organized in 2021 due to the pandemic.

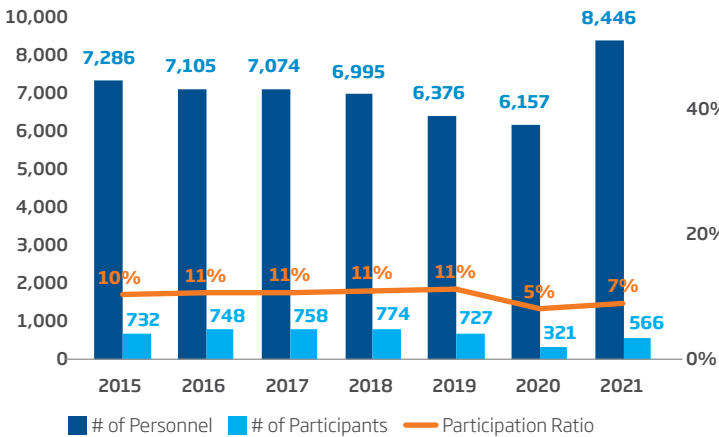
of Training Days



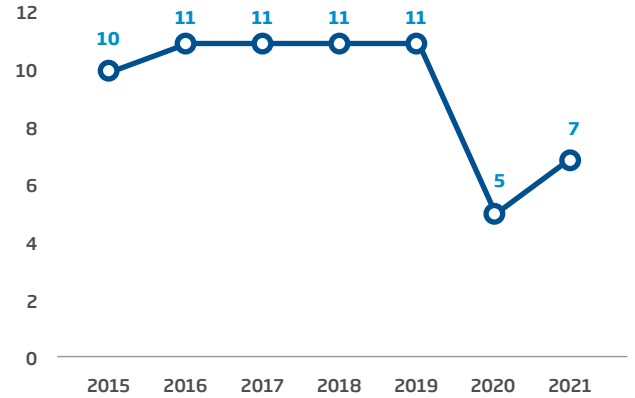
of Participants



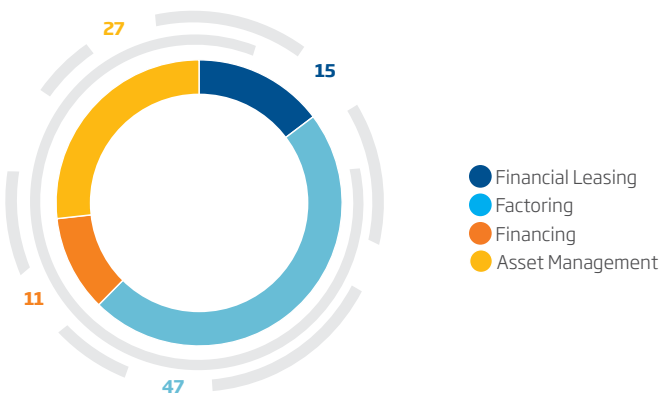
of Personnel vs # of Participants



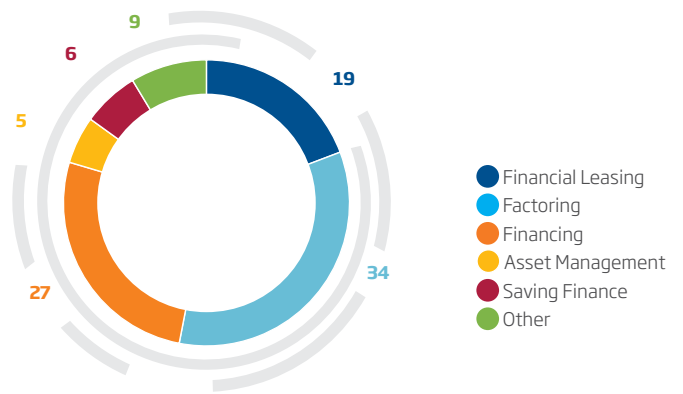
Participation Ratio (%)



Breakdown of Personnel (%)

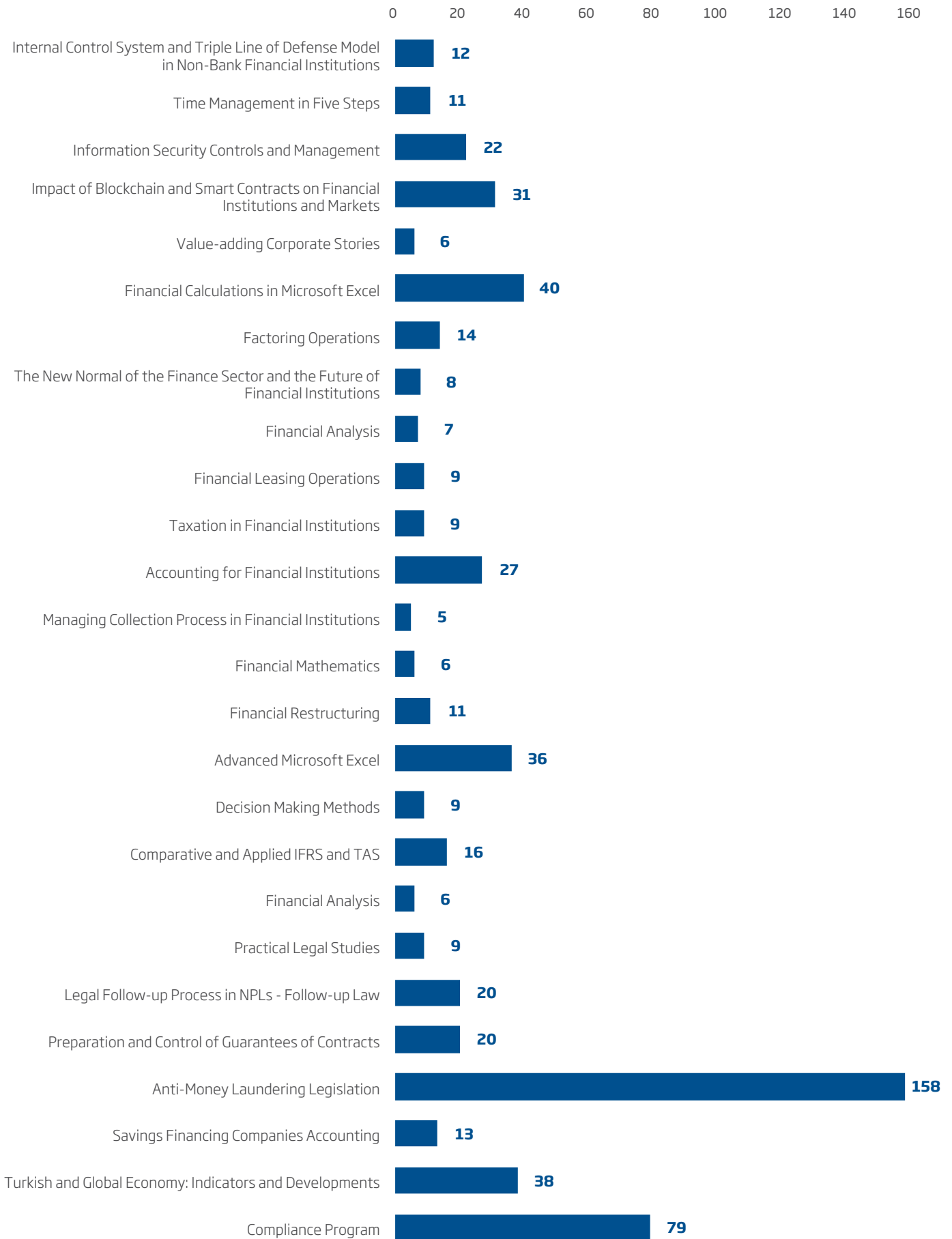


Breakdown of Applications (%)



Trainings

■ Number of Participants



DOSYA LEASING 2021 VİZYONU

METİN KARABİBER / QNB FINANSELEASING GENEL MÜDÜRÜ

"Öne çekilen yatırımlar 2020'yi iyi kapatmamızı sağladı"

■ BEKLENENİN DIŞINDA BİR YIL
2019'u beklediğimiz şekilde kapatmıştık ama 2020 yılı 18. Çeyrek için geçiyordu. Pandemiyle başlamasıyla 2019'dan daha hızlı iyileşme yaşadığımızı düşünürüm. Ancak beklenenden dışıdır gelişmeler oldu. Faizlerin düşmesi ve kurların hızlı yavaş yavaş artmasıyla sistemler öne çekildi. Öne çekilen yatırımlar, yılı iyi kapatmamızı neden oldu.

■ TL VADE YAPIMIZI BOZDU
2020'de 550 milyon dolarlık ödeme imzalandı. NPL oranımız yüzde 6'ya düşürüldü. 2020, 2019'da göre iyi bir yıl oldu. TL'de faizlerin düşük seviyelere gelmesiyle işlemler TL bazlı yapılmaya

başlandı. Ancak TL'de beş yıl vadeli kaynak olacağı için vade yapılarımız bozuldu. TCMB ile daha uzun vadeli kaynak asıl düşünülüyorsa da mümkün değil. Çünkü leasing en önemli özelliği; gerçekleştireceği ek teminat sınavından sadece finansman yapılan ekipmana uzun vadeli finansman sağlama. 2020'de tekstil, plastik, kimya, yağlı oranj, parkeleme sektörleri büyüdü. Tekne yatırımları yaz aylarında arttı. Turizm ve turizmle ilgili parkeleme de büyüdü. Set-geri kiralama alan da daraldı.

■ BANKA AĞLARINI KULLANABİLİYOLUZ
Yatırım teşvik belgesiyle leasing şirketinin değil, kullanan kişinin sorumluluğunun olması önemliydi. Ancak burada otoriteden düzenleme bekliyoruz. Bankalar gibi diğer ağız yok. Banka şubelerini açmaya olarak kullanıyoruz. Bankaların yaygın kanallarıyla ve dokümanlarımızla yerleşen işleri gerçekleştiriyoruz. Burada sorunçuk almamızla ilgili olarak. Takasbank üzerinden bono tahvil ihraç ya da kayıtlı kullanıcı yapıyoruz. Biz bunu yaparken vergiye tabiiyiz ama bankalarla çalışmada yüzde 10'luk fark var. Vade dışı taleplerini gerçekleştiriyoruz. İhtiyaçlarımızı karşılamak için yapıyoruz ama kârlı değil. Mücadele ediyoruz ama kârlı değil. Mücadele ediyoruz ama kârlı değil.

■ DİJİTALLEŞME ALTYAPIMIZI DEĞİŞTİRİYOLUZ
Pandemiyle global hedefler, altyapılarımız bu iş için elverişli değil. Dijitalleşmeyle birlikte işlemlerimiz değişti. Çalışanlarımız artık dijital ortamda bir araya geliyor. Bu bize yeni fırsatlar kazandı. Dijitalleşmeyle birlikte işlemlerimiz değişti. Çalışanlarımız artık dijital ortamda bir araya geliyor. Bu bize yeni fırsatlar kazandı. Dijitalleşmeyle birlikte işlemlerimiz değişti. Çalışanlarımız artık dijital ortamda bir araya geliyor. Bu bize yeni fırsatlar kazandı.

■ FONLAMA ÖNE ÇIKACAK
Bu yıl fonlama tarafına önem vereceğiz. Vade yapımı bozulduğu için uzun vadeli fonlama önemlenecek. Şu an için fonlamanın önemi arttı. Pandemiyle birlikte işlemlerimiz değişti. Çalışanlarımız artık dijital ortamda bir araya geliyor. Bu bize yeni fırsatlar kazandı. Dijitalleşmeyle birlikte işlemlerimiz değişti. Çalışanlarımız artık dijital ortamda bir araya geliyor. Bu bize yeni fırsatlar kazandı.



başladı. Ancak TL'de beş yıl vadeli kaynak olacağı için vade yapılarımız bozuldu. TCMB ile daha uzun vadeli kaynak asıl düşünülüyorsa da mümkün değil. Çünkü leasing en önemli özelliği; gerçekleştireceği ek teminat sınavından sadece finansman yapılan ekipmana uzun vadeli finansman sağlama. 2020'de tekstil, plastik, kimya, yağlı oranj, parkeleme sektörleri büyüdü. Tekne yatırımları yaz aylarında arttı. Turizm ve turizmle ilgili parkeleme de büyüdü. Set-geri kiralama alan da daraldı.

18 Ekim 2021

İş Finansal Kiralama A.Ş. Genel Müdürü U. Şafak Ögün oldu

U. Şafak Ögün, İş Finansal Kiralama A.Ş. Genel Müdürü olarak atandı. Ankara'da 1974 yılında doğan U. Şafak Ögün, 1995 yılında Bilkent Üniversitesi İşletme Fakültesi'nden mezun oldu. Aynı yıl Türkiye İş Bankası Teftiş Kurulu Başkanlığı'nda müfettiş yardımcısı olarak iş hayatına başlayan Ögün, 2002 yılında University of Birmingham'da Ulus-



lararası Bankacılık ve Finans alanında yüksek lisans eğitimi tamamladı. Türkiye İş Bankası'nda, sırasıyla Teftiş Kurulu Başkan Yardımcısı, Kurumsal Bankacılık Pazarlama ve Satış Bölüm Müdürü ve ardından Güneşli Kurumsal Şube Müdürü olarak görev yapan Ögün, TSKB ve İş Faktoring Yönetim Kurulu Üyeliğlerinde de bulundu.

BDDK'nın yeni düzenlemesi ile finansal kuruluşlar topluluk odaklı bulut platformlarından hizmet almaya başlıyor

FKB ve Koç Sistem'den 'Ortak Veri Merkezi'

BDDK'nın yeni düzenlemesi ile finansal kuruluşlar topluluk odaklı bulut platformlarından hizmet almaya başlıyor. FKB ve Koç Sistem'den 'Ortak Veri Merkezi' kuruldu. BDDK'nın yeni düzenlemesi ile finansal kuruluşlar topluluk odaklı bulut platformlarından hizmet almaya başlıyor. FKB ve Koç Sistem'den 'Ortak Veri Merkezi' kuruldu.



Finansal Kurumlar Birliği (FKB) ve Koç Sistem'den 'Ortak Veri Merkezi' kuruldu. BDDK'nın yeni düzenlemesi ile finansal kuruluşlar topluluk odaklı bulut platformlarından hizmet almaya başlıyor.

Ortak Veri Merkezi (OVM) ile finansal kuruluşlar topluluk odaklı bulut platformlarından hizmet almaya başlıyor. FKB ve Koç Sistem'den 'Ortak Veri Merkezi' kuruldu. BDDK'nın yeni düzenlemesi ile finansal kuruluşlar topluluk odaklı bulut platformlarından hizmet almaya başlıyor.

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FKB'DE UÇ SEKTÖRDE 120 MİLYAR TL İŞLEM HACMİ



Finansal Kurumlar Birliği (FKB), Faktoring, Finansal Kiralama ve Finansman Şirketlerinin 2020 yılına ilişkin konsolide verilerini açıkladı. FKB'nin temsil ettiği üç sektörün

2020 yılı konsolide verilerine göre, işlem hacmi 210 milyar TL, aktif toplamı 154 milyar TL, öz kaynak büyüklüğü 27,8 milyar TL, müşteri sayısı 2,6 milyon olarak gerçekleşti. Finansal Kurumlar Birliği Başkanı Aynur Eke, "Pandemiye rağmen reel sektörümüzün, ihracatçılarımızın ve çoğunluğu KOBİ olan müşterilerimizin yanında olmaya devam ettik. Bankacılık dışı finans sektörü olarak, büyümeyi desteklemek adına her türlü desteği vermeye hazırız" dedi.

Faizsiz konutta yeni dönem başlıyor



Finansal Kiralama, Faktoring ve Finansman Şirketleri Kanunu ile Yapı Kanunlarında Değişiklik Yapılmasına Dair Kanun Teklifi, TBMM Genel Kurulu'nda kabul edildi. Uzun zamandır regülasyon bekleyen sektörün önde gelen şirketlerinin temsilcileri kararın mutlaka karşılıklı düzenleniminin getireceği yeniliklere ilişkin açıklamalarda bulundu. Füzulov Yönetim Kurulu Başkanı Eyüp Akbal, "konut ve otomobil alımına yönelik tasarıma dayalı faizsiz finansman sisteminin, özellikle faiz hassasiyeti bulunan ya da banka kredisindeki ek faiz maliyetini yüklenmek istemeyen kesimler tarafından ilgi gördüğünü söyledi. Eyüp Akbal, bu alanda

FINANSAL KİRALAMADA SÖZLEŞME SAYISI YÜZDE 59 ARTTI

AKTİF BÜYÜKLÜĞÜ 80 MİLYAR ÖZAN
Finansal kiralama sektöründe sözleşme sayısı yüzde 59 arttı. FKB Başkanı Vekili Coşkun Çabuk, piyasada işlem hacminin 4 milyar dolar aşımının beklendiğini söyledi.

SEKTÖRE İLGI ARTACAK
Finansal kiralama sektöründe sözleşme sayısı yüzde 59 arttı. FKB Başkanı Vekili Coşkun Çabuk, piyasada işlem hacminin 4 milyar dolar aşımının beklendiğini söyledi.

EN BÜYÜK SORUN KAYITKAL MALİYETİ
Finansal kiralama sektöründe sözleşme sayısı yüzde 59 arttı. FKB Başkanı Vekili Coşkun Çabuk, piyasada işlem hacminin 4 milyar dolar aşımının beklendiğini söyledi.

İŞLEM HACMİNDE İŞ VE İNŞAAT SEKTÖRLERİ İLK SIRADA

Sektör	İşlem Hacmi (Milyon TL)
İnşaat	11.2
İşletme	10.8
Finans	10.5
Diğer	10.2
Toplam	42.7

ÖZKAYNAKLAR 14 MİLYAR GEÇTİ

Sektör	Özkaynaklar (Milyon TL)
İnşaat	11.2
İşletme	10.8
Finans	10.5
Diğer	10.2
Toplam	42.7

RESMİ GAZETE'DE DEĞİŞİKLİK

Finansal Kurumlar Birliği yeni ad ve statüde

Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği'nin adı Finansal Kurumlar Birliği olarak değiştirildi, birliğin statüsü yenilendi. Tasarruf finansman ve varlık yönetimi şirketleri de bünyesine girdi.

Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği'nin adı Finansal Kurumlar Birliği olarak değiştirildi, birliğin statüsü yenilendi. Tasarruf finansman ve varlık yönetimi şirketleri de bünyesine girdi.

Resmî Gazete'nin dünkü sayısında yayımlanan Cumhurbaşkanî kararlarıyla yapılan Finansal Kiralama, Faktoring ve Finansman Şirketleri Birliği statüsüne göre, Bankacılık Düzenleme ve Denetleme Kurulu'nun (BDDK), gözetim ve denetimine tabi kuruluşlardan birliğe üye olması BDDK tarafından uygun görülen şirketler arasında tasarruf finansman ve varlık yönetim şirketleri de eklendi.

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Yeni düzenlemeyle, statüye, "birlik veya sektör iştirak payı-

nu geciktirmiş şirketlerin Genel Kurulu toplantısında oy kullanamayacakları" yönünde hüküm ilave edildi. Düzenlemeye göre ayrıca, birliğin Yönetim Kurulu, her bir sektörden ayrı ayrı seçilmek üzere sektörlerinde en fazla oy alan beşer şirket yerine üçer şirketten oluşacak. Yönetim kurulu başkanının ilk seçim dönemi başkan seçilemeyeceğine yönelik hüküm statüden çıkarıldı.

'KKDF'nin kaldırılması leasing hacmini arttırır'

FİNANSAL Kurumlar Birliği (FKB) Başkanı Vekili, Leasing Sektörü Temsil Kurulu Başkanı ve Halk Leasing Genel Müdürü Coşkun Çabuk 2021 yılının ilk 9 ayında sektörün işlem hacminin yüzde 55 büyüdüğünü açıkladı. Sektöre ilgili dikkat çekici değerlendirmelerde bulunan Çabuk, sektörün en büyük sorunun kaynak maliyetlerine doğrudan yansıyan BSMV, KKDF gibi aracı maliyetleri olduğunu vurguladı. Çabuk, teşvikli işlemlerde sorumluluğun leasing firmaları üzerinde kalmaması, leasing gübelerinin bulunmadığı piyasalarda banka şubelerinden yararlanılmaması gibi sorunların halen yüzde 3.7 düzeyinde olan penetrasyon oranlarının yeterince arttırılmamasında en büyük etken olduğunu söyledi.



Coşkun Çabuk

4 milyar dolardan üzerine çıkmasını beklendiğini ifade etti.

YÜZDE 1 KDV AVANTAJI

Leasing yoluyla finansman sağlanamayan çok sayıda avantaj olduğunu da anlatan Çabuk, "İşletme sermayesini yatırıma ayırmak istemeyen müşterilerimiz her türlü orta ve uzun vadeli yatırımları leasing yani finansal kiralama yoluyla rahatlıkla yapabilirler. Kira ödemeleri isterirse esnek, isterirse sabit tutarlı olan leasing işlemlerinde faiz oranı dönem boyunca sabit kalmakta, satın alma sırasında yüzde 1 KDV avantajından yararlanılmaktadır" dedi. Finansal Kurumlar Birliği nezdinde tutulan Finansal Kiralama Sözleşme kayıt sisteminin finansal kiralama sözleşmelerinin tesvili konusunda başarıyla hizmet verdiğini aktaran FKB Başkanı

SEKTÖR 'YEŞİL' FONLARI ÇEKİYOR

DOVİZ kurundaki oynaklık, TL faizlerin görece daha cazip kalması nedeniyle son yıllarda leasing talebinin önemli bir bölümünün Türk Lirası işlemlere yöneldiğini belirten Çabuk, dış kaynak temini sırasında özellikle 3 yıldan kısa vadelerde anapara üzerinden KKDF ödenmek zorunda kalınması nedeniyle sektörün yabancı para fon temini sırasında kaynak maliyetinin bankalara göre yüksek kaldığını; buna rağmen sektör oyuncularının özellikle yeşil temali fonların yarıda getirilmesinde başarı kaydedtiğini ifade etti.

Vekili Coşkun Çabuk, katılım, yatırım ve kalkınma bankaları dahil toplam 34 kuruluşun finansal kiralama sözleşmelerini güvenli şekilde tesvil ettirdiklerini söyleyerek, tesvil sistemi ile artık sözleşmelerin noter marifetliyle düzenlenmesine gerek olmadığını dile getirdi. Çabuk ayrıca, finansal kiralamanın izleyen yıllarda daha fazla ilgi çekeceğini de ifade etti.

4 MİLYAR DOLARI AŞAR

Sektörün 3. çeyrek sonuçları hakkında bilgi veren Coşkun Çabuk, aktif büyüklüğü açısından FKB çatısı altındaki en büyük sektör olan finansal kiralama sektörünün salgın koşullarına rağmen 2021 yılının ilk 9 ayında önceki yılın aynı dönemine göre yeni işlem hacminde yüzde 55, aktif büyüklüğünde yüzde 14, leasing alacaklarında yüzde 11, özkaynaklarda yüzde 20, net karda ise yüzde 27 büyümeye kaydettiğini bildirdi. Bu dönemde, takipteki alacakların ise yüzde 9,6 oranında küçüldüğünü belirtti. Sektörde halen 22 şirketin, 116 şube ve 1212 uzman çalışanla 35 binin üzerinde aktif kobi ve kurumsal nitelikli müşteriye hizmet verdiğini belirten Coşkun Çabuk, 2021 yılının ilk 9 ayında sözleşme sayısının yüzde 59 artışla 14.259'a ulaştığını, yıl sonu itibarıyla işlem hacminin

Milyon TL	30.09.2021	30.09.2020	%	Bankacılık sektörü
İşlem hacmi	23.896	15.442	54.6%	
Aktif büyüklüğü	80.387	70.666	13.8%	17.4%
Leasing alacakları	63.738	57.274	11.3%	13.6%
Takipteki alacaklar	3.991	4.413	-9.6%	-1.5%
Özkaynaklar	14.081	11.746	19.9%	15.1%
Net kar	1.643	1.297	26.7%	22.7%
ROE	17.0%	15.9%	1.1%	12.4%
ROA	2.9%	2.7%	0.2%	1.2%

TALEP, OTOMOTİV DIŞI FİNANSMANA

HAREKET KÜÇÜK MONTANLIDA

2021, finansman şirketleri sektöründe yeni kurulan ve el değiştiren oyuncularla hareketli geçti. En son 2021'de Tom Finansman ve Vodafone Finansman kuruldu. İşlem hacminde yüzde 5'in üzerinde pay alan 7 şirket mevcut. Hepsil, işlem hacminin yüzde 90'ını gerçekleştiren otomotiv finansmanı tarafında çalışıyor. Koç Finans Genel Müdürü Yeşim Pınar Kitapçı, şirket sayısında bu yıl da artış bekliyor. Kitapçı, bu noktada "Dünyada şimdi AI Sonra Öde finans çözümlerinin ve bu iş modelinde çalışan finteklerin önemli bir pazar açtığını görüyoruz. Küçük montanlı alışverişlerin dijital çözümlerle zahmetsizce taksitlendirildiği iş modelinin ülkemizde de ilgi göreceğini, yeni finansman şirketlerinin daha çok bu alanı hedefleyeceğini düşünüyoruz. Yeni oyuncular daha çok e-ficaretin finansmanı ve otomotiv dışında acentelik veya mağaza ağları üzerinden satışların finansmanı alanında yoğunlaşacak" şeklinde konuştu.



TKBB ve FKB protokol imzaladı

Türkiye Katılım Bankaları Birliği (TKBB) ile Finansal Kurumlar Birliği (FKB) arasında veri paylaşımına ilişkin protokol imzalandı. Protokol kapsamında, KBFKS bulunan fon kullandırılmasına konu edinilen belge bilgileri ile MFKS bulunan alacak belge bilgilerinin çapraz kontrollerinin yapılması hedefleniyor.

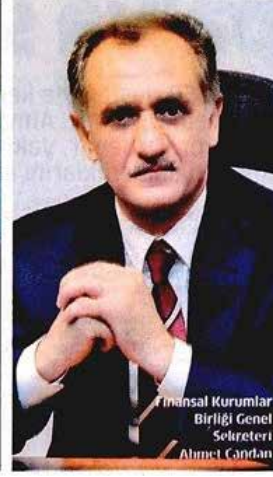
Türkiye'de bankaçılık ve finans sektöründe faaliyet gösteren ve katılım bankaçılığı adına çalışmalar yürüten ortaya koyduğu uygulamalar ile sektörün gelişimine katkı sunan Türkiye Katılım Bankaları Birliği (TKBB) ile Kobilerin finansmana erişimini kolaylaştırmak için çalışan ve finansal sistemin gelişmesi yönünde önemli bir misyon yüklenen Finansal Kurumlar Birliği (FKB) arasında veri paylaşımına ilişkin protokol imzalandı. Protokol kapsamında, Katılım Bankaları Fatura Kayıt Sistemi'nde (KBFKS) bulunan fon kullandırılmasına konu edinilen belge bilgileri ile Merkezi Fatura Kayıt Sistemi'nde (MFKS) bulunan alacak belge bilgilerinin elektronik ortamda paylaşılması ve çapraz kontrollerinin yapılması hedefleniyor.

ÜLKEMİZE KATKI SAĞLAYACAK

Finansal Kurumlar Birliği ile imzalanan protokol ile ilgili görüşlerini aktaran Türkiye Katılım Bankaları Birliği



Türkiye Katılım Bankaları Birliği Genel Sekreteri Osman Akyüz



Finansal Kurumlar Birliği Genel Sekreteri Ahmet Candan

1 milyon riskli işlem önlendi

Finansal Kurumlar Birliği Genel Sekreteri Ahmet Candan bu değerlendirmeyle bulundu. "Dijitalleşmenin ve finansmana erişimin her geçen gün daha da önem kazandığı bu dönemde, özellikle ticari alacakların hızlı ve güvenli olarak nakde çevrilmesini destekleyen dijital projeler geliştirmeye ve yeni iş birliklerine imza atmaya devam ediyoruz. Bu çerçevede, ilk olarak FKB çatısı altında 6361 sayılı Kanunun verdiği yetkiye dayanarak aynı ticari alacağın mükerrer temlik ve finansmanını önleyen Merkezi Fatura Kayıt Sistemi'ni 2015 yılında ülkemizin finans sisteminde kazandırdık. 24 bankanın da dahil olduğu toplam 78 finansal kuruluşun yer aldığı Merkezi Fatura Kayıt Sistemi'ne, kuruluştan itibaren 14 Temmuz

Factoring sektörü finansmanı sırladı

İŞLEM HACMI YÜZDE 36 ARTTI

Hem ulusal hem de uluslararası pazarlarda hacmini her geçen yıl artıran factoring sektörü, sağladığı alternatif çözümlerle özünün gücünü gösterirken destek oldu. Türkiye'de özellikle ihracatçıya sağlanan destekler, dış ticarete gerekçeleri yetersiz faktoring sektörünün rolü oynadı.

Factoring sektörü, ulusal ve uluslararası pazarlarda hacmini her geçen yıl artıran factoring sektörü, sağladığı alternatif çözümlerle özünün gücünü gösterirken destek oldu. Türkiye'de özellikle ihracatçıya sağlanan destekler, dış ticarete gerekçeleri yetersiz faktoring sektörünün rolü oynadı.

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Firmalar Turkcell'den kurumsal çözüm desteğini alırken, arka planda satış süreçlerine entegre çalışan Financell sayesinde tek adresten finansmanı da sağlama imkanı buluyorlar

gözetimlerinin hissedar adına performans takibinde, yabancı ortak JV yönetim kurullarında, operasyonun bizzat içinde uçtan uca finans yönetiminde, dönmeliler olarak bu görevlere layiheden bayi ağı, hukuk, tedarik zinciri yönetimi gibi farklı alanlarda yönetici olarak sorumluluklarını old. Son 4 yılda da Turkcell'de yine finans odaklı ve benden çok görev üstlendim.

Kısa süre zarfından geçerseniz, iş hayatımı 2000 yılında Federal Reserve Bank bünyesinde araştırma analisti olarak başladım. Benim için prestiji ve çok öğretici bir görevdi. 2 yıl sonra ailevi bir sebeple Türkiye'ye döndüm. Bu büyük bir karar; çünkü gıdada uluslararası ticaretle beraber 2001-2002 yılları Türkiye ekonomisinin çok sıkıntılı bir dönemiydi. Ben de neredeyse yüzde 100 garantili bir işten ayrılıp ülke dışına çıktım. Ama çeriye döndükten birkaç gün sonra ve ülkemizi tercih ederek doğru karar verdiğimi düşünüyorum. Ak Yatırım Menkul Değerler firmasında hisse analisti olarak çalışmaya başladım. Bir süre sonra, Grup'tan bir teklif aldım ve 2004-2013 yıllarında Sabancı



Hold'ing'de finans direktörü olarak çalıştım. Akabinde, 3 yıl boyunca Teknosoft CFO olarak çalıştım ve 2011-2015 yılları arasında CarrefourSA şirketinde Yönetim Kurulu üyeliği yaptım. Turkcell'deki görevime ise 2016'da Yatırım İlgileri ve Birleşme-RSHE Alınmalar Direktörü olarak başladım. Aralık 2018'den itibaren Hazine ve Sermaye Piyasaları Yönetimi Direktörü olarak çalıştım ve Temmuz 2020'den bu yana Turkcell Finansman A.Ş. Genel Müdürü ve YK Üyesi görevini sürdürüyorum. Tüm bu tecrübelerimden, yurt içinde ve dışında farklı kurumlarda çalışmak bana kapsamlı bir bakış açısıyla güçlü bir işişi ağı sağladı. Finansla ilgili ettiğim görevlerin yaptığımız veya planladığımız her işte ve kararda değer odaklı olmamı sağladığını,

Tam Finans'tan Çorum ve Malatya'da 2 yeni şube

Tam Finans, Temmuz ayından itibaren normalleşme sürecinin başlamasıyla yaygın şubeleşme stratejisini kaldığı yerden devam ettirerek Çorum ve Malatya'da 2 yeni şube açtığını duyurdu. Tam Finans Genel Müdürü Hakan Karamanlı, "Amacımız ticaretin güçlenerek devam etmesine katkıda bulunduğumuz gibi, bölge halkına da istihdam sağlamak" dedi.



Finansal Kurumlar Birliđi and Its Subsidiaries

Consolidated Financial Statements
As of and for the Year Ended
31 December 2021

With Independent Auditor's Report
*(Convenience Translation of Financial
Statements and Related Disclosures and
Footnotes Originally Issued in Turkish)*

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INDEPENDENT AUDITOR'S REPORT



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To the General Assembly of Finansal Kurumlar Birliği

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Finansal Kurumlar Birliği ("the Association") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (Including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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

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

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

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

Responsibilities of auditors in an audit are as follows:

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

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

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

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

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

B) Other Legal and Regulatory Requirements

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

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Tuba Sönmez, SMMM
Partner

31 March 2022
İstanbul, Turkey

Finansal Kurumlar Birliđi and Its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

		Current period Audited	Prior period Audited
	Notes	31 December 2021	31 December 2020
Assets			
Current assets			
Cash and cash equivalents	3	21,307,493	14,269,432
Trade receivables	5	519,045	541,821
Other receivables	6	1,320	168
Current tax assets	11	--	1,732
Other current assets	7	36,473	127,720
Total current assets		21,864,331	14,940,873
Non-current assets			
Subsidiaries	10	8,288,186	8,288,186
Property, plant and equipment	8	2,917,797	4,190,707
Intangible assets	9	2,051,750	2,031,991
Deferred tax asset	17	18,874	--
Other non-current assets		54,600	63,653
Total non-current assets		13,331,207	14,574,537
Total assets		35,195,538	29,515,410

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

Finansal Kurumlar Birliđi and Its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

		Current period Audited	Prior period Audited
	Notes	31 December 2021	31 December 2020
Liabilities and Equity			
Current liabilities			
Short term lease liabilities	4	1,211,983	1,253,118
Trade payables	12	884,318	819,964
Employment termination benefits obligations	14	544,215	556,064
Deferred income	16	3,156,817	3,537,500
Current provisions for employment termination benefits	15	405,929	309,329
Tax payables	17	92,318	147,096
Other current liabilities	13	110,358	120,699
Total current liabilities		6,405,938	6,743,770
Non-current liabilities			
Long term lease liabilities	4	1,930,211	3,163,802
Deferred tax liabilities	17	49,337	3,136
Provisions for long-term employee benefits	15	815,233	395,101
Total non-current liabilities		2,794,781	3,562,039
Total liabilities		9,200,719	10,305,039
Shareholders' equity			
Other accumulated expenses that will not be reclassified to profit or loss		(346,416)	(79,857)
- <i>Defined benefit plans re-measurement (losses)/gains</i>		(346,416)	(79,857)
Legal reserves		15,000	15,000
Retained earnings		19,274,458	15,216,527
Net profit for the period		7,051,777	4,057,931
Total equity		25,994,819	19,209,601
Total liabilities and shareholders' equity		35,195,538	29,515,410

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

Finansal Kurumlar Birliđi and Its Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 1 JANUARY - 31 DECEMBER 2021

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

		Current period Audited	Prior period Audited
	Notes	1 January - 31 December 2021	1 January - 31 December 2020
Profit or loss			
Sales	18	28,680,204	22,976,990
Cost of sales (-)	18	(8,206,923)	(6,195,870)
Gross profit		20,473,281	16,781,120
General administrative expenses (-)	19	(14,912,398)	(12,848,593)
Other operating income	20	73,615	19,130
Other operating expense (-)	20	(310,605)	(151,263)
Operating profit		5,323,893	3,800,394
Financial income	21	3,066,942	1,539,542
Financial expense (-)	22	(559,789)	(838,704)
Profit before tax from continuing operations		7,831,046	4,501,232
-Tax expense for the period	17	(746,523)	(443,728)
-Deferred tax income	17	(32,746)	427
Net period income		7,051,777	4,057,931
Other comprehensive income			
Items that will not be reclassified through profit or loss			
-Defined benefit plans actuarial gain/(loss)	15	(271,978)	79,821
-Deferred tax income/(expense)	17	5,419	(10,582)
Other comprehensive income/(expense), net		(266,559)	69,239
Total comprehensive income		6,785,218	4,127,170

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

Finansal Kurumlar Birliđi and Its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 1 JANUARY - 31 DECEMBER 2021

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

	Other comprehensive income and expenses not to be reclassified to profit or loss				
	Defined benefit plans remeasurement gains/(losses)	Legal reserves	Net Profit/ (Loss)	Retained Earning	Total shareholders' equity
Balance as of 1 January 2020	(149,096)	15,000	7,108,639	8,107,888	15,082,431
Transfers	--	--	(7,108,639)	7,108,639	--
Net profit for the period	--	--	4,057,931	--	4,057,931
Other comprehensive income/(expense)	69,239	--	--	--	69,239
Total comprehensive income	69,239	--	4,057,931	--	4,127,170
Balance as of 31 December 2020	(79,857)	15,000	4,057,931	15,216,527	19,209,601
Balance as of 1 January 2021	(79,857)	15,000	4,057,931	15,216,527	19,209,601
Transfers	--	--	(4,057,931)	4,057,931	--
Net profit/(loss) for the period	--	--	7,051,777	--	7,051,777
Other comprehensive income/(expense)	(266,559)	--	--	--	(266,559)
Total comprehensive income/ (expense)	(266,559)	--	7,051,777	--	6,785,218
Balance as of 31 December 2021	(346,416)	15,000	7,051,777	19,274,458	25,994,819

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

Finansal Kurumlar Birliđi and Its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 1 JANUARY - 31 DECEMBER 2021

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

		Current period Audited	Prior period Audited
	Notes	1 January- 31 December 2021	1 January- 31 December 2020
Cash flows from operating activities:			
Net profit for the year		7,051,777	4,057,931
Adjustments for the reconciliation of net profit and net cash gained from operating activities:			
Deferred cost participation shares	16	(380,683)	40,000
Depreciation and amortization	8,9	1,723,764	1,879,399
Tax adjustments	17	779,269	443,301
Provision for employment termination benefits	15	148,153	103,071
Provision for unused vacation liability	15	96,600	166,605
Provision for doubtful receivables	5	(12,000)	(213,930)
Interest income	21	(3,090,541)	(1,543,307)
Interest expense	22	115,280	188,604
Cash flows from operating activities before changes in working capital		6,431,619	5,121,674
Changes in trade receivables, other receivables	5	33,624	201,941
Changes in other current assets	7	85,178	(92,476)
Changes in other non current assets		9,053	(55,036)
Changes in trade payables	12	64,354	85,015
Changes in employee benefit obligations	14	(11,849)	22,135
Changes in other payables and other liabilities	13	(3,068)	66,719
Tax paid	17	(800,771)	(345,757)
Net cash used in operating activities		5,808,140	5,004,215
Cash flows from investing activities			
Acquisition of subsidiaries, associates and joint ventures	10	--	(8,288,186)
Interest received	21	3,005,836	1,458,164
Cash flow from property, plant and equipment and intangible asset purchase	8,9	(470,614)	(295,902)
Cash flows from investing activities		2,535,222	(7,125,924)
Net cash used in financing activities			
Acquisition related to financial lease contracts	4	(1,823,131)	(1,825,371)
Interests paid		433,125	620,700
Net cash used in financing activities		(1,390,006)	(1,204,671)
Net changes in cash and cash equivalents		6,953,356	(3,326,380)
Cash and cash equivalents at the beginning of the period	3	14,165,756	17,492,136
Cash and cash equivalents at the end of the period		21,119,112	14,165,756

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

Finansal Kurumlar Birliđi and Its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

1. THE GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

According to Article 40 of the Financial Leasing, Factoring and Financing Companies Law No. 6361, The Association is a professional organization that has a legal entity and is a public institution with publication of the Association Status ("Status") in the Official Gazette on 25 July 2013. In accordance with the relevant articles of Law No. 7292, which came into force after being published in the Official Gazette dated 7 March 2021, the name of Law No. 6361 was changed to "Financial Leasing, Factoring, Financing and Savings Financing Companies Law", and the title of the Association was changed to "Association of Financial Institutions".

With the General Assembly meeting held on 5 July 2019, the new term Board of Directors was elected for 3 years and took over. As a result of the amendment to Law No.7292, the Board of Directors will be elected for 2 years in the elections in 2022.

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

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

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

The Association and its subsidiaries together as "the Group" are operating in Turkey and located in Esentepe Mahallesi, Büyükdere Caddesi, Bahar Sokak, No:13 River Plaza Kat:18 Ofis No: 48-49 34394 Şişli, İstanbul, Türkiye. As of the balance sheet date, the number of personnel of the Group is 23 (31 December 2020: 20).

Subject of activity of the Association and its subsidiaries:

The Association is a professional institution 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 raise the competitiveness.

The association performs the following tasks to accomplish this aim:

- a) Create policies for the development of sectors and relevant professions and take decisions,
- b) Determine the professional principles and standards that companies have to comply,
- c) To provide the companies to work in the unity, dignity and discipline that the profession requires according to the needs of the economy, by determining the principles and ethics of the profession,
- d) Inform the companies about the decisions taken by relevant legislation and by the Agency and the measures,
- e) Take the necessary measures to protect the competitive environment,
- f) Represent the sectors in the country and abroad, to promote and to make efforts to enlighten the public on this issue,
- g) Transfer the information which is collected through the economy, the financial sector and domestic and international developments in their system by monitoring; to its members and relevant persons,

Finansal Kurumlar Birliđi and Its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

(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) Collect the companies'and sectors' unconfidential statistics and announce to public,
- l) Follow up the regulations related to the sectors and to publicize these regulations to companies,
- m) Identify the principles to be followed in advertisements and announcements of the companies under the relevant legislation
- n) Follow up the implementation of the decisions and measures and decide administrative penalty about the companies do not exactly comply with these totally and on time, within the context of the law,
- o) Organize seminars symposiums, conferences and such education programs on issues related to industry,
- p) Litigate about the common interests of the companies according to the Board of Directors' decision,
- q) Take the measures which are required to be taken by the Agency,
- r) Determine the principles and procedures related to the registration of lease contracts to the special registry, by taking the relevant opinion of the Board,
- s) Consolidate the information about the assigned receivables including the invoice information of the factoring companies and banks with approval of the Association under the consideration of the Risk Center, determine the procedures and principles about sharing the information.
- t) Impose disciplinary penalties in accordance with the law, relevant legislation and this Status and to make arrangements in this regard,
- u) Become a member or to participate as a shareholder in national or international financial, economic and professional institutions, organizations or partnerships within the framework of the relevant legislation,
- v) Represent the Association in institutions or organizations of which the Association is a member and a shareholder,
- w) Ensure the flow of information between the members and the Association, and vice versa, within the requested framework,
- x) Undertake activities to resolve the conflict between the parties by evaluating the complaints made about the members who have been submitted to the Association through all kinds of channels, including the complaints platform,
- y) Carry out other tasks given by the legislation.

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

- f) Providing revenue on books, magazines and all kind of publications related to Central Invoice Recording System,
- g) Generating income via other activities performed according to the regulations to be published in accordance with the Financial Leasing, Factoring and Financing Companies Law numbered 6361, Article 43 with the title Central Invoice Recording,
- h) Investing the revenue collected as a result of its financial activities, and depositing the revenue to the bank accounts that are deemed appropriate, being authorized for such actions,
- i) Acting as a private integrator within the scope of the Tax Procedure Law General Notification numbered 421,
- j) Providing electronic invoice storage services under the Tax Procedure Law General Notification numbered 416, 421 and 424,
- k) Providing "e-Archives" service under the Tax Procedure Law General Notification numbered 433,
- l) Manufacturing, developing, handling and reproducing software in every kind of physical and electronic atmosphere, trading of them and acting as a service provider for them which are electronic invoicing, electronic books, electronic invoice software derived from or an integrated part of mentioned software and the service packages consisting of this software,
- m) Producing services on internet, communication medium and all kinds of informatics and exporting, importing domestically trading every kind of computer hardware, software whilst obeying the legislation,
- n) Maintaining, repairing, modifying and leasing the mentioned hardware and software, performing activities for software development and licencing, importing, exporting and domestically trading the related hardware and software.
- o) Providing service for establishing and operating of computer systems,
- p) Organizing seminars, symposiums, conferences and such education and consulting services on issues related to the activities and services within the Factoring Commercial Enterprise, and generating income in return.

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

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

Finansal Kurumlar Birliđi and Its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

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

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

In order to meet the needs of the Financial Leasing Industry;

- g. Producing, developing, processing, reproducing, distributing, trading and providing services related to software products that are software or inseparable parts of them, and service packages created with these software and any other similar software;
- h. Producing services in the fields of informatics, communication, electronic communication environment, internet multimedia; to import, export and internal trade of all kinds of computer hardware, software, provided that they comply with the current legislation;
- i. Maintaining, repairing, modifying and leasing these hardware and software; to carry out all kinds of software development and licensing activities, to import, export and domestic sales;
- j. Providing installation and operation services of computer systems; being engaged in activities in all kinds of training and consultancy issues such as seminars, conferences, which may benefit the economic enterprise activities by contributing to the development of the leasing sector, related to all kinds of activities and services provided within the Financial Leasing Commercial Enterprise.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

A. Explanations on basis of presentation

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

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

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

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

Finansal Kurumlar Birliđi and Its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

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

Approval of consolidated financial statements:

The consolidated financial statements prepared related to the accounting period which end up on 31 December 2021 have been approved by the Management of the Group on 17 March 2020 and will be submitted for approval in the first General Assembly that will take place. In the framework of the legislation, the Group's authorized Boards and the regulatory institutions have the authority to alter the financial statements.

Functional and presentation currency

These consolidated financial statements are presented in TL which is the Group's functional currency. All financial information has been presented in TL at full term, except when otherwise indicated.

Comparative information and restatement of prior period financial statements

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

Netting/Offset

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

Basis of consolidation

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

Consolidated financial statements include the financial statements of the Association and its subsidiaries as of 31 December 2021. The balance sheet prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") of the subsidiaries has been consolidated with the Association's balance sheet.

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

- Field of activity of commercial enterprises, respectively are;
- To make the necessary investments for the establishment of related systems about registration process specified in articles 21 and 22 of the relevant law and operates in accordance,
- According to 'Central Invoice Recording' entitled under Article 43 at related law, to make required investments in order to establish the system that consolidate the information concerning the receivables (including invoice information) that are assigned to factoring companies and banks,

To expand and develop activities of the Financial Leasing, Factoring and Finance Companies in Turkey.

Finansal Kurumlar Birliđi and Its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

Commercial enterprises consolidated are as follows:

Title	Address (City/ Country)	Share Rate	Paid in Capital
Finansal Kurumlar Birliđi Finansal Kiralama İktisadi İşletmesi (Finansal Kiralama İktisadi İşletmesi)	Istanbul/Turkey	100%	100,000
Finansal Kurumlar Birliđi Ticaret Finansmanı İktisadi İşletmesi (Ticaret Finansmanı İktisadi İşletmesi)	Istanbul/Turkey	100%	100,000
Finansal Kurumlar Birliđi İktisadi İşletmesi (Birlik İktisadi İşletmesi)	Istanbul/Turkey	100%	105,000
Total			305,000

B. Summary of Significant Relevant Accounting Policies

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

Standards issued but not yet effective and not early adopted

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

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

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

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

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

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

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations. The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

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

Finansal Kurumlar Birliđi and Its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

Property, Plant and Equipment–Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment–Proceeds before Intended Use, which made amendments to TAS 16 Property, Plant and Equipment.

The amendments improve transparency and consistency by clarifying the accounting requirements–specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

Onerous Contracts–Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts–Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

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

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

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

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

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

The amendments include:

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

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

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

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to TAS 12 Income Taxes

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021. The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions - e.g. leases and decommissioning (disassembly, restitution, restoration, etc.) provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. The Group does not expect that application of these amendments to Amendments to TAS 12 will have significant impact on its consolidated financial statements.

Definition of Accounting Estimates (Amendments to TAS 8)

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

Developing an accounting estimate includes both:

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

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

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

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

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Disclosure of Accounting Policies (Amendments to TAS 1)

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

The key amendments to TAS 1 include:

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

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

Annual Improvements to TFRS Standards 2018-2020

Improvements to TFRSs

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

TFRS 1 First-time Adoption of Turkish Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of TFRS Standards later than its parent - i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

TFRS 9 Financial Instruments

This amendment clarifies that - for the purpose of performing the "10 per cent test" for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Amendments are effective on 1 January 2021

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

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

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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

Trade receivables and provision for doubtful receivables

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

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

c) Property, plant and equipment

Property, plant and equipment are carried at cost value excluding accumulated depreciation and impairment. Depreciation on the property, plant and equipment 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:

	Years
Furniture and fixtures	3-10
Leasehold improvements	4-5
Right-of-use	5

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

d) Intangible Assets

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

	Years
Rights	3-10

e) Employee benefits

Employment termination benefits

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

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

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

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

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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 that has been used over the years regarding the calculation as of 31 December 2021 and 31 December 2020. In line with a discount rate estimation for long-term inflation rate, the changing inflation rate has been used over the years.

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

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

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

Share of participation cost and entrance fee

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

The share of participation cost consist of the fees for the Association and sectoral costs in the budget and are determined by the Board of the Association and approved by the General Assembly.

Within the scope of "donations made on behalf of the Association or the sector", TL 5,000 was collected from the members in 2021 as a donation for the purchase of fire trucks.

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

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

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"). However, the Association has obligation on stamp duty for papers issued in relation with its transactions. The Association is in the scope of partial withholding application since the VAT General Application Communiqué is included in the de "specific buyer" class in the "2.1.3 Partial Deduction Application" section. The subsidiaries are subject to corporate tax at 25%.

While corporate earnings are subject to corporate tax at the rate of 20% in Turkey; in accordance with the regulation introduced by the Law No. 7316 on the "Procedure for Collection of Public Receivables and the Law Amending Some Laws", this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022.

In Turkey, the corporate tax rate is 25% as of 31 December 2021 (2020: 22%). The Corporate Tax rate for corporate earnings will be applied as 25% in taxation period of 2021, 23% in taxation period of 2022 and 20% for subsequent periods in accordance with the 11th article Law No. 7316 on Certain Amendments on the Law on the Collection of the Public Receivables and Certain Laws which entered into force by being published in the Official Gazette dated 22 April 2021 and numbered 31462 and the temporary article 13 added to the Corporate Tax Law No. 5520. This amendment will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021.

The temporary taxes are calculated and accrued quarterly in Turkey.

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

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

h) The Effects of Changes in Foreign Currency

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

i) Trade payables

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

j) Subsequent Events

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

k) Provisions and contingent assets and liabilities

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

l) Related parties

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

Certain party,

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

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

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

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3. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash	3,875	3,609
Bank		
- Demand deposits	12,072	147,226
- Time deposits	21,291,546	14,118,597
Total	21,307,493	14,269,432

As of 31 December 2021, the yearly weighted average interest rates of the TL deposits in the banks range between 6.50% and 18.00% (31 December 2020: 15.50% and 16.75%) and the accrued interest amount is TL 188,381 (31 December 2020: TL 103,676). The maturity dates of the TL deposits in the banks vary between 3 January 2022 and 31 January 2022 (4 January 2021 and 15 January 2021).

As of 31 December 2021 and 31 December 2020, cash and cash equivalents of the Group are presented by deducting interest accruals from cash and cash equivalents:

	31 December 2021	31 December 2020
Cash and cash equivalents	21,307,493	14,269,432
Less: Interest accruals	(188,381)	(103,676)
Cash and cash equivalents in the cash flow statement	21,119,112	14,165,756

4. LOANS AND BORROWINGS

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

	31 December 2021	31 December 2020
Short term borrowings		
Short term lease liabilities	1,211,983	1,253,118
Total short term borrowings	1,211,983	1,253,118
Long term borrowings		
Long term lease liabilities	1,930,211	3,163,802
Total long term borrowings	1,930,211	3,163,802

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

	31 December 2021	31 December 2020
Financial lease liabilities	3,142,194	4,416,920
Total	3,142,194	4,416,920

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Financial lease liabilities

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

	2021	2020
As of 1 January	4,416,920	--
Contract made during the period	--	5,491,987
Lease liabilities paid during the period	(1,823,131)	(1,825,371)
Interest expense during the period	548,405	750,304
As of 31 December	3,142,194	4,416,920

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

The Lease Agreement covers 5 years from 1 January 2019 to 1 January 2024 and there is a right of termination with the condition of giving 4 months notice. Calculations for the remaining 2 years by the end of 31.12.2021 have been added to the reporting.

5. TRADE RECEIVABLES

	31 December 2021	31 December 2020
Receivables	412,282	168,365
Receivables from registration process (*)	106,763	175,529
Receivables from members	--	197,927
Doubtful trade receivables(**)	801,982	766,382
Provision for doubtful receivables	(801,982)	(766,382)
Total	519,045	541,821

(*) One of the entities subject to consolidation "Finansal Kiralama İktisadi İşletmesi", performs registration of domestic and foreign leasing contracts. As a result of cooperation with "Merkezi Kayıt Kuruluşu", registration process of leasing contracts are started being executed by "Finansal Kiralama İktisadi İşletmesi" since 9 February 2015.

(**) Receivables from members have allocated 100% provision in 2021 for receivables of TL 35,600 from Atak factoring (31 Aralık 2020: Receivables from members; Atak Faktoring: TL 213,930).

Provision for doubtful receivables as of 2021 is as follows:

	2021	2020
Opening balance, 1 January	(766,382)	(552,452)
Provision on the current period	(35,600)	(213,930)
Closing balance, 31 December	(801,982)	(766,382)

6. OTHER RECEIVABLES

As of 31 December 2021, other receivables of the group is TL 1,320, which is contain receivables from tax office (31 December 2020: TL 168).

7. OTHER CURRENT ASSETS

	31 December 2021	31 December 2020
Prepaid insurance policies, subscription and information processing leasing	35,693	115,749
Advances given	--	11,416
Deferred VAT	250	555
Other	530	--
Total	36,473	127,720

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8. PROPERTY, PLANT AND EQUIPMENT

Movements in tangible assets between 1 January - 31 December 2021 are as follows:

Property, plant and equipment	Furniture and fixtures	Leasehold improvement	Rights of use assets ^(*)	Total
Cost				
Opening balance, 1 January 2021	872,342	1,420,231	5,491,987	7,784,560
Additions	304,040	--	--	304,040
Disposals (-)	--	--	--	--
Closing balance as of 31 December 2021	1,176,382	1,420,231	5,491,987	8,088,600
Accumulated depreciation				
Opening balance, 1 January 2021	(638,790)	(1,420,231)	(1,534,832)	(3,593,853)
Charge for the period	(177,228)	-	(1,399,722)	(1,576,950)
Closing balance as of 31 December 2021	(816,018)	(1,420,231)	(2,934,554)	(5,170,803)
Net book value	360,364	-	2,557,433	2,917,797

Movements in property, plant and equipment between 1 January - 31 December 2020 are as follows:

Property, plant and equipment	Furniture and fixtures	Leasehold improvement	Rights-of-use assets ^(*)	Total
Cost				
Opening balance, 1 January 2020	769,899	1,420,231	--	2,190,130
Additions	102,443	--	5,491,987	5,594,430
Disposals (-)	--	--	--	--
Closing balance as of 31 December 2020	872,342	1,420,231	5,491,987	7,784,560
Accumulated depreciation				
Opening balance, 1 January 2020	(539,693)	(1,420,184)	--	(1,959,877)
Charge for the period	(99,097)	(47)	(1,534,832)	(1,633,976)
Closing balance as of 31 December 2020	(638,790)	(1,420,231)	(1,534,832)	(3,593,853)
Net book value	233,552	--	3,957,155	4,190,707

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

As of 31 December 2021, there is no pledge or blockage (31 December 2020: None). Depreciation expenses are reflected in General Administrative Expenses and Costs of Sales accounts.

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9. INTANGIBLE ASSETS

Movements in intangible assets between 1 January - 31 December 2021 are as follows:

	Rights	Other intangible assets	Total
Cost			
Opening balance, 1 January 2021	3,016,700	50,000	3,066,700
Additions	157,573	9,000	166,573
Closing balance as of 31 December 2021	3,174,273	59,000	3,233,273
Accumulated depreciation			
Opening balance, 1 January 2021	(989,709)	(45,000)	(1,034,709)
Charge for the period	(139,987)	(6,827)	(146,814)
Closing balance as of 31 December 2021	(1,129,696)	(51,827)	(1,181,523)
Net book value	2,044,577	7,173	2,051,750

Movements in intangible assets between 1 January - 31 December 2020 are as follows:

	Rights	Other intangible assets	Total
Cost			
Opening balance, 1 January 2020	2,823,241	50,000	2,873,241
Additions	193,459	--	193,459
Closing balance as of 31 December 2020	3,016,700	50,000	3,066,700
Accumulated depreciation			
Opening balance, 1 January 2020	(754,286)	(35,000)	(789,286)
Charge for the period	(235,423)	(10,000)	(245,423)
Closing balance as of 31 December 2020	(989,709)	(45,000)	(1,034,709)
Net book value	2,026,991	5,000	2,031,991

As of 31 December 2021, there is no pledge or blockage (31 December 2020: None) Amortisation expenses are reflected in General Administrative Expenses and Costs of Sales accounts.

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10. SUBSIDIARIES AND ASSOCIATES

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

Nature of economic enterprises respectively;

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

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

Title	Address (City/Country)	31 December 2021		31 December 2020	
		Share Rate	Paid-in Capital	Share Rate	Paid-in Capital
JCR Avrasya Derecelendirme A.Ş. ^(*)	İstanbul/Turkey	6%	5,788,186	6%	5,788,186
Birleşik İpotek Finansmanı A.Ş. ^(**)	İstanbul/Turkey	5%	2,500,000	5%	2,500,000
Total			8,288,186		8,288,186

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

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

11. CURRENT PERIOD TAX ASSETS

As of 31 December 2021, the Group does not have balance in taxable income account (31 December 2020: TL 1,732).

12. TRADE PAYABLES

	31 December 2021	31 December 2020
Trade payables to non-related parties ^(*)	884,318	819,964
Total	884,318	819,964

^(*) As of 31 December 2021, the Group has TL 355,438 part, classified under other payables, consists of debts sourcing from contracts concluded in scope of realization of system and infrastructure establishment which shall be used by the software developed towards aggregation, recording, inquiring and reporting of invoice information and other information and/or documents related to receivables transferred in scope of the Law by factoring companies and banks in scope of contracts made with Kredi Kayıt Bürosu (31 December 2020: Kredi Kayıt Bürosu; TL 310,077).

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

13. OTHER CURRENT LIABILITIES

Other current liabilities consist of taxes and funds payable amounting to TL 82,956, reverse charge VAT amounting to TL 23,021 and other liabilities amounting to TL 4,381. (31 December 2020: taxes and funds payable amounting to TL 48,113, reverse charge VAT amounting to TL 28,262, accruals of expenses amounting to TL 32,706, order advances amounting to TL 6,488 and other liabilities amounting to TL 5,130).

14. PAYABLES RELATED TO EMPLOYEE BENEFITS

Debts amounting to TL 544,215 related to employee benefits consist of payables to personnel, Social Security deductions and taxes to be paid (31 December 2020: TL 556,064).

15. EMPLOYEE BENEFITS

Provision for severance pay

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

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

The reserve has been calculated by estimating the present value of future probable obligation of the Group arising from the retirement of the employees. According to TAS 19 "Employee Benefits", the Group is required to utilize actuarial valuation methods to estimate the provision for employee termination benefits. As such, the actuarial assumptions used in the calculation of total liabilities are presented in the table below. The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2021 and 2020 the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

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

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

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

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

	31 December 2021	31 December 2020
Provision for severance pay	815,233	395,101
	815,233	395,101

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

	2021	2020
Opening balance (1 January)	395,101	371,851
Interest cost	50,003	36,765
Service cost	98,151	66,306
Actuarial loss/gain	271,978	(79,821)
Closing balance (31 December)	815,233	395,101

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

	31 December 2021	31 December 2020
Opening balance (1 January)	309,329	142,724
Provision allocated during the period	96,600	166,605
Provision for unused vacation liability (reversal)	--	--
Closing balance (31 December)	405,929	309,329

16. DEFERRED INCOME

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

Finansal Kurumlar Birliđi and Its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

17. CURRENT PERIOD TAX ASSETS AND LIABILITIES

Corporate Tax

The Group/Subsidiary is subject to the tax legislation and practices in force in Turkey. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month.

In Turkey, the corporate tax rate is 25% as of 31 December 2021 (2020: 22%). The Corporate Tax rate for corporate earnings will be applied as 25% in taxation period of 2021, 23% in taxation period of 2022 and 20% for subsequent periods in accordance with the 11th article Law No. 7316 on Certain Amendments on the Law on the Collection of the Public Receivables and Certain Laws which entered into force by being published in the Official Gazette dated 22 April 2021 and numbered 31462 and the temporary article 13 added to the Corporate Tax Law No. 5520. This amendment will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021.

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

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%.

Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not appropriated or added to the capital, income tax is not calculated.

Dividend earnings of corporations from participation in the capital of another corporation having full obligation (except for participation certificates of mutual funds and dividends obtained from shares of investment partnerships) are exempt from corporate tax. In addition, 75 percent of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the deed of foundation, usufruct shares and pre-emptive rights of the real estates (immovables) owned for the same period of time are exempt from corporate tax as of 31 December 2021. However, with the amendment made with Law No. 7061, this rate has been reduced from 75 percent to 50 percent in terms of immovables and this rate will be used as 50 percent in tax returns to be prepared as of 2018.

In order to benefit from the exemption, the aforementioned income must be kept in a fund account in liabilities and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

Transfer pricing regulations

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

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

For the years ended 31 December 2021, income tax expense comprised the following:

	2021	2020
Tax Expense:		
Current tax expense	(746,523)	(443,728)
Deferred tax income:		
Temporary differences from deferred tax income	(32,746)	427
Total tax expense	(779,269)	(443,301)

Movements of the tax payable for the years ended 31 December is as follows:

	31 December 2021	31 December 2020
Corporate tax provision	746,523	443,728
Less: Prepaid taxes	(654,205)	(298,364)
Current tax liability	92,318	145,364

Reconciliation of effective tax rate

The total taxation credit is different than the amount computed by applying the statutory tax rate to loss before tax as shown in the following reconciliation for the years ended 31 December:

The reconciliation of the tax income/(expense) for the period with the profit for the period is as follows:

	2021		2020	
	%	Amount	%	Amount
Reported profit/(loss) for the year		7,051,777		4,057,931
Total income tax (expense)/income		(779,269)		(443,301)
Reported profit before income tax		7,831,046		4,501,232
Income tax using the Group's domestic tax rate	(0.25)	(1,957,763)	(0.22)	(990,874)
Tax-free income	0.16	1,252,994	0.13	557,738
Effect of non-deductible expenses	(0.10)	(86,034)	(0.00)	(11,560)
Carryforward tax losses which is not recognized as deferred tax	--	14,777	--	--
Effect of additional discounts	0.00	(11,437)	0.00	16,910
Other	(0.00)	8,194	(0.00)	(15,515)
Income tax expense	(0.09)	(779,269)	(0.09)	(443,301)

Deferred tax is calculated over the temporary differences between the recorded values of assets and liabilities in the financial statements and the values used in the tax base, excluding the assets and liabilities differences recorded for the first time, which are not subject to tax deduction and are not subject to accounting and taxation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

Recognized deferred tax assets and liabilities

As of 31 December 2021, deferred tax assets and deferred tax liabilities comprise the following items:

	31 December 2021		
	Assets	Liabilities	Total
Financial lease liabilities	12,812	--	12,812
Depreciation adjustment of PPE and intangible assets	--	(103,722)	(103,722)
Provision for employment termination benefits	35,551	--	35,551
Provision for unused leave	24,896	--	24,896
Total deferred tax asset and (liability), (net)	73,259	(103,722)	(30,463)

	31 December 2020		
	Assets	Liabilities	Total
Financial lease liabilities	8,523	--	8,523
Depreciation adjustment of PPE and intangible assets	--	(50,122)	(15,706)
Provision for employment termination benefits	17,426	--	17,426
Provision for unused leave	9,215	--	9,215
Financial loss	11,822	--	11,822
Total deferred tax asset and (liability), (net)	46,986	(50,122)	3,136

Movements of the deferred tax for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Opening balance	(3,136)	7,019
Recognized in the income statement	(32,746)	427
Accounted for in equity	5,419	(10,582)
Closing balance	(30,463)	(3,136)

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

18. SALES AND COST OF SALES

	1 January - 31 December 2021	1 January - 31 December 2020
"MFKS", "TZFS" and private integrator income (*)	7,803,311	5,528,450
Association expense contributions	5,677,633	7,001,667
Association entrance fee	5,260,000	--
Domestic registration fee income	4,698,200	4,402,050
Financing company expense contribution	1,130,000	1,175,000
Asset management company expense contributions	1,076,667	--
Financial leasing expense contribution	1,056,833	1,322,500
Factoring company expense contributions	1,004,000	1,104,667
Other income	555,000	--
Education income	388,060	85,000
Foreign registration fee income	30,500	31,000
Association additional expense contributions	--	2,006,099
Leasing software project revenue	--	322,007
Total	28,680,204	22,978,440
Sales returns (-)	--	(1,450)
Net sales	28,680,204	22,976,990
Cost of sales (-)	(8,206,923)	(6,195,870)
Gross profit	20,473,281	16,781,120

(*) "MFKS" revenues as Central Invoice Recording, and "TZFS" revenues as Trade Chain Finance Expense.

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

19. GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	9,588,284	8,509,989
Depreciation and amortization expenses	1,514,967	1,545,701
Donation and aid expenses (*)	1,080,000	500,300
Consultancy and audit expenses	752,383	894,526
Outsourced benefits and services	478,332	368,320
Conference and organization expenses	450,398	122,811
General office expenses	304,383	269,272
Membership fees (**)	170,226	137,993
Promotion and advertising expenses	165,722	102,745
Representation and hospitality expenses	118,579	100,557
Other expenses	89,773	67,774
Banks' withholding deductions	82,556	116,615
Accounting costs	53,499	45,336
Ad design expense	39,983	2,800
Stamp tax	15,112	41,796
Travel expenses	8,201	19,058
Conference expense (FCL, etc.)	--	3,000
Total	14,912,398	12,848,593

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

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

20. OTHER OPERATIONAL EXPENSES

The details of the Association's other operating income for the accounting periods 1 January - 31 December 2021 and 1 January - 31 December 2020 are as follows:

	1 Ocak - 31 Aralık 2021	1 Ocak - 31 Aralık 2020
Other (*)	73,615	19,130
Total	73,615	19,130

(*) Includes stamp duty reflection, disability benefits and various other income.

The details of the other operating expenses of the Association for the accounting periods 1 January - 31 December 2021 and 1 January - 31 December 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Provision expense	35,600	151,263
Other expense (*)	275,005	--
Total	310,605	151,263

(*) Consists of expenses that are non-deductible (Fire truck donation).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

21. FINANCIAL INCOME

Financial income consists of interest income from deposits amounting to TL 3,059,659 that consists of interest accrual income amounting to TL 188,381 (31 December 2020: TL 1,520,729 interest income includes interest accrual income amounting to TL 103,676).

In addition, as of 31 December 2021, financial income includes exchange profit amount to TL 7,283 (31 December 2020: TL 18,813).

22. FINANCIAL EXPENSE

Financial expenses consist of commission (bank expenses) expenses amounting to TL 4,211, foreign exchange difference expenses amounting to TL 7,171, liabilities from office leasing activities amounting to TL 490,765 and interest expenses amounting to TL 57,642 (31 December 2020: commission expenses amounting to TL 1.212 (bank expenses), foreign exchange difference expenses amounting to TL 19,481, JCR share purchase interest expense amounting to TL 65,265, liabilities from office leasing activities amounting to TL 750,304 and interest expenses amounting to TL 2.442).

23. RELATED PARTY TRANSACTIONS

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

There are no compensations to key management personnel as of 31 December 2021 and 2020.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Risk management objectives and principles

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

Credit risk

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

Finansal Kurumlar Birliđi and Its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

As of 31 December 2021	Other Receivables	Trade Receivables	Deposits at bank	Financial investments
Maximum exposure to credit risk at the reporting date (A+B+C+D+E) ⁽¹⁾	1,320	519,045	21,303,618	--
- 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	1,320	519,045	21,303,618	--
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)	--	801,982	--	--
- Impairment (-)	--	(801,982)	--	--
- The part of net values under guarantee with collateral	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--
- Impairment (-)	--	--	--	--
- The part of net values under guarantee with collateral	--	--	--	--
E. Off-balance sheet items with credit risk	--	--	--	--

As of 31 December 2020	Other Receivables	Trade Receivables	Deposits at bank	Financial investments
Maximum exposure to credit risk at the reporting date (A+B+C+D+E) ⁽¹⁾	168	541,821	14,265,823	--
- 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	168	541,821	14,265,823	--
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)	--	766,382	--	--
- Impairment (-)	--	(766,382)	--	--
- 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	--	--	--	--

Finansal Kurumlar Birliđi and Its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

Liquidity risk

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

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

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

31 December 2021

Maturities in accordance with agreement	Book values	Total cash outflow in accordance with agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial liabilities					
Financial lease liabilities	3,142,194	3,713,985	369,384	1,223,968	2,120,633
Trade payables	884,318	884,318	884,318	--	--
Total	4,026,512	4,598,303	1,253,702	1,223,968	2,120,633

31 December 2020

Maturities in accordance with agreement	Book values	Total cash outflow in accordance with agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial liabilities					
Financial lease liabilities	4,416,920	5,472,006	425,958	1,395,305	3,650,743
Trade payables	819,964	819,964	819,964	--	--
Total	5,236,884	6,291,970	1,245,922	1,395,305	3,650,743

Interest rate risk

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

Foreign currency risk

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

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

None.

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

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

	31 December 2021	31 December 2020
Independent audit fees in the reporting period	96,000	85,000
Total	96,000	85,000

27. SUBSEQUENT EVENTS FOLLOWING THE BALANCE SHEET DATE

None.

Individual independent audit reports of our Institution and Commercial Enterprises are available on our website and can be accessed via the link below:
<https://www.fkb.org.tr/reports-and-publications/reports/members-audit-reports/>



www.fkb.org.tr

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