

KKB

ANNUAL

REPORT

2017



**ESTABLISHED IN PARTNERSHIP
WITH NINE LEADING BANKS IN
THE INDUSTRY, KREDİ KAYIT
BÜROSU (KKB) CONTINUES TO
ADD VALUE TO LIFE VIA RISK
MANAGEMENT.**

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WHO ARE WE?

**KKB OFFERS THE SERVICES
REQUIRED BY FINANCIAL
SECTOR COMPANIES AS WELL
AS THE REAL SECTOR TO
CONDUCT APPROPRIATE RISK
MANAGEMENT.**

KKB
KREDİ KAYIT BÜROSU

01. ABOUT KKB

Accounting Period of Report
01.01.2017 – 31.12.2017

Trade Name
KKB Kredi Kayıt Bürosu A.Ş.

Trade Registration Number
329148-276730

MERSİS Number
0564-0004-2270-0011

Address
Barbaros Mah. Ardiç Sok. Varyap
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Call Center
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Kredi Kayıt Bürosu (KKB) was founded on April 11, 1995 as a partnership between nine leading banks. As of year-end 2017, KKB, a highly regarded financial institution, had 156 members: 44 banks, 61 factoring, 23 leasing, four insurance, 14 consumer finance, seven asset management companies and three other types of companies. As required by Banking Law No: 5411 (Article 73/4), KKB was established by at least five banks to facilitate the exchange of information and documents between financial institutions. Under the same article, corporate members have been sharing customers' credit information since April 1999.

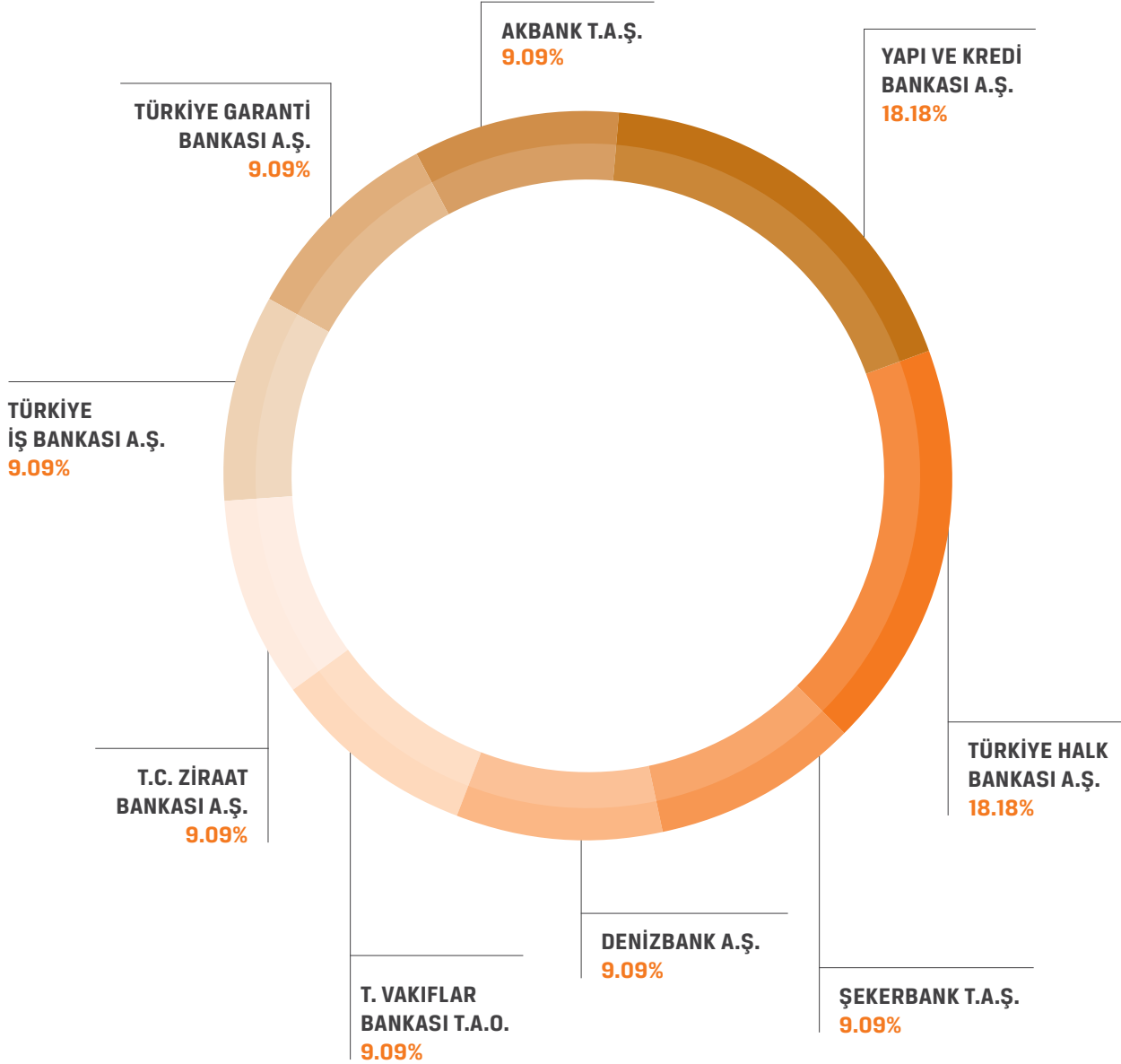
With Law No. 6111 issued on February 25, 2011, Additional Article 1 and Provisional Article 28 were added to Banking Law No. 5411. Pursuant to Additional Article 1, a Risk Center has been established within the organization of the Banks Association of Turkey (TBB) to collect the risk data of customers of credit institutions and any financial institutions deemed appropriate by the Banking Regulation and Supervision Agency and to share such data with the referenced institutions and with the customers themselves, or with any private legal entities and third real people if consent has been given by the custo-

mers. Upon transfer of the Risk Centralization Center within the organization of the Central Bank of Turkey, the Risk Center of the Banks Association of Turkey started up operations on 28 June 2013. KKB conducted all operational and technical activities through its own organization as an agency of the Risk Center of TBB and providing data collection and sharing services to 177 financial institutions which are members of the Risk Center.

KKB offers its services not only to financial institutions, but also to individuals and the real sector through "Cheque Report" and "Risk Report" systems launched in January 2013. In September 2014, KKB gathered its services aimed at individual customers and the real sector under the umbrella of Findeks, the consumer service platform of KKB. In addition to developing new products and services during the year, KKB continued to create added value for the banking-finance industry primarily, as well as the real sector, through partnerships across different industries. Ultimately, through the QR Code Cheque System – launched by KKB in 2015, became mandatory by law in 2016, and entered into force as of January 1, 2017 – an important step was taken for a more transparent and secure commercial transactions.

RELIABLE PARTNERSHIP IN FINANCIAL RISK MANAGEMENT

02. SHAREHOLDING STRUCTURE



Kredi Kayıt Bürosu (KKB) was established on April 11, 1995 with the participation of nine leading banks.

03. VISION, MISSION AND STRATEGIES

Vision

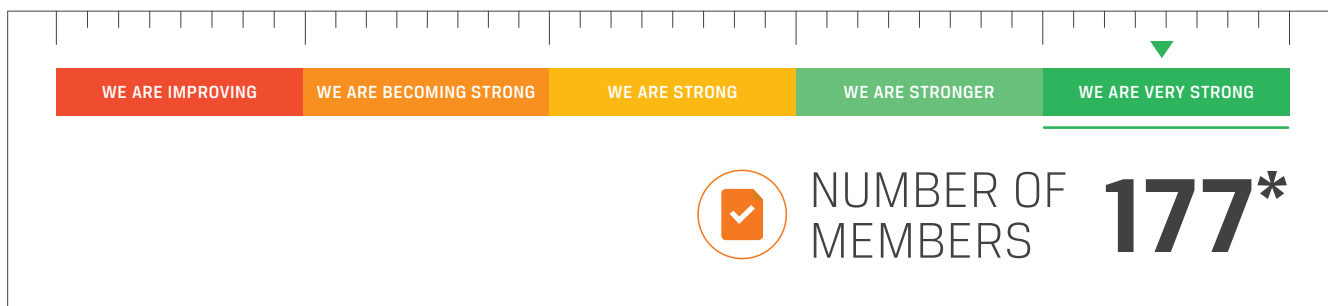
TO BECOME AN EXEMPLARY, LEADING CREDIT BUREAU IN THE WORLD AND A GROWING ASSET FOR TURKEY, BY EXCEEDING EXPECTATIONS WITH INNOVATIVE PRODUCTS AND SERVICES.

Mission

TO OFFER THE INFORMATION AND TECHNOLOGY THAT MEETS THE FINANCIAL NEEDS OF THE FINANCIAL INDUSTRY AND THE REAL SECTOR, IN THE BEST WAY, TO INCREASE THE OPERATIONAL EFFICIENCY OF THE INSTITUTIONS IT SERVES.

Strategies

- TO ENSURE THE ENRICHMENT OF THE EXISTING DATABASE BY BETTER MANAGING CUSTOMER RISK WITH VALUE ADDED PRODUCTS AND SERVICES, WHICH WE PROVIDE TO THE RISK CENTER (RC) OF THE BANKS ASSOCIATION OF TURKEY (TBB) AT THE HIGHEST SECURITY STANDARDS AND SERVICE LEVEL,
 - TO DEVELOP ANALYTICAL MODELS BASED ON DATA RICHNESS WITH THE "BIG DATA" CONCEPT AND TO MEET THE EFFECTIVE RISK MANAGEMENT NEEDS OF A DIVERSE RANGE OF INDUSTRIES,
 - TO INCREASE THE AWARENESS OF RECEIVABLE RISK MANAGEMENT AND FINANCIAL LITERACY BY DEVELOPING PRODUCTS AND SERVICES FOR THE REAL SECTOR AND INDIVIDUALS,
 - TO CONTRIBUTE TO DOMESTIC R&D ACTIVITIES THAT SUPPORT SERVICE DIVERSITY OFFERED THROUGH CLOUD COMPUTING AND THE CLOUD,
 - TO COOPERATE WITH COMPANIES THAT PRODUCE TECHNOLOGY AND TO RAISE AWARENESS BY
- REDUCING THE REAL SECTOR'S COSTS OF ACCESSING INFORMATION TECHNOLOGIES,
 - TO PROVIDE COMPREHENSIVE REPORT AND MACRO-ECONOMIC INDICATOR SERVICES ON THE ECONOMIC/FINANCIAL OUTLOOK AND DIRECTION ON BEHALF OF THE MEMBER ORGANIZATIONS OF THE KKB AND THE RISK CENTER,
 - TO PROVIDE OPERATIONAL EFFICIENCY AND COST ADVANTAGES BY CENTRALIZING TRANSACTIONS REALIZED BY DIFFERENT INSTITUTIONS,
 - TO EFFECTIVELY ANALYZE THE NEEDS THAT MAY ARISE IN DIFFERENT INDUSTRIES AND PROVIDE APPROPRIATE SOLUTIONS,
 - TO BENEFIT THE SOCIETY AND THE ENVIRONMENT WITH CORPORATE SOCIAL RESPONSIBILITY PROJECTS, AND RAISE SOCIETY'S AWARENESS ON THE SUBJECT MATTER,
 - TO BE AN INSTITUTION COMMITTED TO DELIVERING A HIGH LEVEL OF EMPLOYEE SATISFACTION, MAINTAINING A STRONG CORPORATE STRUCTURE AND UPHOLDING THE PRINCIPLE OF EQUALITY.



*KKB has 156 members, including members served through the Risk Center.

04. MILESTONES

QR CODE CHEQUE IMPLEMENTATION BECAME COMPULSORY AS OF JANUARY 1, 2017.

1995

- › KKB was established on April 11.

1999

- › The Credit Reference System (CRS) launched in April.
- › With an amendment to the Banking Law on December 17, 1999, in addition to companies such as banks, insurance providers and consumer finance companies, other corporate enterprises deemed appropriate by the Banking Regulation and Supervision Agency (BRSA) are allowed to become members of KKB.

2000

- › The Customer Objections Handling System (MIDES) launched in April and SABAS went into operation in September.
- › In November, MIDES migrated to an electronic platform, making it possible to reply to a customer's dispute within two hours maximum.

2001

- › Credit Account Records as well as Credit Application Records launched in June.

2002

- › The Information Verification System (IVS) went into service.

2004

- › Individual Credit Score (ICS) was introduced.

2005

- › The Commercial Bureau System was put into use for members in June.

2006

- › MIDES, Information Verification and the Emergency Update System were converted into an online, interactive information exchange platform.
- › The Limit Control System (LCS) launched pursuant to Article 9 of the Debit Cards and Credit Cards Law.

2007

- › The Internet Frauds Alarm System (IFAS) launched in February

2008

- › With the addition of the data from Mortgaged Real Estate, Persons Banned from Participation in Tenders, and Bounced Cheques to the Corporate Bureau System (CBS), the database was enriched.
- › The technical infrastructure of SABAS was improved and integrated with the KKB system.

2009

- › The Bounced Cheque Query System launched for inquiry of bounced cheque data, which are shared with the members on a daily basis.

2012

- › Undergoing a period of rapid transformation, KKB set out to create a system for the real sector, similar to the closed-circuit system between banks.
- › In parallel with the modified vision and needs, the organizational structure was revamped, and new corporate identity work was completed.
- › Concrete steps were taken to launch the Risk Center. Risk and Cheque Reports were introduced and the E-Reporting System, enabling electronic report requests and delivery, went into service.

2013

- › E-Reporting System launched.
- › Commercial Credit Rating (CCR) launched.
- › Credit Rating and Cheque Index started to be provided together with the Cheque and Risk Reports.
- › E-Newsletter started to be sent to KKB members regularly.
- › GeoMIS, the map-based reporting service, was made available to CRS-member institutions.
- › TARDES and GeoMIS websites went live.
- › Data quality rose from 80% to 90% with the support of member institutions.
- › Personal Credit Rating (PCR) was opened for use with an upgraded fourth version.
- › Following the agreement executed between the Banks Association of Turkey (TBB) and KKB, work on the Risk Center commenced. All infrastructure and operation related works were undertaken by KKB.
- › The website www.kkb.com.tr was refreshed.

2014

- › The Findeks brand was introduced and www.findeks.com launched. Findeks was introduced to the press. A 360-degree communications campaign commenced.
- › The first corporate social responsibility project, "You Imagine, We Realize," organized by KKB for all university students in Turkey, started. The www.hayaledingerceklestirelim.com website launched.
- › GeoMIS, the map-based reporting system, was presented with the "Oracle 2014 Innovator Excellence" award.
- › Cheque Status Inquiry launched.
- › The Household Database and Trade Registry Sharing System (TRSS) launched.
- › The Loans Analysis Portal went live.
- › The Address Processing System launched.
- › Letter of Guarantee Status Inquiry (LGSİ) launched.

2015

- › The Findeks QR Code Cheque System launched in collaboration with the Banks Association of Turkey.
- › The National Fraud Detection and Prevention Service launched.
- › The Factoring Invoice Pool was created.
- › Ground was broken on the Data Center, which will be built in Ankara.
- › The Cross Cheque Inquiry Application launched.
- › IBAN Verification Service launched.
- › The daily sharing system went into service.
- › The Real Sector Credit Assessment System, designed in collaboration with the Auto Leasing and Rental Companies Association (TOKKDER) for the vehicle rental and leasing sector, launched.
- › The second edition of the social responsibility project ideas competition, "You Imagine, We Realize," was held.

2016

- › QR Code Cheque was enacted on August 9, 2016 with the announcement in Official Gazette numbered 29796.
- › The construction and infrastructure of the Anadolu Data Center located in Ankara was completed.
- › Cheque Analysis Portal was launched.
- › Limit Control System (LCS) Customer Objection Assessment System (COAS) application was put into service.
- › KKB Unknown Number service was launched.
- › Collection Scores were introduced.
- › Inclination Scores were rolled out.
- › Commercial Credit Rating (CCR) Version 2 was put into service.
- › Total number of annual transactions exceeded 1 billion.
- › The social responsibility project competition "You Imagine, We Realize" was held for the third time.

2017

- › **QR Code Cheque implementation became compulsory as of January 1, 2017.**
- › **KKB's Emergency Center moved to the KKB Anadolu Data Center, which was completed in Ankara.**
- › **The Audio Question Bank was launched by KKB employees to provide equal opportunity for visually impaired students.**
- › **Force Majeure Inquiry and BKM Member Merchant Turnover Information Inquiry services were launched.**
- › **Individual Inquiry Reports were put into service.**
- › **Loan Utilization Instant Sharing Service (KAPS) was introduced.**

05. FINANCIAL AND OPERATIONAL INDICATORS

**FIRST SERVING THE
FINANCE-BANKING SECTOR,
KKB MAINTAINED ITS
SUCCESSFUL TRACK RECORD
WITH THE VALUE-ADDED
PRODUCTS AND SERVICES IT
OFFERED IN 2017.**

BANKS

52

CONSUMER FINANCE

14

FACTORING

61

FINANCIAL LEASING

25

INSURANCE

8

OTHER

4

**ASSET MANAGEMENT
COMPANIES**

13

TOTAL MEMBERS

177*

Financial and Operational Indicators

	2013	2014	2015	2016	2017
CRS Inquiries (million)	320	375	432	421	445
Corporate Bureau Inquiries (million)	6	12	24	18	30
Retail Credit Ratings	279	317	366	365	375
Inquiry Records/month (million)	32	46	52	45	46
Objections on MIDES	230	221	303	267	288
LCS Inquiries (million)	37	99	136	140	173
Produced Cheque Reports (million)	5	12	21	30	45
Produced Risk Reports (million)	2	6	11	13	15

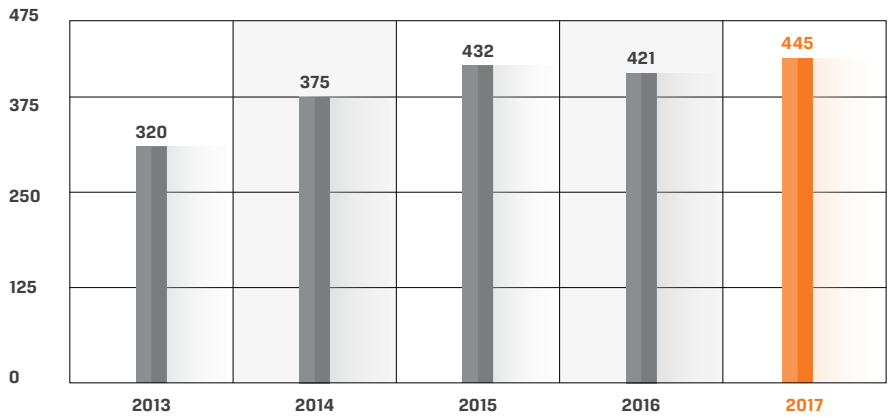
*The number of KKB members is 156 and this figure defines the members who are served via the Risk Center.

05. FINANCIAL AND OPERATIONAL INDICATORS

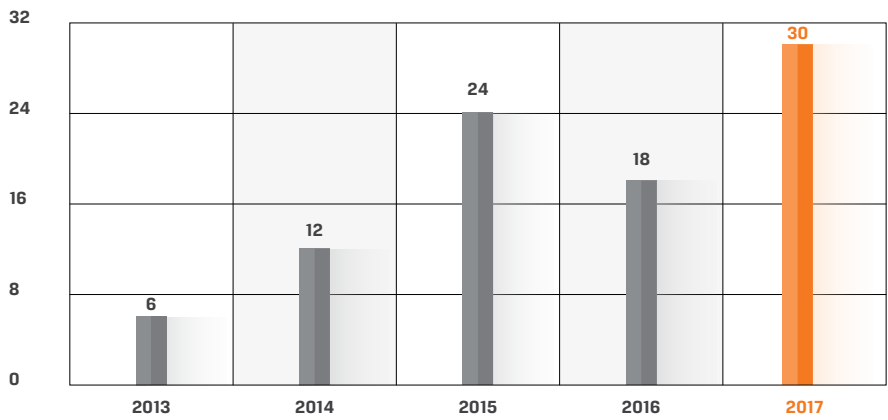
CONTINUING TO PROVIDE SERVICES WITH ITS ROBUST SYSTEMS INFRASTRUCTURE, KKB'S INDIVIDUAL BUREAU INQUIRIES CLIMBED TO 445 MILLION IN 2017.

The monthly inquiry record amounted to 46 million in 2017.

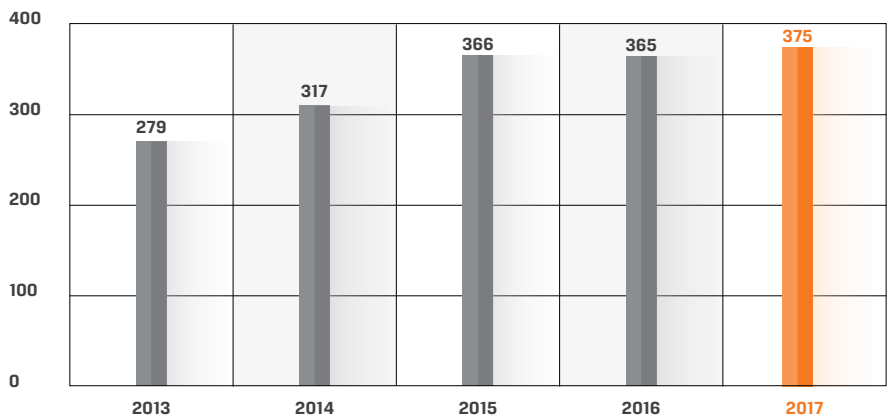
CRS INQUIRIES (MILLION UNITS)



CORPORATE BUREAU INQUIRIES (MILLION UNITS)

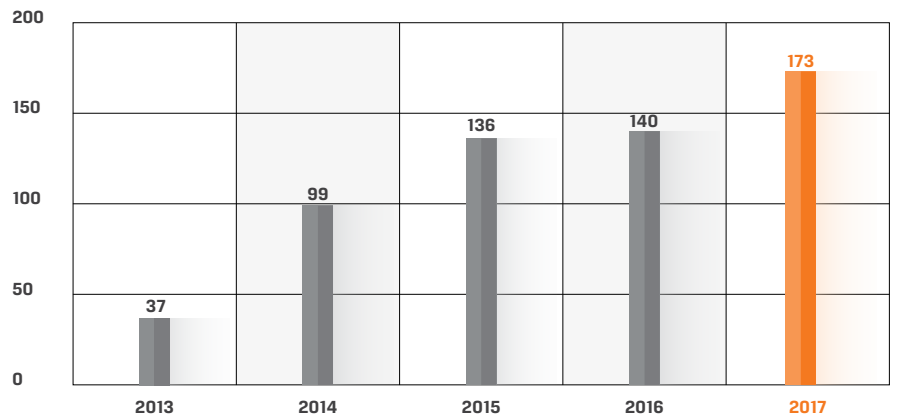


RETAIL CREDIT RATINGS (MILLION UNITS)

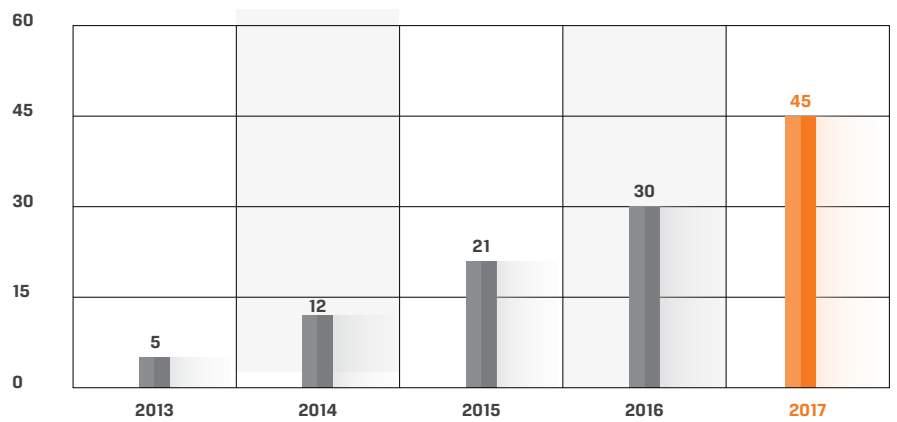


**IN 2017, LCS INQUIRIES
 TOTALED 173 MILLION WHILE
 CHEQUE REPORTS PRODUCED
 AMOUNTED TO 45 MILLION.**

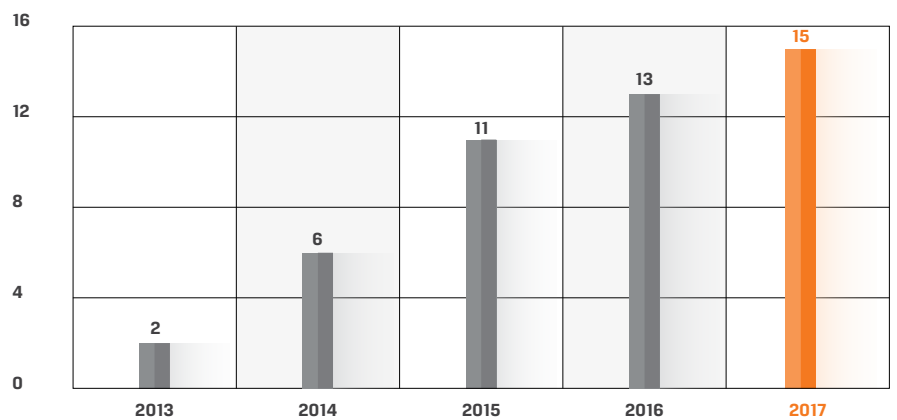
LCS INQUIRIES (MILLION UNITS)



PRODUCED CHEQUE REPORTS (MILLION UNITS)



PRODUCED RISK REPORTS (MILLION UNITS)





MANAGEMENT

A black and white portrait of Mehmet Sebahattin Bulut, Chairman of the Board. He is a middle-aged man with short dark hair, wearing glasses, a dark suit, a white shirt, and a patterned tie. He has his arms crossed and is smiling slightly. A large, semi-transparent circular graphic with a dark brown background and a subtle orange glow is overlaid on the lower half of the image. The text is centered within this circle.

**WE WILL CONTINUE
DEVELOPING INNOVATIVE
SOLUTIONS IN EACH FIELD
FOR OUR STAKEHOLDERS.**

MEHMET SEBAHATTİN BULUT
CHAIRMAN OF THE BOARD

06. LETTER FROM THE CHAIRMAN

IN 2017, KREDİ KAYIT BÜROSU (KKB) CONTINUED TO CONTRIBUTE TO TURKEY'S ECONOMY BY OFFERING PRODUCTS AND SERVICES THAT ENABLE THE BANKING AND FINANCIAL INDUSTRY AS WELL AS THE REAL SECTOR TO EFFECTIVELY MANAGE THEIR RISKS.

Dear Stakeholders,

Turkey left behind fast-expanding economies such as China and India by recording economic growth of 11.1% in third quarter 2017. After the slowdown experienced the previous year, Turkey's economy expanded 5.2% in the first quarter and 5.1% in the second quarter led by domestic demand. Growth was also supported by a strong labor market and tax incentives, primarily Credit Guarantee Fund (CGF), provided by the government. In the third quarter, the effect of these dynamics gathered even more momentum. We expect that the positive impact of the economic incentives will be reflected on the year-end growth rate for 2017.

BANKING INDUSTRY WILL CONTINUE TO DRIVE GROWTH IN 2018

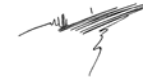
The base effect, economic incentives, implementation of CGF, and healthy growth in the banking sector through effective risk management significantly contributed to Turkey's growth in the third quarter. We expect the banking system to continue driving economic growth in 2018, with the ongoing support of the government to lending and Credit Guarantee Fund loans in 2018. We wish 2018 to be an even better year for all parties of the economy and our country.

CONTINUING TO BENEFIT ALL STAKEHOLDERS

In 2017, Kredi Kayıt Bürosu (KKB) continued to contribute to the country's economy by offering products and services that enable the banking and finance industry and the real sector to effectively manage their risks.

For the coming period, we will continue providing new products and services and delivering innovative solutions that will benefit all our stakeholders on all fronts.

Yours respectfully,



MEHMET SEBAHATTİN BULUT
Chairman of the Board

EFFECTIVE RISK MANAGEMENT FOR ALL STAKEHOLDERS

A black and white portrait of a middle-aged man with glasses, wearing a dark suit, white shirt, and a patterned tie. The image is partially obscured by a large orange circle in the foreground.

**WE CONTINUE TO
CREATE ADDED VALUE IN
DIGITALIZATION AND RISK
MANAGEMENT**

KASIM AKDENİZ
BOARD MEMBER AND GENERAL MANAGER

07. LETTER FROM THE GENERAL MANAGER

Dear Stakeholders,

As of year-end 2017, the asset size of the banking sector increased 19.3% compared to 2016. Loans, which are the largest asset item, went up 21% to TRY 2.1 trillion. Meanwhile, deposits, the biggest source of funding for the banks, rose 17.7%. This clearly reveals that the banking sector continues to use its resources in a way that stimulates economic growth. Compared to year-end 2016, the non-performing loans ratio declined 0.3 points to 2.9% in 2017. Effective risk management in the industry clearly played a role in the decrease of the share of non-performing loans. Despite global and regional uncertainties, we expect the banking sector to further contribute to Turkey's economic growth in 2018 as well. At KKB, we will continue providing services for the industry to manage its risks effectively.

QR CODE CHEQUE ADVERTISING CAMPAIGN FOR SECURE TRADE

Kredi Kayıt Bürosu also continued to grow by taking strong, decisive steps forward in 2017. With the requirement to have QR Codes on cheques issued by banks as of January 1, 2017, we had 265% growth in the number of Findeks-member commercial companies for the year. During the same period, we recorded 34% growth in the number of individual members.

Since the cheque is a credit instrument that allows firms to provide loan to each other in addition to serving a payment tool, KKB started to offer the QR Code Cheque Report Service. This offering

enables access to numerous data related to cheque issuers, especially their past payment performance. As a result, the service allows for healthier decision-making while providing credit via cheque.

The QR Code Cheque Report Service contributed to the decrease in the ratio of bounced cheques to 2.2% in 2017, down from 3.7% in 2016, in terms of units. We launched a registration system that allows the recording of cheques as of end-2017.

To increase awareness of the benefits provided to users of the QR Code Cheque Report, we commissioned the "Safe Future in Trade with the Findeks QR Code Cheque" commercial video. In 2018, we will continue to raise awareness on the advantages of this offering and informational efforts on how to read the QR Code Cheque Report.

We made great progress in the Electronic Letter of Guarantee, which we initiated efforts for 2017. The first electronic guarantee letter was issued in a test environment during the year. In 2018, we plan to start offering the Electronic Guarantee Letter Service. This service will facilitate operations for the banks that issue the letter, for beneficiaries and for payers while making the guarantee letter product safer.

Another major development in 2017 was the start of operations of Anadolu Data Center. The facility was built on a 43 thousand m2 tract in Ankara and consists of three main sections. The national data

center will serve all sectors, primarily banking and finance. It features state-of-the-art construction and advanced security technologies. The facility also received LEED Platinum certification from the US Green Building Council, the highest level sustainable green building certification granted by the USGBC. In addition, Anadolu Data Center obtained Tier IV certification, the highest-level data center standard, after an assessment conducted by Uptime Institute.

OUR PRIORITY IS TO PROVIDE VALUE TO SOCIETY

In 2017, KKB successfully completed the fourth edition of the "You Imagine, We Realize" competition. This initiative aims to generate ideas for innovative social responsibility projects while demonstrating the entrepreneurial, broad visionary perspective of young people. Among the numerous applicant projects, all of which are unique and valuable, we continue efforts to ensure the sustainability of two projects that KKB has launched. We realized the dreams of the students at Acıbadem Medical School with the "If You Are There, We Are There, Too" project. This initiative involves health screening for seasonal agricultural workers in Adana, the first phase of which was completed in 2015. During the second phase of the project carried out in Adana in July 2017, a health team of 17 volunteers conducted basic health screening for 250 seasonal agricultural workers and their families for one week. This effort also included hand cleaning and personal hygiene training for the workers' children.

KEY TASK

FOR SAFE TRADE ENVIRONMENT

07. LETTER FROM THE GENERAL MANAGER

RAPID DEVELOPMENT OF TECHNOLOGY AND ITS WIDESPREAD USE MAKE IT POSSIBLE FOR MANY INDUSTRIES, ESPECIALLY BANKING AND FINANCE, TO DELIVER THEIR PRODUCTS AND SERVICES OVER THE DIGITAL ENVIRONMENT.

KKB VOLUNTEERS SHED LIGHT ON EDUCATION

Another project backed by KKB is "Audio Question Bank," which won first place in the education category at the third edition of the competition. This effort ensures that the latest sources for YGS (Transition to Higher Education Exam) and LYS (Undergraduate Placement Exam) were vocalized and sent to libraries serving the visually impaired. Under this initiative, KKB has made significant progress by vocalizing a total of 7,468 questions to date, with a team consisting of 40 volunteers from among KKB staff. In the coming period, we will take further steps to support the projects of young people who develop innovative ideas that will benefit society.

WE CONTINUE TO CREATE ADDED VALUE IN DIGITALIZATION AND RISK MANAGEMENT

Rapid development of technology and its widespread use make it possible for many industries, especially banking and finance, to deliver their products and services over the digital environment. Digitalization allows users to reach products and services seamlessly and much more easily, while companies can offer products and services at lower cost.

We plan to continue enabling particularly the banking and finance sectors to offer more products and services in the digital environment. KKB will also introduce services that minimize the risks and costs associated with providing services on digital platforms.

I would like to thank our shareholders and members for their trust and support in our Company; to our Board of Directors for the working meetings conducted effectively throughout the year, and for the power and support they have given us for the decisions taken; and to all our staff who continue to work hard across all our various functions and operations for their efforts.

Yours respectfully,



KASIM AKDENİZ
Board Member and General Manager

With "Audio Question Bank," KKB provided that the latest sources for YGS (Transition to Higher Education Exam) and LYS (Undergraduate Placement Exam) were vocalized and sent to libraries serving the visually impaired.

A modern office interior with a dark, grid-patterned ceiling featuring recessed square lights. The floor is a light-colored, polished material. On the right, a long, curved reception desk is illuminated from below. In the background, there are glass-walled offices and a sign with the letters 'KB'. On the left, there is a circular seating area with white chairs and tables.

NUMBER OF PERSONAL
CREDIT RATING

375 MILLION

NUMBER OF PRODUCED
RISK REPORTS

15 MILLION

08. BOARD OF DIRECTORS

MEHMET SEBAHATTİN BULUT

Chairman of the Board of Directors

Türkiye Halk Bankası A.Ş.

Deputy General Manager, Loan Policies and Risk Monitoring

Mehmet Sebahattin Bulut was born in Erzurum in 1965 and graduated from Uludağ University, Faculty of Economics and Administrative Sciences, Department of Econometrics. After working in the private sector for a time, he joined Türkiye Vakıflar Bankası T.A.O. as an Assistant Financial Analysis Specialist in 1994. He later served, respectively, as Inspector, Supervisor Manager, Commercial/Project Loans Manager, Branch Manager and Department Head at the same bank. Serving as a member of the Board of Directors and Audit Committee in various subsidiaries of Türkiye Vakıflar Bankası T.A.O., Mr. Bulut was appointed the Deputy General Manager responsible for the Loan Policies and Risk Monitoring at Türkiye Halk Bankası A.Ş. as of July 10, 2014. Mr. Bulut has been a member of KKB Board of Directors since 2014.

GÖKHAN ERTÜRK

Vice Chairman of the Board of Directors and Member of the Audit Committee

Şekerbank T.A.Ş.

Deputy General Manager, Retail Banking

Gökhan Ertürk was born in 1970 and graduated from Boğaziçi University with a double major in Political Science, International Relations and Business Administration and Electronic Programming. He began his banking career at İktisat Bank in 1996. In 1997, he set up the Cash Management Department at Türk Ekonomi Bank and served as Director of the department. From 2002 to 2006, Mr. Ertürk worked as Head of SME Banking at Akbank. Subsequently, he served as Vice President of SME and Agricultural Banking (2006), and Vice President of Retail Banking (2009) at DenizBank and Board Member at Deniz Pension and Life. Mr. Ertürk has served as Senior Vice President of Retail Banking Marke-

ting at Şekerbank and Board Member at Şeker Factoring since April 2014. He has been a member of the Board of Directors at KKB since March 2015. Mr. Ertürk has been Vice Chairman of the Board of Directors since 2017.

DEMİR KARAASLAN

Member of the Board of Directors and Audit Committee Member

Yapı ve Kredi Bankası A.Ş.

Retail Loans, Deputy General Manager

Demir Karaaslan graduated from Marmara University, Department of Business Administration in 1999. He began his professional career as an Assistant at PricewaterhouseCoopers, working at the company between September 1999 and December 2004, lastly as Audit Manager. After starting work at Koçbank A.Ş. in January 2005, he held the positions of Budget Planning Director and Head of the Planning and Control Department, respectively. Following the merger of Koçbank and Yapı ve Kredi Bankası in 2006, he served as Planning and Control Director until May 2011 and then as Planning and Control Group Director. He was appointed Deputy General Manager in charge of Retail Loans as of January 2016. During his career, Mr. Karaaslan served as Statutory Auditor and Board Member at various subsidiaries of Yapı Kredi Bankası. Since March 2016, Mr. Karaaslan has been the Member of the KKB Board of Directors.

EGE GÜLTEKİN

Member of the Board of Directors

Akbank T.A.Ş.

Executive Vice President, Credit Monitoring and Follow Up

Ege Gültekin was born in Aydın in 1969 and graduated from Middle East Technical University, Department of Economics. Subsequently, she earned a Master's degree from The Johns Hopkins Carey Business School. After graduating from Ziraat Bank's Banking School in 1992, she began her career at Osmanlı Bank on the Audit Committee. Mrs. Gültekin is currently Executive Vice President in charge of Credit Monitoring and Follow Up at Akbank T.A.Ş. She has been a member of the Board of Directors at KKB since May 2015.

İZZET OĞUZHAN ÖZARK

Member of the Board of Directors

Denizbank A.Ş.

Deputy General Manager, Retail Banking Sales Group

İzzet Oğuzhan Özark was born in İstanbul in 1976 and graduated from İstanbul Technical University, Department of Mathematics Engineering. He started his professional career in the Retail Banking Department at Garanti Bankası in 1997. He worked as Supervisor in the SME Banking Department of the same bank from 1999 to 2002 and in the CRM Department between 2003 and 2004. Starting work at DenizBank as Manager of the SME Banking Sales Department in 2004, Mr. Özark served as Group Manager of Retail Banking Sales Management from 2009 until 2013 and was appointed Deputy General Manager of the Retail Banking Sales Group in February 2014. Mr. Özark has served as a member of the Board of Directors at KKB since April 28, 2014.

08. BOARD OF DIRECTORS



BACK ROW (LEFT TO RIGHT): İzzet Oğuzhan Özark, Mehmet Emin Karaağaç, Murat Bilgiç, Mehmet Sebahattin Bulut, Gökhan Ertürk, Şükrü Alper Eker, Demir Karaaslan

FRONT ROW (LEFT TO RIGHT): Veysel Sunman, Ege Gültekin, Kasım Akdeniz



ŞÜKRÜ ALPER EKER

Board Member

T. Garanti Bankası A.Ş.

Coordinator, Individual and SME Loans Risk Management

Şükrü Alper Eker was born in Eskişehir in 1973 and graduated from Boğaziçi University, Department of Chemical Engineering in 1996. He received his Master's degree from Texas A&M University – College Station in 1998, and his PhD from the University of Houston in 2001. He started his professional career in 2001 at GE Global Research Center in the United States as the System Control and Optimization Project Leader. After working on R&D projects for GE Energy, Medical Systems and other GE companies, he moved over to Risk Management at GE Capital in 2005. Between 2005 and 2011, he served in various positions and levels at GE Capital in the US, Europe and Turkey. He went on to work as Risk Director at Garanti Bankası-BBVA Representative Office between 2011 and 2015. Since September 2015, he has served as the Coordinator of Garanti Bankası Individual and SME Loans Risk Management Department. Since March 2016, he has been a member of KKB Board of Directors.

MURAT BİLGİÇ

Member of the Board of Directors

T. İş Bankası A.Ş.

Deputy General Manager, Loans

Murat Bilgiç was born in 1968 in Ankara. He holds a Bachelor's degree from Middle East Technical University, Faculty of Economics and Administrative Sciences and a Master's degree in Money, Banking and Finance from University of Birmingham. Mr. Bilgiç also attended the Advanced Management Program at Harvard Business School. He joined İşbank in 1990 as Assistant Inspector in the Inspection Board Department and later served in other various units at İşbank. Mr. Bilgiç was appointed Deputy General Manager on March 25, 2016.

VEYSEL SUNMAN

Member of the Board of Directors and the Audit Committee

T.C. Ziraat Bankası A.Ş.

Head, Credit Risk Monitoring Department

Veysel Sunman was born in Sakarya in 1967 and graduated from Marmara University, Higher School of Press and Media, Department of Journalism and Public Relations. He worked as Specialist in the Credit Risk Monitoring Department at Pamukbank T.A.Ş. from 1988 to 1994. Mr. Sunman went on to work as Manager of the Credit Monitoring Department at Osmanlı Bankası A.Ş. between 1994 and 2001. Subsequently, he served as Head of the Credit Risk Monitoring Department at T. Halk Bankası A.Ş. from 2002 until 2005 and as Head of the Internal Control and Monitoring Center at MNG Bank from 2005 to 2007. Mr. Sunman has served as Head of the Credit Risk Monitoring Department at T.C. Ziraat Bankası A.Ş. since 2007.

MEHMET EMİN KARAAĞAÇ

Member of the Board of Directors

Türkiye Vakıflar Bankası T.A.O.

Executive Vice President, Legal Affairs & Credit Risk-Receivables

Mehmet Emin Karaağaç was born in Konya in 1963 and graduated from Istanbul University, Faculty of Law. He began his professional career in 1989 as an Attorney at Türkiye İş Bankası A.Ş. Until January 2, 2012, he served as Associate Counsel and Legal Counsel in various units of Türkiye İş Bankası A.Ş. As of January 3, 2012, he started work as the Chief Legal Consultant at the Türkiye Vakıflar Bankası T.A.O. Legal Consultancy. Mr. Karaağaç was appointed Executive Vice President responsible for Legal, Loan Monitoring and Supervision Affairs at Türkiye Vakıflar Bankası T.A.O. on October 25, 2013. He has served as Deputy General Manager responsible for the Legal Consultancy, Legal Affairs and Credit Risk Liquidation since July 2017.

KASIM AKDENİZ

Member of the Board of Directors and General Manager

Having about 31 years of experience in the banking industry, Kasım Akdeniz started his professional career at Yapı Kredi on the Inspection Board in 1987. Between 1996 and 2011, he held managerial responsibilities, working as manager, director, and group president primarily for the generation of loan products and processes, establishment and management of the loan allocation and monitoring systems, formulation of loan policies as well as compliance. During this period, he served as a member of working groups within the Banks Association of Turkey in regards to the preparation of the Banking Law and its sub-regulations, and within KKB in regards to the establishment of the Corporate Bureau, Intermediary Costs on Loans, and Loans and Provisions. He also served as the Chairman of the Credit Guarantee Fund (CGF) Working Group and the Risk Center Working Group. In 2007, he was the Chairman of the Board of Directors of KKB Kredi Kayıt Bürosu A.Ş., and a Board Member between 2005 and 2011. Kasım Akdeniz was appointed General Manager of KKB Kredi Kayıt Bürosu A.Ş. as of October 2011; he continues to hold this position.

09. SENIOR MANAGEMENT



KASIM AKDENİZ



ABDULLAH BİLGİN



KORAY KAYA



İNCİ TÜMAY ÖZMEN



ORKUN DENİZ



ALİ KEMAL CENK



SERDAR ÇOLAK



HAKAN GÜMÜŞ



GÜRKAN PLATİN



ERŞAN RASİM HOŞRİK



HAZAR TUNA



BAHATTİN ÇELİK

KASIM AKDENİZ

Member of the Board of Directors and General Manager

Having about 31 years of experience in the banking industry, Kasım Akdeniz started his professional career at Yapı Kredi on the Inspection Board in 1987. Between 1996 and 2011, he held managerial responsibilities, working as manager, director, and group president primarily for the generation of the loan products and processes, establishment and management of the loan allocation and monitoring systems, formulation of loan policies as well as compliance. During this period, he served as a member of working groups within TBB in regards to the preparation of the Banking Law and its sub-regulations, and within KKB in regards to the establishment of the Corporate Bureau, Intermediary Costs on Loans, and Loans and Provisions. He also served as the Chairman of the Credit Guarantee Fund (CGF) Working Group and the Risk Center Working Group. In 2007, he was the Chairman of the Board of Directors of KKB Kredi Kayıt Bürosu A.Ş., and a Board Member between 2005 and 2011. Kasım Akdeniz was appointed General Manager of KKB Kredi Kayıt Bürosu A.Ş. as of October 2011; he continues to hold this position.

ABDULLAH BİLGİN

Information Technologies

Deputy General Manager

Abdullah Bilgin has 32 years of professional experience. He graduated from Middle East Technical University, Department of Computer Engineering in 1985. Mr. Bilgin received his Master's degree from Istanbul University, Department of International Relations in 2002. Starting his career at Bilpa A.Ş. in 1986, Mr. Bilgin later worked as System Manager at John Deere in the USA. Subsequently, he served as Director in charge of System and Network Management in the Information Technologies Department at Yapı Kredi Bankası and as Group Manager of Self-Service Banking in the Alternative Distribution Channels Department until 2012. Mr. Bilgin has served as Deputy General Manager in charge of Information Technologies at KKB since November 2012.

KORAY KAYA

Marketing and Business Development

Deputy General Manager

Koray Kaya has 22 years of experience in the banking industry. He graduated from Yıldız Technical University, Faculty of Engineering, Department of Civil Engineering. After completing his MBA studies in the United States between 1991 and 1994, Mr. Kaya started his career at Garanti Bankası in 1995. He played a key role in the establishment of one of the first personal loans scoring systems in Turkey. During his tenure at Garanti Bankası, Mr. Kaya designed credit automation systems for consumer loans, credit cards and small enterprise loan applications. In 2004, he started work as a Consultant at Experian. Mr. Kaya went on to serve as a Consultant on projects pertaining to automation of credit cards at almost all banks in Turkey. He created the good/bad definition at the customer level used in the scorecard infrastructure of KKB. Subsequently, Mr. Kaya served as Director of the Personal Loans Allocation Department at TEB from 2005 until 2009. During that period, he pioneered the modernization of the personal loans approval platform of TEB in accordance with the environment at that time. After starting work as Head of the Personal Loans Monitoring and Collection Department at Akbank in 2009, Mr. Kaya joined the Board of Directors at Kredi Kayıt Bürosu. He was appointed Head of the Personal Loans Allocation Department at the same organization in January 2012. Mr. Kaya has worked as Deputy General Manager in charge of Marketing and Business Development at KKB since May 2012.

İNÇİ TÜMAY ÖZMEN

Financial Reporting and Financial Affairs

Deputy General Manager

İnci Tümay Kesici has 21 years of professional experience. She graduated from Boğaziçi University, Department of Business Administration with a degree in 1995. She started her career at Ernst & Young Denetim in 1995. Having obtained the title of Certified Public Accountant in 2000, he left the company as Manager. Ms. Kesici worked as Deputy General Manager in charge of Financial Affairs, Administrative Affairs, Budget Reporting and Operations at Yapı Kredi Leasing from 2000 to 2012. Leasing played an active role in the adaptation process of the BRSA and Koçbank-YKB merger. İnci Tümay Özmen joined KKB in May 2012, and she has served as Deputy General Manager of Financial Reporting and Financial Affairs since October 2014. İnci Tümay Özmen was authorized as Independent Auditor in 2017 by the Public Oversight, Accounting and Auditing Standards Authority.

ORKUN DENİZ

Risk Center Coordination

Deputy General Manager

Orkun Deniz graduated from Boğaziçi University, Department of Computer Engineering in 1995. He continued his academic studies at Yeditepe University, first receiving his MBA and later his doctorate degree in Management and Organization. He started his professional career at Akbank as a Software Developer in the IT Department. He was among the founding team of Kredi Kayıt Bü-

rosu, which he joined in 1997; he played an active role during the launch of Turkey's first credit bureau system. Mr. Deniz designed the Corporate Bureau System – which was established by the KKB, entirely with its own resources – and managed the development process. He continued his career at Fortis Bank, serving as Director in charge of System Development, Reporting, Loan Policies and Rating in the Corporate Loans Department. He held several roles during the transformation process of KKB, which he rejoined at the beginning of 2011. Primarily, Mr. Deniz ensured the expansion of the product portfolio of KKB by developing new products and services as the Manager of Project and Process Management. Later, he directed all financial sector affairs as the Manager of the Banks and Financial Institutions Unit. Throughout his career of over 15 years at KKB, Mr. Deniz has provided consulting support for the attempts of many countries to establish credit bureaus. Since September 2016, Mr. Deniz has served as the Deputy General Manager responsible for Risk Center Coordination.

ALİ KEMAL CENK

Internal Audit

Deputy General Manager

Ali Kemal Cenk has 17 years of professional experience. He graduated from Middle East Technical University, Department of Business Administration. Between 2000 and 2012, Mr. Cenk held various positions at the Banking Regulation and Supervision Agency, including Sworn-in Bank Auditor, Group Head, 2011 FSAP Coordinator, and Vice President of the Audit Department. He took key roles in the Working Group for the Risk-Focused Supervision Project, through which the BRSA has reestablished its audit system. He also took part in a one-month program geared towards the Risk-Focused Supervision Project involving Federal Reserve audits, and carried out FDIC-related studies. Mr. Cenk earned a dual MBA/MSF degree from Boston College between 2007 and 2009. In addition to BRSA audits concerning a range of legal issues, internal systems, and information management, he also conducted various audits in the Netherlands and Germany. Mr. Cenk attended a series of training courses on Risk Management in the USA, Basel II-III, internal control and banking; he also participated in training courses and has certificates of completion on COBIT, TFRS, International Accounting Standards, Oliver Wyman Risk Management, and European Central Bank Eurosystem Macro-Micro Financial Audit. Mr. Cenk has been serving as Deputy General Manager of Internal Audit since April 2012.

SERDAR ÇOLAK

Risk Management

Director

Serdar Çolak has 12 years of professional experience. He graduated from Robert College and from Istanbul Technical University and State University of New York, Department of Economics, respectively, as the highest ranking student. He received his Master's degree from Boğaziçi University, Department of Management Information Systems. Mr. Çolak started his professional career as SAP Consultant in New York City (USA) in 2006. After gaining experience there, he went on to work in the Istanbul office of PwC Turkey, where he served as Manager of the Risk, Process and Technology Services Department. Having broad experience in the finance industry, Mr. Çolak's areas of expertise include corporate risk management, information systems governance, information security, business continuity, SOX IT, organizational and process structuring of companies in the finance sector, and Banking Regulation and Supervision Agency information systems audits. At PwC Turkey, Mr. Çolak also served as Manager in charge of teams engaged in projects involving audit and consultancy services at various financial institutions such as banks, insurance providers, leasing companies, factoring companies and capital market intermediary firms. He submitted reports to the BRSA as independent auditor in charge of BRSA information systems audits conducted at many banks and their invested companies in Turkey, Germany, Greece and Portugal. Having the titles of Information Systems Auditor (CISA), ISO 27001 Information Security Management System and ISO 22301 Business Continuity Management System Chief Auditor, Mr. Çolak has served as Risk Management Manager at Kredi Kayıt Bürosu since April 2014. He is the Senior Management Representative in charge of the Information Security, Corporate Risk Management and Process Management teams.

HAKAN GÜMÜŞ

Human Resources Department

Manager

Having about 25 years of business experience, Hakan Gümüş graduated from Hacettepe University, Department of Economics in 1989. Mr. Gümüş started his professional career in 1991 as Assistant Inspector at Akbank T.A.Ş., where he later served as Inspector, Deputy Human Resources Manager, Eskişehir and Istanbul Regional Manager, SME Banking Sales Manager, Head of the Marketing Department and Human Resources Career Manager. After leaving Akbank in October 2012, he worked as Human Resources Manager for four years at Türkiye Finans Katılım Bankası. Hakan Gümüş joined KKB as Human Resources Manager in October 2016, and continues to serve in this position.

GÜRKAN PLATİN

Communication Center Department

Manager

Gürkan Platin was born in Ankara in 1972 and graduated from Hacettepe University, Department of Public Administration, where he completed his undergraduate studies in Marketing, Management and Organization. He started his professional career at Mensan Group of Companies in the food sector in Ankara, where he worked between 1994 and 1996. In 1996, he joined Citibank Turkey in the area of Payment Systems Products; he worked, respectively, as Sales Representative, Sales Team Leader and Sales Force Training Manager, in the same group. During this time, Mr. Platin worked on web based solutions regarding reporting and monitoring systems, in addition to providing training and management of the human resources of direct sales organizations. After establishing Demirbank Ankara Direct Sales Organization as the Regional Sales Manager in 2000, he started work as Direct Sales Director for Garanti Payment Systems at the end of the same year. He became responsible for card sales starting in 2001 with a sales force directly under his management and only through the Direct Sales Team. Mr. Platin's responsibility later expanded to include all sales channels, with the establishment of Telesales teams, development of card sales processes for the branches of Garanti Bank, management of card sales projects of member merchants, and the execution of portfolio sales activities. Ultimately, while serving as the Group Manager responsible for all card sales channels of both individual cards and commercial cards at Garanti Payment Systems, he resigned from Garanti Bankası in January 2008. Subsequently, Mr. Platin became the General Manager of Telegami Sales Services, which he founded, and a member of the Board of Directors of 12lm Group of Companies. Having joined KKB in 2014, Mr. Platin is the Communication Center Department Manager.

ERŞAN RAŞİM HOŞRİK

Legal Compliance and Operations Department

Manager

Erşan Rasim Hoşrik started his professional career in 2006 as Assistant Inspector at Yapı Kredi Bankası; he went on to hold various positions in the Branch Audit, Headquarters Audit and Investigation units at YKB. After resigning from his post with the Inspection Board in 2012, he worked in the Compliance Office as Financial Crimes Prevention Manager and Banking Legislation Manager, respectively. During his tenure in the Compliance Office, he was involved in coordinating the supervision of the Banking Regulation and Supervision Agency and the Ministry of Customs and Trade. In addition, Mr. Hoşrik served the representative in the working groups of the Banking Association in Turkey. He also participated in studies to prepare regulations related to the banking in the Consumer Protection Law. Having joined KKB in June 2016, Erşan Hoşrik works as Manager of the Legal Compliance and Operations Department.

HAZAR TUNA

Internal Control

Manager

Hazar Tuna has 12 years of professional experience. After completing his studies at Üsküdar American High School, he graduated from Purdue University, Department of Computer Engineering in 2005. He completed his Executive MBA at Boğaziçi University in 2012. Mr. Tuna started his career in the Corporate Risk Services Department at Deloitte Denetim in 2006. He took part in independent information systems audits at banks and information systems risk security and Sarbanes-Oxley audit related work in the real sector. Mr. Tuna continued his career in the Information Technologies Audit Department at Yapı Kredi Bankası from 2008 to 2013. In addition, he conducted pilot installation work of the audit workflow software program, which was designed for use in the entire UniCredit Group, playing a key role in shaping the final version thereof. Mr. Tuna has served as Internal Control Manager at Kredi Kayıt Bürosu since April 2013. Having served as the Information Systems Auditor (CISA), ISO 27001 Information Security Management System and ISO 22301 Business Continuity Management System Chief Auditor, Mr. Tuna has been the Internal Control Manager at KKB since April 2013.

BAHATTİN ÇELİK

Legal Consultancy Department

Legal Counsel

Bahattin Çelik graduated from Dokuz Eylül University, Faculty of Law in 1985. Following his law internship and judge candidacy, he served as a lawyer, associate counsel and legal counsel at Yapı Kredi Bank between 1989 and 2006. Between 2006 and 2015, Mr. Çelik worked as Legal Counsel/Group Manager and Consultant at ING Bank. He has been the Legal Counsel at KKB since January 19, 2015. Mr. Çelik is a Lawyer-Mediator registered with the Union of Turkish Bar Association as 19357 and with the Mediator Registry as 1524.

10. MEMBERS

OFFERING PRODUCTS AND SERVICES THAT MEET THE NEEDS OF THE BANKING AND FINANCE INDUSTRY, KKB CURRENTLY SERVES ABOUT 180 MEMBERS.

Products	2012	2013	2014	2015	2016	2017
Banking	38	39	42	53	52	52
Factoring	72	77	76	69	62	61
Financial Leasing	16	16	20	29	26	25
Consumer Finance	9	13	12	12	14	14
Asset Management Company	-	-	-	12	15	13
Insurance and Other	1	4	4	10	11	12
Total	136	149	154	185	180	177*

*KKB has 156 members, defining members as those served via the Risk Center.

MEMBER BANKS

ADABANK A.Ş.	KUVEYT TÜRK KATILIM BANKASI A.Ş.
AKBANK T.A.Ş.	MERRILL LYNCH YATIRIM BANK A.Ş.
AKTİF YATIRIM BANKASI A.Ş.	NUROL YATIRIM BANKASI A.Ş.
ALBARAKA TÜRK KATILIM BANKASI A.Ş.	ODEABANK A.Ş.
ALTERNATİFBANK A.Ş.	PASHA YATIRIM BANKASI A.Ş.
ANADOLUBANK A.Ş.	QNB FINANSBANK A.Ş.
ARAP TÜRK BANKASI A.Ş.	RABOBANK A.Ş.
BANK MELLAT	SOCIETE GENERALE S.A.
BANK OF TOKYO MITSUBISHI UFJ TURKEY A.Ş.	STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş. HEAD OFFICE
BANKPOZİTİF KREDİ VE KALKINMA BANKASI A.Ş.	ŞEKERBANK T.A.Ş.
BİRLEŞİK FON BANKASI A.Ş.	T.C. ZİRAAT BANKASI A.Ş.
BURGAN BANK A.Ş.	THE ROYAL BANK OF SCOTLAND PLC.
CITIBANK A.Ş.	TURKISH BANK A.Ş.
DENİZBANK A.Ş.	TURLAND BANK A.Ş.
DEUTSCHE BANK A.Ş.	TÜRK EKONOMİ BANKASI A.Ş.
DİLER YATIRIM BANK A.Ş.	TÜRK EXİMBANK T. İHRACAT KREDİ BANKASI A.Ş.
FİBABANKA A.Ş.	TÜRKİYE FINANS KATILIM BANKASI A.Ş.
GSD YATIRIM BANKASI A.Ş.	TÜRKİYE HALK BANKASI A.Ş.
HABİB BANK LİMİTED	TÜRKİYE GARANTİ BANKASI A.Ş.
HSBC BANK A.Ş.	TÜRKİYE İŞ BANKASI A.Ş.
ICBC Turkey Bank A.Ş.	TÜRKİYE KALKINMA BANKASI A.Ş.
ING BANK A.Ş.	TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
INTESA SANPAOLO S.P.A. İTALYA İSTANBUL MERKEZ ŞUBESİ	TÜRKİYE VAKIFLAR BANKASI T.A.O.
İLLER BANKASI	VAKIF KATILIM BANKASI A.Ş.
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.	YAPI VE KREDİ BANKASI A.Ş.
JP MORGAN CHASE BANK	ZİRAAT KATILIM BANKASI A.Ş.

CONSUMER FINANCE COMPANIES

ALJ FİNANSMAN A.Ş.	ORFİN FİNANSMAN A.Ş.
DD FİNANSMAN A.Ş.	ŞEKER MORTGAGE FİNANSMAN A.Ş.
EVKUR FİNANSMAN	TEB FİNANSMAN A.Ş.
HEMENAL FİNANSMAN A.Ş.	TIRSAN FİNANSMAN A.Ş.
KOÇ FIAT KREDİ FİNANSMAN A.Ş.	TURKCELL FİNANSMAN A.Ş.
KOÇ FİNANSMAN A.Ş.	VFS FİNANSMAN A.Ş.
MERCEDES BENZ FİNANSMAN TÜRK A.Ş.	VOLKSWAGEN DOĞUŞ FİNANSMAN A.Ş.

FACTORING COMPANIES

ABC FAKTORİNG A.Ş.
ACAR FAKTORİNG A.Ş.
AK FAKTORİNG A.Ş.
AKDENİZ FAKTORİNG A.Ş.
AKIN FAKTORİNG A.Ş.
ANADOLU FAKTORİNG HİZMETLERİ A.Ş.
ANALİZ FAKTORİNG A.Ş.
ARENA FAKTORİNG A.Ş.
ATAK FAKTORİNG HİZMETLERİ A.Ş.
ATILIM FAKTORİNG A.Ş.
BAŞER FAKTORİNG A.Ş.
BAYRAMOĞLU FAKTORİNG A.Ş.
BERG FAKTORİNG HİZMETLERİ A.Ş.
C FAKTORİNG A.Ş.
CREDİTWEST FAKTORİNG HİZMETLERİ A.Ş.
ÇAĞDAŞ FAKTORİNG A.Ş.
ÇÖZÜM FAKTORİNG A.Ş.
DE LAGE LANDEN FAKTORİNG A.Ş.
DENİZ FAKTORİNG A.Ş.
DESTEK FAKTORİNG A.Ş.
DEVİR FAKTORİNG HİZMETLERİ A.Ş.
DOĞA FAKTORİNG A.Ş.
DOĞAN FAKTORİNG A.Ş.
EKO FAKTORİNG A.Ş.
EKSPÖ FAKTORİNG A.Ş.
EREN FAKTORİNG A.Ş.
FİBA FAKTORİNG A.Ş.
FİNANS FAKTORİNG A.Ş.
GARANTİ FAKTORİNG A.Ş.
GLOBAL FAKTORİNG HİZMETLERİ A.Ş.
GSD FAKTORİNG A.Ş.
HALK FAKTORİNG A.Ş.
HUZUR FAKTORİNG A.Ş.
İNG FAKTORİNG A.Ş.
İSTANBUL FAKTORİNG A.Ş.
İŞ FAKTORİNG A.Ş.
KAPİTAL FAKTORİNG A.Ş.
KENT FAKTORİNG A.Ş.
KREDİ FİNANS FAKTORİNG HİZMETLERİ A.Ş.
LİDER FAKTORİNG HİZMETLERİ A.Ş.
MERKEZ FAKTORİNG HİZMETLERİ A.Ş.
MERT FİNANS FAKTORİNG HİZM. A.Ş.
MNG FAKTORİNG HİZMETLERİ A.Ş.
OPTİMA FAKTORİNG A.Ş.
PAMUK FAKTORİNG A.Ş.
PARA FİNANS FAKTORİNG A.Ş.

PRİME FAKTORİNG HİZMETLERİ A.Ş.
SARDES FAKTORİNG A.Ş.
STRATEJİ FAKTORİNG A.Ş.
SÜMER FAKTORİNG A.Ş.
ŞEKER FAKTORİNG A.Ş.
ŞİRİNOĞLU FAKTORİNG FİNANSAL HİZMETLERİ
TİCARET A.Ş.
TAM FAKTORİNG A.Ş.
TEB FAKTORİNG A.Ş.
TUNA FAKTORİNG HİZMETLERİ A.Ş.
ULUSAL FAKTORİNG A.Ş.
VAKIF FAKTORİNG A.Ş.
VDF FAKTORİNG HİZMETLERİ A.Ş.
YAPI KREDİ FAKTORİNG A.Ş.
YAŞAR FAKTORİNG A.Ş.
YEDİTEPE FAKTORİNG HİZMETLERİ A.Ş.
ZORLU FAKTORİNG A.Ş.

INSURANCE COMPANIES

AKSİGORTA A.Ş.
ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ
ATRADIUS CREDITO Y CAUCION S.A. DE
SEGUROS Y REASEGUROS MERKEZİ İSPANYA
TÜRKİYE İSTANBUL ŞUBESİ
COFACE SİGORTA A.Ş.
UNICO SİGORTA A.Ş.
EULER HERMES SİGORTA A.Ş.
EUREKO SİGORTA
ZİRAAT SİGORTA A.Ş.

ASSET MANAGEMENT COMPANIES

BİRLEŞİM VARLIK YÖNETİM A.Ş.
DESTEK VARLIK YÖNETİM A.Ş.
EFES VARLIK YÖNETİM A.Ş.
EMİR VARLIK YÖNETİM A.Ş.
FİNAL VARLIK YÖNETİM A.Ş.
GÜVEN VARLIK YÖNETİM A.Ş.
HAYAT VARLIK YÖNETİM A.Ş.
HEDEF VARLIK YÖNETİM A.Ş.
İSTANBUL VARLIK YÖNETİM A.Ş.
MEGA VARLIK YÖNETİM A.Ş.
SÜMER VARLIK YÖNETİMİ A.Ş.
VERA VARLIK YÖNETİMİ A.Ş.
YUNUS VARLIK YÖNETİMİ A.Ş.

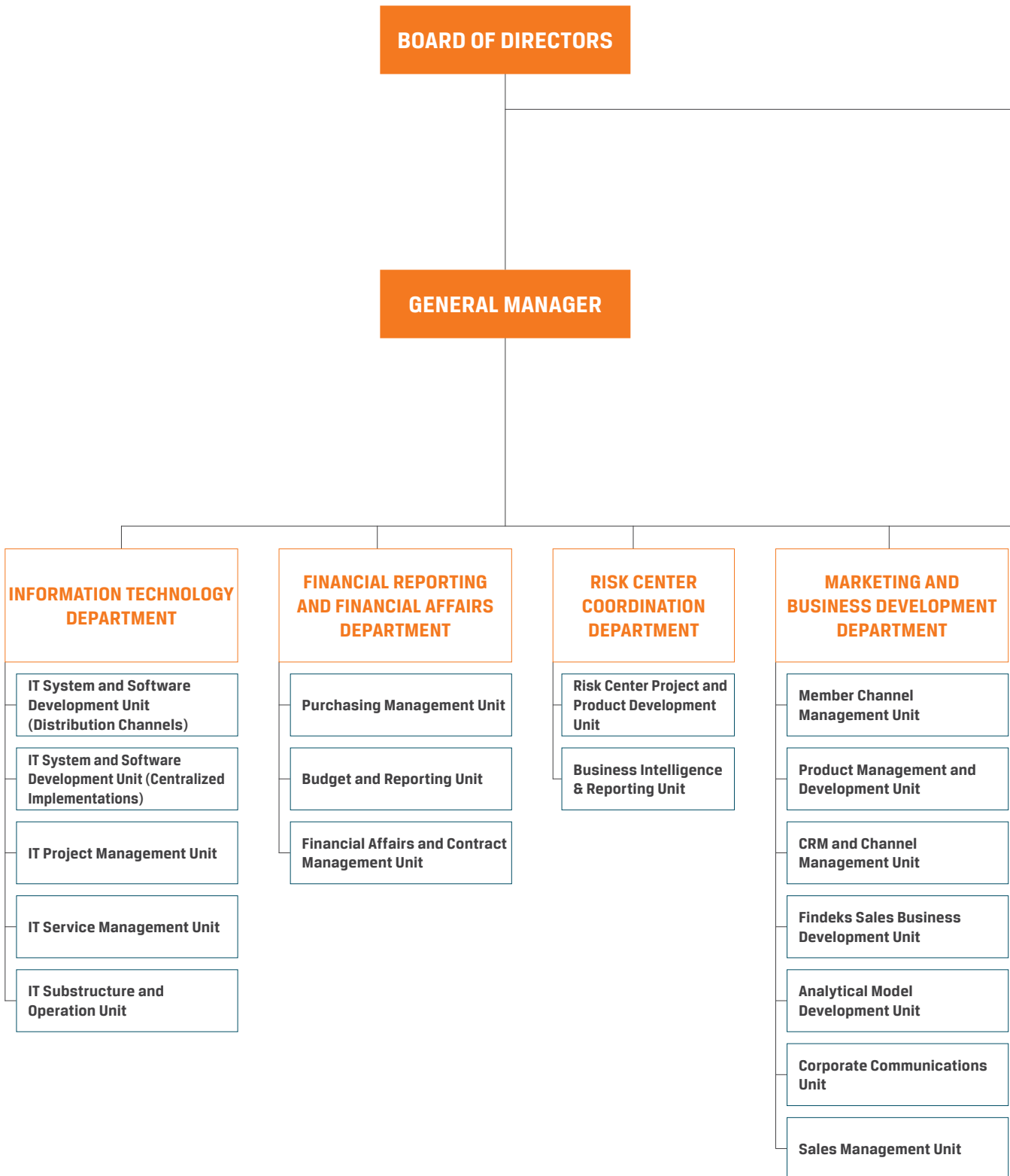
OTHER

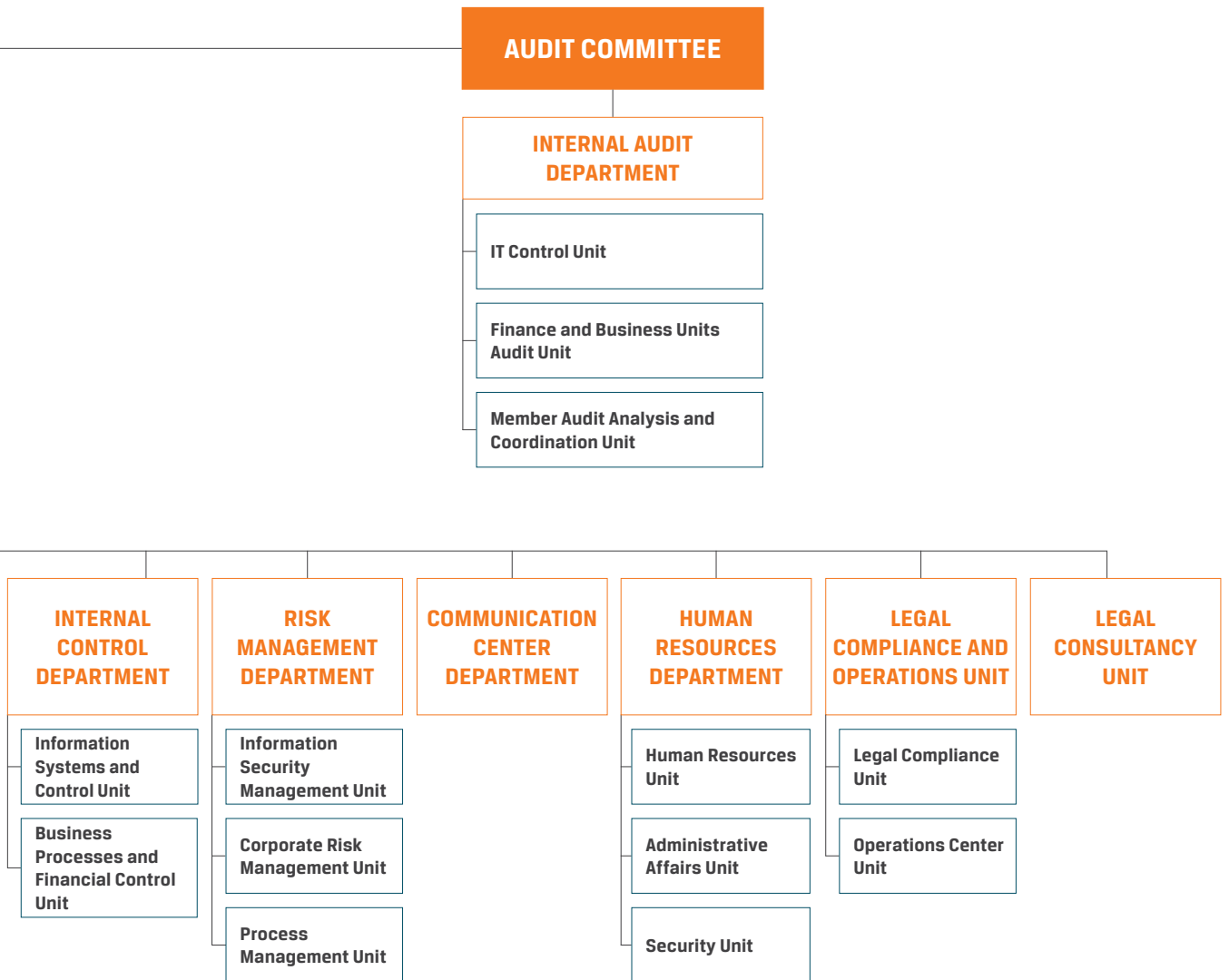
BORSA İSTANBUL A.Ş.
KREDİ GARANTİ FONU A.Ş.
JCR Avrasya Derecelendirme A.Ş.
TÜRKİYE TARIM KREDİ KOOPERATİFLERİ
MERKEZ BİRLİĞİ

FINANCIAL LEASING COMPANIES

A&T FİNANSAL KİRALAMA A.Ş.
AK FİNANSAL KİRALAMA A.Ş.
ALTERNATİF FİNANSAL KİRALAMA A.Ş.
ANADOLU FİNANSAL KİRALAMA A.Ş.
ARI FİNANSAL KİRALAMA A.Ş.
BNP PARİBAS FİNANSAL KİRALAMA A.Ş.
BURGAN FİNANSAL KİRALAMA A.Ş.
DELAGE LANDEN FİNANSAL KİRALAMA A.Ş.
DENİZ FİNANSAL KİRALAMA A.Ş.
ENKA FİNANSAL KİRALAMA A.S.
FİNANS FİNANSAL KİRALAMA A.Ş.
GARANTİ FİNANSAL KİRALAMA A.S.
HALIÇ FİNANSAL KİRALAMA A.Ş.
HALK FİNANSAL KİRALAMA A.Ş.
İNG FİNANSAL KİRALAMA A.Ş.
İŞ FİNANSAL KİRALAMA A.Ş.
MERCEDES BENZ FİNANSAL KİRALAMA TÜRK A.Ş.
PERVİN FİNANSAL KİRALAMA A.Ş.
SİEMENS FİNANSAL KİRALAMA A.Ş.
ŞEKER FİNANSAL KİRALAMA A.Ş.
VAKIF FİNANSAL KİRALAMA A.Ş.
VFS FİNANSAL KİRALAMA A.Ş.
YAPI KREDİ FİNANSAL KİRALAMA A.O.
YATIRIM FİNANSAL KİRALAMA A.Ş.
ZİRAAT FİNANSAL KİRALAMA A.Ş.

11. ORGANIZATIONAL CHART







BUSINESS UNITS

12. BUSINESS UNITS

DUE TO KKB'S INCREASING WORKLOAD AND ITS CRITICAL POSITION IN THE INDUSTRY, PERSONAL SYSTEM AND SOFTWARE DEVELOPMENT UNIT FOCUSED ON SYSTEM PERFORMANCE AND ARCHITECTURAL IMPROVEMENT ACTIVITIES IN 2017.

INFORMATION TECHNOLOGIES DEPARTMENT

IT System and Software Development Unit

In 2017, the IT System and Software Development Unit's intensive efforts continued with the aim of improving quality, safety, performance and infrastructure, as required by KKB's ever increasing work load and its critical position in the industry. In addition to developing new projects, maintenance and support activities of existing products continued. Development of software to improve the IT infrastructure and architecture was undertaken for other KKB units besides IT.

The Unit carried out various efforts within the following functions during the year:

» IT Basic Bureau Applications

This function, which is responsible for the LCS (Limit Control System) and the score software, as well as Bureau Applications, KKB's main operational area, continued working to meet industry needs while aiming to achieve a sustainable service level in light of the increased workload. Member integration of the New Generation of Personal Credit Rating (G5) was completed during the year and put into practice in March. The Corporate Bureau System, which continued to operate this year to upgrade the infrastructure, was launched in November. In addition to the existing data streams, data on receivables for unpaid bills were collected from telecom companies; the opening to share project was completed in November 2017. With this effort, communication with the REST Web service in the mainframe environment was realized for the first time.

» IT Data Warehouse and Business Intelligence Applications

This functionality is where all types of system and software development that supports analytical and reporting activities are carried out. In 2017, this effort focused on completing the systems infrastructure to ensure the migration of reporting activities to a centralized structure and enhancing data quality to convert data into value. Data quality efforts worked to ensure the capability to spot errors that could occur in files transmitted by the members within a short time. In addition, this work included forming a Data Quality Monitoring Platform to report these errors and convey them to members.

Findeks Datamart was created using the data of the Findeks application. This platform makes it possible to measure customer tendency and present solutions that match the behavior.

The efforts within the Basel National Data Pool project, which was planned to be established with the data of participant banks, continued throughout the year.

» IT Risk Center Practices

The IT Risk Center Practices Unit is primarily responsible for development of software for Risk Center (RC) products. In 2017, the Unit continued its activities in line with the set procedures, while adhering to its quality and security improvement approach. Integration with the API Gateway infrastructure was completed for access to all external services while work on the audit trail of RC applications was accelerated.

HIGHLIGHTS

- Findeks Datamart was created using the data of the Findeks application.
- Member integration of the New Generation of Personal Credit Rating (G5) was completed during the year and put into practice in March.

IN 2017, THE IT FINDEKS AND REAL SECTOR APPLICATIONS UNIT ADDED INNOVATIVE SERVICES, SUCH AS THE QR CODE CHEQUE REPORT, TO THE FINDEKS PLATFORM, WHICH IS AN EXTERNAL FACE TO ITS PRIVATE AND REAL SECTOR COMPANIES. IT ALSO CONTINUED WORK TO IMPROVE EXISTING PROCESSES AND SERVICES, IN ORDER TO ADAPT TO THE INCREASING MEMBER BASE AND COMPANIES.

» **IT Access and Payment Applications**

The IT Access and Payment Applications Unit is mainly responsible for work related to RC Services and KKB's accounting and payment systems operations. In 2017, the Unit completed studies for the launch of the Loan Utilization Instant Sharing Service (KAPS) project. Support for user management processes specific to members and their integration with new applications continued throughout the year. The access, authorization, and user management modules of the application, which is positioned within the audit management of the Risk Center members, are carried out as required by the Risk Center agreement.

In 2017, integration with the API Gateway infrastructure was completed for access to all external services, while work on audit trail of RC applications was accelerated.

» **IT Decision Support**

The IT Decision Support Unit is primarily responsible for software development and maintenance activities of KKB applications. In 2017, the Unit continued to be responsible for ERP Systems and worked on delivery of the Performance Management System via ERP Systems. New software was assessed with a quality and security vision. API gateway transitions of applications were completed, and software security was improved.

» **IT Findeks and Real Sector Applications**

In 2017, the IT Findeks and Real Sector Applications Unit added innovative services, such as the QR Code Cheque Report, to the Findeks platform, which is an external face to its private and real sector companies. It also continued work to improve existing processes and services, in order to adapt to the increasing member base and companies. Developments in the Findeks platform continued during the year. In addition, significant efforts were conducted in a short time to develop a new project for CBRT.

The Unit was also responsible for developments on CRM Siebel Systems. It ensured acceleration and improvement on reconciliation, return, cancellation processes for bank sales throughout the year. In 2017, integration of new services with all banks was completed. Efforts will continue in the coming period to transform these services into value-added products.

» **IT Digital Platforms**

The IT Digital Platforms Unit was established within the Information Technologies Department to meet KKB's design and development needs in the digital world, primarily the web. In 2017, the Unit carried out maintenance work of KKB's various web sites, including: www.kkb.com.tr, www.findeks.com, www.hayaledingerceklestirelim.com, www.kkc.com.tr, and www.anadoluverimerkezi.com.tr.

The studies were completed for the launch of the Loan Utilization Instant Sharing Service (KAPS) project.



**TECHNOLOGY, INFORMATION
SECURITY AND BUSINESS
CONTINUITY WERE OUR
STRATEGIC PRIORITIES IN
2017.**

ABDULLAH BİLGİN

12. BUSINESS UNITS

During the year, the Unit renewed the Content Management System (CMS), which started development in 2016, the corporate web site, member portal and the "You Imagine, We Realize" website. Under these efforts, the Content Management System gained new features, including questionnaire management, member management, news management and document management.

Conducting all its development activities with Test Driven Development (TDD) among its software engineering practices, the Unit worked on more than 1,100 unit tests with a total coverage ratio exceeding 90% for all the sites and applications it developed.

» IT Mobile Technologies

The IT Mobile Technologies Unit continued software development and maintenance efforts related to KKB mobile applications, its main area of responsibility. In 2017, the Unit also worked to improve the QR Code Cheque product. The API dependency of the QR Code product – which was developed by Turkish engineers and started to be used in-country for the first time globally – was assumed by the Unit to handle the updates and maintenance work. This handover was a result of studies carried out by the IT Mobile Technologies Unit.

As of 2017, the Unit became responsible for developing and maintaining java based KKB applications, as well as developing mobile applications. During the year, the Unit conducted refactor work in some of the java applications; it also tailored the applications to be compatible with KKB quality and security standards.

IT Service Management Unit

The availability reports of Risk Center and KKB products and services continued to be shared with related persons on a monthly basis; meanwhile, the same reports were shared on the Risk Center side for 15-day and weekly periods. The KKB product/service catalog was updated and new services started to be reported to the related units and the management. The product/service catalog updates made on the Risk Center side were concluded, mutually agreeing with TBB Risk Center. The availability reports continued to be shared through the updated product/service catalog. A catalog for internal services was updated on the KKB side.

The availability measurement and reporting of the Risk Center Member Audit Tracking System (MATS) are continued. On the infrastructure side, server availability reporting is monitored and directed to the relevant teams for necessary interventions on a daily basis.

The monthly SLA report of the SAP service offered to TBB by Innova, and the monthly SLA report of the SAP service offered to TBB by KKB, continued to be delivered to TBB Risk Center.

In 2017, KKB Anadolu Data Center started the monthly transmissions of SLA Reports, Energy Consumption Data and Cabin Logs to three different customers.

The Anadolu Data Center also continued to share the Service Bulletin, which is prepared with data received from the KKBBY application, with the related department managers via monthly reports. The Daily Service Quality Status Report is sent to the relevant groups at the end of each work day.

IT Project Management Unit

The IT Project Management Unit supported the work of the Information Technologies Department and the needs of the entire KKB organization in 2017 through three different disciplines.

» IT Project Management Office

Having been submitted to the IT Project Management Unit by business units, the scope of these projects have already been determined and their legal and regulatory compliance have been evaluated. The IT Project Management Unit then planned, implemented and coordinated these projects in accordance with PMI methodology and KKB standards. The IT Project Management Unit, which focuses on planning of all requests submitted by the business units in line with PMI methodology, successfully realized all of the projects it planned by end-2017.

TECHNOLOGICAL ADVANCES IN THE DIGITALIZED WORLD

12. BUSINESS UNITS

THE IT PROJECT MANAGEMENT UNIT SUPPORTED THE WORK OF THE INFORMATION TECHNOLOGIES DEPARTMENT AND THE NEEDS OF THE ENTIRE KKB ORGANIZATION IN 2017 THROUGH THREE DIFFERENT DISCIPLINES.

The IT Project and Change Management Unit ensures that: all requests/projects carried out within KKB are handled according to a plan and prioritized correctly; resources are used efficiently; a common language and methodology are used on all projects launched within the organization; and project performance measurements and lessons learned become part of organizational memory. This Unit is also charged with keeping records of all change requests related to IT; evaluating risks associated with these requests; determining the impact of these change requests; submitting the requests and operating the relevant approval mechanisms; and transferring changes to the live site in a controlled manner.

» IT Business Analysis and Test Management Unit

The IT Business Analysis and Test Management Unit provided analysis and testing support to all project and software change requests submitted during the year by taking into consideration the current functional and technical business requirements; screen requirements and operations; their impact on other systems; authorization structure; information that needs to be accessed; target service level; performance criteria; domain controls in screen and web services; and data requirements. Using a test automation tool, the IT Business Analysis.

In 2017, research, development and planning were prioritized to move the test automation work carried out in previous years to a permanent infrastructure. This was performed with a perspective of continuity and sustainability of service quality as well as increased quality under the software development lifecycle. To this end, an automated and integrated system was prescribed throughout the entire SDLC, from analysis to the transition phase to the real environment. A test automation infrastructure was planned for all actors in the SDLC to contribute. With the existing structure, support continued for automatically running 70% of the regression tests, and an error-free version goal was achieved. The applications are subjected to regression tests with an end-to-end testing perspective for all types of infrastructure, software and configuration changes with the aim of achieving total quality.

» IT Technology Architecture Management

The IT Technology Architecture Management Unit was established in 2017 to work on three key areas:

- › Application Architecture – focuses on the applications needed by KKB and their relationship with each other;
- › Infrastructure Architecture – specifies how hardware and software infrastructure, which will support the applications and their relationships, should be configured.
- › Data Architecture – determines how corporate data sources should be organized and how to access to these sources.

The IT Project Management Unit successfully realized all of the projects it planned by end-2017.

THE IT TECHNOLOGY ARCHITECTURE MANAGEMENT UNIT ASSUMED THE RESPONSIBILITY OF THE IT TECHNOLOGY STEERING COMMITTEE, WHICH CONVENES TO CONTRIBUTE TO IT DECISION-MAKING PROCESSES.

The corporate solution has been addressed in order to take the maturity level of data architecture studies one step further. The solution was aimed to be in place within KKB in 2018.

The IT Technology Architecture Management Unit assumed the responsibility of the IT Technology Steering Committee, which convenes to contribute to IT decision-making processes. The Unit now informs all stakeholders about the work underway or planned by ensuring that the Committee meets periodically. The Unit aims to balance IT productivity and innovations in business processes, create IT inventory and ensure its continuity.

In addition, the IT Technology Architecture Management Unit supported the use of new technologies within KKB. As a demonstration of its commitment to security, the Unit ensured the positioning and dissemination of the API Gateway across KKB. It also provided the opportunity to offer services to members, via this platform through a dual component security infrastructure. The big data platforms were positioned to centralize KKB application logs. Planning and research studies continue to establish an infrastructure, through which applications will work on an active-active basis from the point of view of service continuity.

IT Infrastructure and Operation Unit

» KKB Anadolu Data Center Studies

KKB is readying completion of its studies to establish a new Data Center that will serve the financial industry with Uptime Tier IV and LEED Platinum certification. In addition to the cabin hosting service for the finance sector through the Data Center, creation of a National Cloud platform is aimed to guarantee that all kinds of data will stay within the borders of the country.

In May 2017, KKB's Emergency Center located at IBM's Izmir Business Continuity Center was transferred to KKB Anadolu Data Center located in Ankara. The move was the result of rigorous planning and studies that commenced in September 2016. KKB's IT Infrastructure and Operations Units undertook intensive efforts to establish the corresponding systems operated by IBM in Izmir to the Data Center in Ankara through new investments. To ensure seamless work, installation of some critical systems was completed in Istanbul and the related systems were moved to Ankara via special modes of transport. Installation of the newly engaged systems was carried out in Ankara. In addition, some of the systems that were invested recently in Izmir were directly transported from Izmir to Ankara via special methods of transportation.

HIGHLIGHTS

- In 2017, KKB Anadolu Data Center started the monthly transmissions of SLA Reports, Energy Consumption Data and Cabin Logs to three different customers.
- Structure, support continued for automatically running 70% of the regression tests, and an error-free version goal was achieved.
- The big data platforms were positioned to centralize KKB application logs.

12. BUSINESS UNITS

AFTER THE TRANSITION TO AN ARCHITECTURE WHERE ALL APPLICATIONS RUNNING ON THE MAINFRAME INFRASTRUCTURE IN KKB CAN OPERATE 24/7, THE CORPORATE BUREAU SERVICE (CBS) INFRASTRUCTURE WAS TRANSFERRED TO THE RELATIONAL DATABASE (DB2) INFRASTRUCTURE. THIS MODIFICATION RESULTED IN SIGNIFICANT GAINS IN TERMS OF BOTH TECHNOLOGY AND PERFORMANCE.

Parallel to the removal efforts of ODM, the information technologies equipment (mainframe, disk, cabling infrastructure) at İstanbul Data Center were renewed and 2017 requirements were met. The data center was upgraded to the SAN director infrastructure and an open systems disk virtualization infrastructure (SVC) was introduced.

After the various transports were completed, efforts continued on data replication and closed-loop testing for weeks and multilayered tests were performed. The removal was carried out entirely with KKB's internal resources without the consultancy of any external firm. The entire operation was completed in May, one month earlier than planned.

Under "Rendering of KKB services via the Extraordinary Situation Center for one whole day" practice, which was repeated for the fourth time in 2017, both the Open Systems and the Mainframe environments were rerouted to the systems located in the Extraordinary Situation Center (ESC) in Ankara. On October 28, 2017, all KKB services were provided from ESC for one entire day, and all operations were conducted below the predefined RTO and RPO values.

» System Infrastructure Management

After the transition to an architecture where all applications running on the mainframe infrastructure in KKB can operate 24/7, the Corporate Bureau Service (CBS) infrastructure was transferred to the relational database (DB2) infrastructure. This modification resulted in significant gains in terms of both technology and performance.

The application for collecting audit logs, which deploy active-active multi-data-center, by using Open Source NoSQL and message queuing technologies on the Open Systems and Database infrastructures, was launched in 2017. Utilization of such advanced technologies, developed by the world's leading high-tech providers, was a very successful step that could lead to the spread of other projects within KKB.

Some internally used applications, which serve through the Docker Container infrastructure that forms the basis of cloud applications, were effective in establishing the "cloud vision" within KKB.

HIGHLIGHTS

➤ Under "Rendering of KKB services via the Extraordinary Situation Center for one whole day" practice which was repeated for the fourth time in 2017.

➤ The information technologies equipment (mainframe, disk, cabling infrastructure) at İstanbul Data Center were renewed.

THE PRODUCT MANAGEMENT AND DEVELOPMENT UNIT ASSUMES KEY TASKS IN THE LAUNCH AND TRACKING OF MANY HIGH-VALUE PRODUCTS AND SERVICES. THE UNIT ALSO TAKES INTO ACCOUNT SUGGESTIONS FROM BOTH MEMBERS AND EMPLOYEES WITHIN KKB.

MARKETING AND BUSINESS DEVELOPMENT DEPARTMENT

Member Channel Management Unit

Member Channel Management is responsible for managing KKB's relations with the financial industry. Believing in the importance of reaching out broadly in today's world and being always accessible, KKB reaches out to the financial sector via the channels positioned under the Member Channel Management team.

The team serves consumer financing companies, factoring and financial leasing firms, asset management companies, Borsa Istanbul, Agricultural Credit Cooperative, and credit insurance companies that are members of the Risk Center. Member representatives are assigned to each institution and maintain one-to-one contact with the individual members. They ensure that these members are familiar with KKB and Risk Center services while supporting them to benefit from these service offerings in the best way possible.

Taking into account the rapid technological development and the widespread use of the Internet, KKB uses the website managed by the Member Channel Management team and specifically designed for members as information, notification and feedback channel about the KKB and Risk Center products.

In addition to the management of the member relations, Member Channel Management regularly monitors the sales performance of the budget and products, while making sure the necessary efforts are undertaken to extend KKB and Risk Center services.

From the moment the membership process begins, Member Channel Management aims to stand by KKB members, whenever they are in need. The Unit forwards all kinds of feedback and suggestions obtained from the member base during one-on-one visits, working groups, and via the website that it maintains. These efforts ensure that KKB products and services are shaped within the framework of the feedback and suggestions received.

Product Management and Development Unit

Product Management and Development conducts activities related to preparing KKB and Findeks products and services, following up their systematic development, and bringing them to the usage stage.

The evaluations and studies carried out by KKB regarding its products and services carefully consider the needs of banks and other financial institutions. This approach allows for the preparation of new projects, evaluation of user suggestions, fulfillment of user needs, and the modification of existing products.

Aiming to facilitate financial transactions both in the finance industry and the real sector with KKB and Findeks products, The Unit is divided into six main divisions: KKB Product Management, Findeks Product Management, Usability and Interaction Design, Training Design and Planning, Product Development, Process Management, and Business Development.

Believing in the importance of reaching out broadly in today's world and being always accessible, KKB reaches out to the financial sector via the channels positioned under the Member Channel Management team.



**WE REDUCE INSTITUTIONS'
OPERATIONAL COSTS WITH
OUR VALUE-ADDED PRODUCTS
AND SERVICES.**

İNCİ TÜMAY ÖZMEN



12. BUSINESS UNITS

THE CORPORATE COMMUNICATIONS UNIT IS RESPONSIBLE FOR CREATING, MAINTAINING AND PROTECTING THE BRAND IDENTITY OF KKB AND ITS SUB-BRANDS.

Product Management and Development mainly executes sales, product management, development and planning activities for all Findeks products that are open to use by the real sector, banking and individual customers. It also conducts product management, development and planning activities for all KKB products that are open to use by banks and financial institutions.

Offering a wide range of products to its users, KKB continues to work intensively on its communication channels to ensure efficient interaction with users, while developing and expanding the number of such channels. These include the website, mobile application, customer communication center, banking and strategic business partnership channels, through which it reaches both the financial industry and the real sector as well as individuals.

Corporate Communications Unit

The Corporate Communications Unit is responsible for creating, maintaining and protecting the brand identity of KKB and its sub-brands. To that end, the Unit conducts internal and external communication activities with marketing, digital marketing, media relations, reputation management, event and sponsorship management, media planning, marketing and business development teams.

As part of communication efforts related to KKB and Findeks, product and service promotional materials were created. In 2017, KKB launched the Findeks QR Code Cheque advertising campaign, formulated me-

dia plans in line with the communication strategies, and renewed the content and design of the corporate website. Sponsorship activities were carried out within sector-specific events and press meetings were organized during the year. Throughout the year, the Unit carried out many internal and external activities to promote KKB and its products and services.

KKB continues to execute corporate social responsibility projects at full speed. In 2017, the fourth edition of the "You Imagine, We Realize" competition was successfully completed. This effort also aims to initiate one of the highest-ranking projects within the competition. Health screening of seasonal agricultural workers and their families in Çukurova Region has been conducted since 2015 as part of the "If You Are There, We Too Are There" initiative. Since 2016, the "Audio Question Bank" effort has ensured that visually impaired people have equal opportunity in education and that they can be just as prepared as other candidates for university exams. Cooperation with the Association of Visually Impaired in Education continues to enable access to the question banks voiced by volunteer KKB employees throughout Turkey. Additionally, the Unit continued to support the activities of internal social clubs that aim to strengthen organizational culture; encouraged voluntary participation in social responsibility projects; and carried out CSR projects in collaboration with civil society organizations.

SPECIAL PRODUCTS AND SERVICES TAILORED TO MEET THE NEEDS OF MEMBERS

12. BUSINESS UNITS

CRM AND CHANNEL MANAGEMENT OPERATES WITH A FOCUS ON NEW CUSTOMER ACQUISITION AND WITH THE AIM OF INCREASING THE LOYALTY OF EXISTING CUSTOMERS BY PLACING THEM AT THE FOCAL POINT OF THE STRATEGY.

CRM and Channel Management Unit

CRM and Channel Management operates with a focus on new customer acquisition and with the aim of increasing the loyalty of existing customers by placing them at the focal point of the strategy. The Unit also works to ensure that the right product is offered to the right person, at the right time. To this end, it continues to develop new communication channels and improve existing ones by monitoring technology developments and trends.

CRM and Channel Management are in charge of the activities with the aim of:

- › Determining strategies for the presentation and dissemination of Findeks products on digital platforms;
- › Following technology developments, trends and customer demands in line with these strategies, adaptation and pursuit of identified needs to digital channels
- › Developing, implementing, monitoring and reporting effective customer and campaign management techniques by combining intelligent technologies with analytical approaches;
- › Improving performance using innovative digital publicity methods and following trends.

Throughout 2017, the Unit focused on providing Findeks campaign management activities, which included targeting and segmentation studies supported by analytical approaches. These campaigns were mainly offered through digital channels and digital marketing platfor-

ms. In addition, in 2017, the Unit continued campaign management practices to offer products and services, undertook intensive studies to develop and improve channel infrastructure, and focused on data warehouse projects that will lay the groundwork for analytical studies. Thanks to the consultancy services that the Unit received, it gained customer orientation, and also reflected its innovative approaches and efforts to its designs, to support the purchase and use of the product on digital platforms.

The Unit renewed the web site, which is a promotional platform for the range of services specifically offered to KKB members. The upgrade turned the web site into a user portal. The Unit also initiated necessary work to create a communication database for KKB members, ensuring quick and effective communications.

The Unit held one-on-one interviews with persons in charge of related digital platforms of the banks. In line with the feedback received, the Unit modified and enhanced the notifications where Findeks takes place. This effort helped increase awareness of the member institutions and the real sector about the Findeks platform and the products it provides.

Analytical Model Development Unit

Established in 2013, the Analytical Model Development Unit's activities are focused on five areas: Statistical Model Development, CRM Analytics, Data Quality, Central Decision Support Systems and Fraud

CRM and Channel Management have helped increase awareness of the Findeks platform and products offered, in the eyes of both member institutions and the real sector.

Prevention. In addition to ensuring the continuity of existing risk prediction (scoring) models, the Analytical Model Development team has built new models to respond to the needs and requests of KKB members. Placing great importance on innovation, the Unit plans to introduce its various applications – including the Personal Credit Rating, Personal Indebtedness Index, Cheque Score, Commercial Credit Rating, Personal Collection Score, Personal Inclination Score and Customer Loyalty Score – to a wider audience.

In addition to banks and financial institutions, the Central Decision Support Systems applications were also made available to factoring companies and the real sector. As a result, decision-making that involves risks became faster, more consistent and more accurate. KKB launched the first False Application Detection and Prevention Service in Turkey. In 2018, KKB aims to expand the use of this service and to introduce new systems based on advanced technology to maximize fraud prevention and continued studies during the year. The Unit also launched Loan Utilization Instant Sharing Service (KAPS) and Fraud Information Sharing Platform.

Sales Management Unit

To realize the strategic sales targets of Findeks, the Sales Management Unit provides access to the target audience of the Company's products. The Unit uses distribution channels of member banks as well as business partnerships specifically established to develop Findeks sales.

In 2017, the Banking Channel worked to increase its effectiveness, in line with its goal of boosting the number of customers who use Findeks. This effort also aimed to directly promote financial literacy and raise awareness of risk management among businesses and individuals. A total of 10 banks intermediated the sale of Findeks packages this year. Sales generated by

banks jumped 212% compared to the prior year, while the turnover target for 2017 was realized at 156%. In 2018, the sales activity of this channel will be improved by increasing Findeks' new customer acquisitions and existing customer penetration. More than 15 thousand visits were made by Findeks Communication Consultants, who are in charge of improving Findeks awareness and product/process knowledge through one-on-one meetings via the banking branch channel. With the launch of the Field Tracking mobile application, which is designed to track and report on sales activities, institutionalization of the sales activities was provided. The app allows for coordination of teams in the field and feedback with instant reports to the bank/branch point.

Under sales management efforts, the Business Partnership Channel is expected to expand Findeks products and packages to the extreme points. The channel will facilitate the development of business models together. Prospective partners include the industry's leading software houses, which have widespread customer networks, ERP solution partners, operators, e-commerce sites that have a wide customer base, and fintech firms.

Findeks Sales Business Development Unit

Since its inception in 2014, the Findeks Sales Business Development Unit has worked in conjunction with real sector players, public institutions and agencies, and civil society organizations to foster transparency in conducting business in Turkey and to encourage risk management of receivables by depending on rational data.

In 2017, the Findeks Sales Business Development Unit continued to represent KKB in non-finance sectors, create and develop new markets and new businesses. The

Unit is in constant contact with its counterparts in the sector. This effort aims to improve the quality of KKB's products and services through the feedback it receives, in addition to generating solutions to identified needs.

As a result, KKB members in the automotive leasing sector, which was included in the scope of service in 2014, started to provide services to their customers by using Findeks reports in 2017. This service provides significant advantages in managing financial risks of the sector's companies. It is also beneficial to individuals who lease cars by introducing them to Findeks Credit Rating, Cheque and Risk Reports.

In 2017, Findeks Credit Rating started to be used in the insurance sector for pricing car insurance policies. The slogan "Discount on the insurance policy of those having good Findeks Credit Rating" paved the way for people to recognize the advantages of Findeks Credit Rating. Meanwhile, IBAN-TRID and Mobile Phone-TRID verification services, which were and continued to be developed for the insurance sector under the verification services category, were offered for the use of the insurance industry.

Thanks to Findeks reporting and innovative offerings such as sales with installment payments in the white goods sector, advantages were provided to the related sector and end consumer. In addition, Findeks became an indispensable adviser in the second-hand car market during sales with installment payments.

The Findeks Sales Business Development Unit will continue to serve the non-financial sector with the same precision in the coming period.



**WE DELIVER UNINTERRUPTED
SERVICE WITH A CUSTOMER-
ORIENTED PRODUCT
APPROACH.**

GÜRKAN PLATİN

12. BUSINESS UNITS

THE FINANCIAL AFFAIRS AND CONTRACT MANAGEMENT UNIT SUCCESSFULLY CARRIED OUT ACCOUNTING AND FINANCE OPERATIONS IN 2017, BY TAKING INTO ACCOUNT THE PROCEDURES AND PRINCIPLES RELATED TO THE ACCOUNTING STANDARDS, AS WELL AS LEGISLATION AND COMPANY POLICIES.

FINANCIAL REPORTING AND FINANCIAL AFFAIRS DEPARTMENT

Within the strategic targets of KKB and legal regulations, the Financial Reporting and Financial Affairs Department's main objectives include planning of financial activity; monitoring and recording the results of activities systematically, in accordance with the timely and accurate fulfillment of obligations related to financial activities; and reporting by taking public interest into account.

The responsibilities of the Department include carrying out tax issues, performing cash flow analysis to derive optimum benefit; providing necessary reports to senior management; and compiling and submitting information, documents, and reports required by public authorities, quickly ensuring all kinds of support needed by the operational units within the legal and regulatory framework so they can entirely focus on their areas of expertise and maximize their efficiency.

Financial Affairs and Contract Management Unit

The Financial Affairs and Contract Management Unit successfully carried out accounting and finance operations in 2017, by taking into account the procedures and principles related to the accounting standards, as well as legislation and Company policies. To this end:

› In addition to preparing financial reports in line with rules and regulations set forth by public authorities and sharing these re-

ports with related business units and the public, the Unit precisely carried out tax responsibilities on time.

- › Additionally, the Unit planned cash flow in a way that generates optimal benefit and closely followed all changes to financial laws, rules and regulations, and made arrangements as needed and filed monthly, quarterly and annual tax returns as required by the Tax Law.
- › The Financial Affairs and Contract Management Unit monitors collections and reports its findings to relevant departments to ensure efficient resource utilization and planning.
- › The Unit paid the expenses related to the maintenance, insurance expenses for the maintenance of assets and repairs of fixed assets, project expenditures, management and general expenses; it also fulfilled its financial liabilities arising from applicable laws and contracts.
- › As an organization subject to the regulation of the Banking Regulation and Supervision Agency (BRSA), all legal reporting and independent external audit work conducted at Turkey Accounting and Financial Reporting Standards was supported. In addition to these activities, all the opinion requests coming from within KKB was answered within the framework of tax legislation.
- › All monetary and financial operations continue to be executed successfully for KKB Anadolu Data Center, which commenced operation in Ankara, and for its clients.

The Financial Reporting and Financial Affairs Department plays an active role in the strategic decision-making process by providing instant information and reporting.

12. BUSINESS UNITS

AS A RESULT OF EFFECTIVE IMPROVEMENT EFFORTS REGARDING KKB NEEDS, PROCUREMENT COSTS WERE REDUCED SIGNIFICANTLY IN 2017.

Budget and Reporting Unit

In 2017, the Budget and Reporting Unit carried out the following activities:

- › Provided assistance in formulating the financial strategy, harmonizing financial management and control systems; preparing the budget in line with KKB's policies and goals; performing budget implementation and control.
- › Established the principles to be taken into account by business units included in the consolidated budget during budget preparation; coordinated the budget preparation process.
- › Reviewed the budgets prepared by business units to ensure their conformity to financial plans; created a financial scenario by consolidating budgets; and presented it to the Board of Directors, explaining the rationale.
- › Ensured that the budget is implemented in accordance with the goals described in the annual financial plan and carried out work related to the actualized budget.
- › Reviewed additional and extraordinary requests submitted by the departments in line with emerging needs; made year-end estimates; and prepared a new budget for the requests deemed appropriate.
- › Compiled income and cash flow data and evaluated them against the expense budget; prepared a detailed income and expense budget by taking into account the cash flow statement prepared at the beginning of each fiscal year; revised these plans as necessary and monitored them for each department.
- › Ensured dissemination of fast and effective information flow in the most accurate way, with all business units within KKB and senior management and verified the accuracy of data in the MIS systems.
- › Undertook feasibility studies for new projects and products; and oversaw their management within KKB to ensure the implementation of an appropriate strategy.
- › Measured financial performance across the organization and advised senior management accordingly.

Procurement Management Unit

In 2017, the Procurement Management Unit successfully carried out purchasing activities in accordance with KKB's corporate structure, audit processes and procedures. The existing ERP system processes were modified to ensure more efficiency.

The Unit started to monitor all suppliers on ERP system via Supplier Catalogue activities. Information about support service providers was also updated in 2017 with all missing documentation completed. The Unit reviewed and indexed all KKB contracts, took over the contracts from other departments and integrated them into the existing contract structure. In addition, improvements were made in contract processes and transactions were made faster and in a more controlled manner.

As a result of effective improvement efforts regarding KKB needs, procurement costs were reduced significantly in 2017.

WHILE RISK CENTER PROJECT AND PRODUCT DEVELOPMENT LAUNCHED 13 PROJECTS IN 2017, THE UNIT CARRIED OUT ABOUT 200 FURTHER DEVELOPMENTS RELATED TO EXISTING PRODUCTS AND SERVICES, ENRICHING THE QUALITY AND CONTENT OF THE OFFERINGS.

RISK CENTER COORDINATION DEPARTMENT

The Risk Center Coordination Department is responsible for activities carried out by KKB on behalf of TBB Risk Center. The Department consists of the Project and Product Development, and Business Intelligence and Reporting Units. In addition to data collection and sharing functions, which are core bureau activities, Risk Center Coordination also focuses on the development of new products and services that will create added value for the member institutions. The Department's primary aims include receiving new data and services both from private and public sources, and developing new products over existing data for the needs of members in line with KKB's strategies, in coordination with the Risk Center. On the business intelligence side, regular reports are produced on the collected data, and statistics are published. Additionally, efforts to improve the quality of the data are continuously carried out.

Risk Center Project and Product Development Unit

Risk Center Project and Product Development is responsible for:

- › Collecting data from financial institutions, which are Risk Center members, and other sectors, on behalf of the Risk Center;
- › Developing products and services that will offer the collected data for the use of Risk Center member institutions;
- › Realizing the improvement suggestions from the Risk Center and its members regarding existing products and services;

- › Providing necessary support for members in relation to the products and services;
- › Ensuring communication between the Risk Center, member organizations, and KKB.

While Risk Center Project and Product Development launched 13 projects in 2017, the Unit carried out about 200 further developments related to existing products and services, enriching the quality and content of the offerings.

In 2017, the Unit's major projects included:

- › The receipt of member merchant turnover monthly and on a consolidated basis from the BKM, and inquiry by the members through the web service and web screen,
- › Offering the Early Warning Service for individual and commercial customers who are also notified by RC members, related to the negative notices of different institutions for cheques, bonds, credit insurance and tender bans.
- › Receipt and sharing of information related to cheque-banned persons directly from UYAP as per the changing law, and from the courts for decisions taken before July 2010. Data diversity of the Corporate Bureau was increased, and necessary infrastructure for the factoring, financial leasing and asset management companies to be included in the system was taken to the production environment;
- › Providing monthly notification of personal information and communication data, which is reported only at the opening of an account in CRS,

Risk Center Coordination focuses on the development of new products and services.



**WE ENSURE THAT KKB'S
PRODUCTS AND SERVICES
ARE IN COMPLIANCE WITH
APPLICABLE LAWS AND
REGULATIONS.**

ERŐAN RASİM HOŐRİK

12. BUSINESS UNITS

BUSINESS INTELLIGENCE AND REPORTING IS ORGANIZATIONALLY AFFILIATED TO THE RISK CENTER COORDINATION DEPARTMENT AND CONDUCTS BUSINESS INTELLIGENCE AND REPORTING ACTIVITIES WITHIN KKB.

- › Monthly notification of customers who are exposed to events defined as Force Majeure, by all members; individual inquiry through the screens; and sharing via monthly FTP,
- › Reporting individual inquiries carried out by members based on the number, application and member user on a daily, monthly and annual basis with the Individual Inquiry Unit Reporting application, generating the Summary and Detail Report, and Trend Analysis Report and related warnings and sharing them with members on a daily basis.

Business Intelligence and Reporting Unit

Business Intelligence and Reporting is organizationally affiliated to the Risk Center Coordination Department and conducts business intelligence and reporting activities within KKB. It has responsibilities to both KKB and the Risk Center (RC) of TBB.

With its reporting responsibility, KKB aims to shed light on the strategic decisions that the Risk Center and the Turkish financial industry will make, while executing all its services with a business intelligence perspective and using today's advanced technologies

at the highest level. Besides being committed to automation and innovation, the Unit's staff is equipped with both technical skills and banking know-how.

Business Intelligence and Reporting's core activities include the portal and GeoMIS products offered to KKB members through Oracle BI; all reports and bulletins that are offered to the public via the Risk Center website; information on paid and unpaid cheques, protested bills and credits of all the financial industry.

One of Business Intelligence and Reporting's most basic functions is to plan and execute the activities required to control, measure the quality of, and improve the data, which is the main raw material of all the products and services offered both by KKB and the Risk Center.

BUSINESS INTELLIGENCE AND ACCURATE REPORTING FOR A SAFE FUTURE

12. BUSINESS UNITS

USING THE LATEST TECHNOLOGY, THE INTERNAL AUDIT DEPARTMENT IMPLEMENTS THE MONITORING OF FINDINGS AND OPERATIONS THROUGH THE RSA ARCHER GRC SYSTEM. THE DEPARTMENT REPORTS THE RESULTS TO KKB AND TBB RC MANAGEMENT ON A MONTHLY BASIS.

INTERNAL AUDIT DEPARTMENT

IT Audit and Business Processes Audit Units

The Internal Audit Department conducts its activities under the supervision of the Audit Committee. The Department successfully completed 2017 Process and Management Statement Audits, in line with the Audit Plan approved by the Board of Directors. In 2017, the studies of the Management Statement and the audits of the support services organizations were conducted for the fourth time with the participation of the Internal Audit Department. In regard to the referenced efforts, the 2017 Management Statement Report of KKB and Management Statement Report Related to the Risk Center Operations Carried Out by KKB were prepared. The reports were shared with the Independent Audit Company and TBB Risk Center. In addition, QAR International Quality Assurance work is undertaken over two-year periods; these activities were initiated in 2017.

In 2017, KKB Anadolu Data Center physical security, operational management and procurement audits were conducted. Scenario-based analysis studies such as the Service Breakdown Root Cause Analysis and spot reviews were completed. In addition, 29 IT and business unit process audits were completed, primarily on Member Access, Segregation of Duties in business processes, Operational Demand Management and Communication Center processes, which are based on the service continuity and information security requirements of KKB.

In 2017, studies for the professional audit of the license inventory commenced by taking into consideration the physical assets inventory of KKB Headquarters and the KKB Anadolu Data Center, as well as KKB's growing application inventory. Using the latest technology, the Internal Audit Department implements the monitoring of findings and operations through the RSA Archer GRC system. The Department reports the results to KKB and TBB RC management on a monthly basis.

Member Audit Analysis and Coordination Unit

The Risk Center Member Audit Tracking System, which has ensured centralized management of member audits since 2016, serves all member organizations and independent audit companies via e-signature verification and dual component authentication infrastructure.

Information related to paid bills is shared with all RC members, regardless of whether they are a customer or not, via web screen application and based on individual inquiry.

As a result of analysis and evaluation studies made by the Unit, risk performance of member organizations can be tracked. With the rising awareness, the maturity level was increased in the presence of member organizations during the security, integrity and authenticity process of Risk Center data.

In accordance with the Circular issued by TBB RC in 2017, on-site review studies were initiated by the member review team established within the Unit.

In accordance with the Circular issued by TBB RC in 2017, on-site review studies were initiated by the member review team established within the Unit.

KKB MANAGES STRATEGIC, OPERATIONAL, FINANCIAL, AND REPUTATIONAL RISKS IN ACCORDANCE WITH INTERNATIONAL RISK MANAGEMENT STANDARDS (E.G. COSO ERM, ISO 31000).

RISK MANAGEMENT DEPARTMENT

Placing great importance on maintaining superior quality standards in all its activities, KKB manages strategic, operational, financial, and reputational risks in accordance with international risk management standards (e.g. COSO ERM, ISO 31000). The Risk Management Department operates directly under the General Manager and reports to the Audit Committee. The Department works to assess risks and opportunities that should be managed by taking into consideration the reason of KKB's existence, in terms of the organization's strategic targets. It also ensures that KKB products and services are offered in the most effective, efficient and controlled manner. On the corporate front, strategic planning/targeting and risk management activities are carried out. Technically, risk studies compatible with the Information Security Management (ISO 27001) and Business Continuity Management (ISO 22301) standards are undertaken.

As part of efforts to ensure business continuity and information security, KKB successfully passed the renewal audits for ISO 27001 and ISO 22301 certifications in 2017, which were obtained in August 2014. In addition to technological and work flow improvements in the areas of risk management, information security, strategic planning and process management, business continuity and emergency tests were successfully conducted in October.

The IT and business processes related to all KKB activities are established and carried out under the COBIT framework, the ISO 27001, ISO 22301 standards and the Communiqué on the Principles Applicable to Management of Information Systems of Information Exchange, Clearing and Settlement Entities and on the Audit of Business Processes and Information Systems. KKB aimed to implement a corporate structure where analyses of the efficiency and optimization of all institutional processes can be carried out over an electronic environment. This was achieved with implementation of the Process Management application launched in November. Thanks to this transformation, a big step was taken toward institutional transparency.

KKB's strategy is to bring its information security infrastructure and processes to the level of the most mature companies in this area. To this end, KKB continued investments in information security infrastructure in 2017, while contributing to the sector with exemplary studies and sharing. By establishing an independent security monitoring team under the Information Security Unit, the maturity level in detecting and tracking the cyber risks and threats was increased. In addition, the number of security-focused staff was doubled compared to the previous year. Under the human-focused information security approach, information security awareness studies related to current events and global threats continued at full speed in 2017.

KKB's risk management policy includes the following activities:

- › Defining KKB's primary business goals,
- › Identifying threats that may hinder KKB from achieving its goals,
- › Identifying risks that may give rise to such threats and ascertaining the potential impact and likelihood of such risks,
- › Implementing risk management and controls as necessary to reduce risks to levels determined by senior management,
- › Establishing the coordination and communication network necessary for risk management within KKB,
- › Proactively assessing new risks that may emerge in credit recording and information technology systems, and developing recommendations on mitigation of potential risks,
- › Providing KKB executives with training programs on risk management on a regular basis and raising employee awareness,
- › Determining and regularly reviewing key risk indicators to measure and monitor existing risks.

This policy is supported with written procedures and job definitions; the first-level controls of risks identified by business units in the course of daily activities; and the periodic evaluation of risk management activities by senior management.

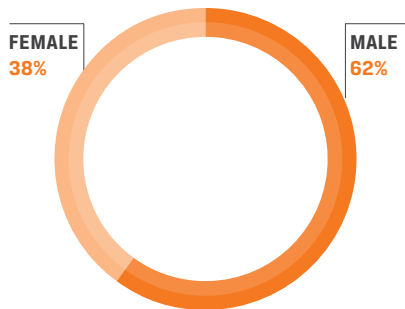


**WE ACT TOGETHER TO MOVE
KKB FORWARD INTO FUTURE.**

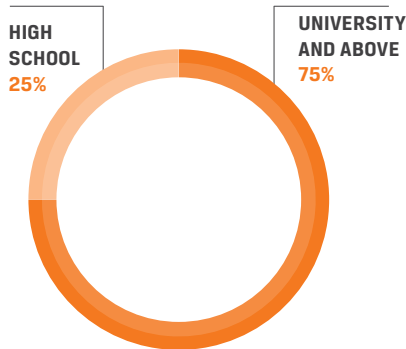
HAKAN GÜMÜŞ

12. BUSINESS UNITS

GENDER DISTRIBUTION



EDUCATION LEVEL



Profile of Human Resources

- › TOTAL NUMBER OF EMPLOYEES
357
- › AVERAGE AGE
35
- › NUMBER OF EMPLOYEES WHO STARTED WORK IN 2017
84
- › AVERAGE NUMBER OF TRAINING DAYS PER EMPLOYEE IN 2016
7 DAYS
- › MARITAL STATUS
33% SINGLE 67% MARRIED

HUMAN RESOURCES DEPARTMENT

In 2017, KKB formulated a Code of Conduct that defines its corporate values and corporate culture by taking into consideration KKB's vision, mission, strategy and priorities. In addition, KKB created an entirely new human resources management approach shaped by corporate strategies and culture. All management functions of human resources were made transparent and put down in writing. A new career management model called "Ideal" was also initiated.

Under these efforts:

- › Core competencies specific to the organization were determined and a title-based Competence Inventory and a Code of Conduct were prepared.
- › Recruitment of qualified human resources by using objective measurement and evaluation tools, and selection of candidates for the right position were ensured.
- › The Corporate Career Map was designed by creating a written and transparent career management model. Promotion criteria were institutionalized, all career paths were clearly drawn, and the competencies required at each career move were defined.
- › In performance management, a feedback-based culture was created by making open communication mandatory during performance discussions. Also, an objective performance evaluation infrastructure was established.
- › At KKB, all educational management activities have been centralized under the responsibility of the Human Resources Department. Professional and personal development needs have been determined for each position and a Training Management System has been established by forming a Training Inventory tailored for KKB and Needs Analysis on a personal basis.
- › An effective and fair remuneration systems infrastructure has been established to promote performance.

Acting on the responsibility of "Being One, Being Together" in order to move the organization forward into the future and achieve the desired success level, KKB chan-

ged its human resources communication motto to "Being Us." With this change, the corporate culture of the KKB was also named.

The Understanding of Cooperation's main concepts specific to the organization have been established to take the current working environment to a level where staff motivation and loyalty are increased and employee performance is raised. All the conditions that will enable employees moving toward the same target to create added value and synergy together have been identified.

The amount of communication between employees and senior management has been increased with the establishment of new communication platforms. These platforms allow the staff to freely express their opinions, suggestions and requests related to KKB's practices.

"Tete-a-Tete with the General Manager" meetings where employees have the opportunity to talk with the General Manager, "This Side of Business" meetings with the Deputy General Managers, and "Between HR and Us" with the Human Resources Department are examples of the referenced new communications platforms.

Thanks to these efforts, KKB has a stronger and more transparent human resources corporate governance approach shaped by institutional values and culture that takes into account the vision, mission, strategy and priorities of the organization. In addition, KKB has fostered a working environment that increases employees' motivation, loyalty and performance.

As a result of the implementation and process improvement activities carried out during recruitment under the new human resources model, KKB hired 84 qualified employees in 2017. With these new staff members, the total workforce expanded to 357. A total of 2,500 hours of training was organized for the professional and personal development of employees during the year. In the same period, KKB recorded an employee turnover rate of 7%.

12. BUSINESS UNITS

A TOTAL OF 575 THOUSAND CALLS WERE MANAGED THROUGHOUT 2017 AT AN 89% SERVICE LEVEL AND 98% COVERAGE RATIO. A TOTAL OF 102,500 WRITTEN NOTIFICATIONS WERE RECEIVED BY KKB VIA E-MAIL AND WEB FORMS THROUGHOUT THE YEAR; THESE WERE ANSWERED AT A 91% LEVEL.

COMMUNICATION CENTER DEPARTMENT

In line with KKB's product and service strategies, the Communication Center Department focuses on two main business lines: Member Communication Center and Customer Communication Center. The Department aims to present services to existing members and customers in keeping with the high standards of KKB. The Communication Center is committed to meeting the demands from the members and customers as soon as possible and at the highest quality. To ensure member and customer satisfaction, KKB uses its advanced technology facilities in the most effective manner. In addition, it provides for continuous development of the human resources who provide this service.

A total of 575 thousand calls were managed throughout 2017 at an 89% service level and 98% coverage ratio. A total of 102,500 written notifications were received by KKB via e-mail and web forms throughout the year; these were answered at a 91% level.

Responses given to members and customers through verbal and written communication channels have been discussed during the quality evaluation process. The Training and Quality Management team was established to develop the service calibration. Regular and situational train-

ings were planned and initiated based on the evaluation outputs. The training has a rate of 300 person/day training in total. Quality development activities will also continue in 2018.

In parallel with KKB's ever improving product range, the Department strengthened its first level service group with a technical support team. The aim was to more effectively support the members in development and modification processes.

Reports prepared by the Department in line with requests are based on feedback received from members and customers. These reports are regularly shared to provide analytical input for the product and process development plans of the strategic product management units.

Member Communication Center (MCC)

The MCC's objective is to provide accurate and prompt answers to member requests. The Center continued to operate under this guiding principle in 2017. During the year, the number of notifications increased 10% compared to 2016, while the number of phone calls reached 40 thousand. Despite this increase, the average record-closing time was maintained at 1.96 hours. The average response speed of all corporate notifications within KKB was 263 minutes. Meanwhile, KKB's service level of responding to member notifications is 95%. The service level of incoming calls is 98%.

HIGHLIGHTS

➤ During the year, the number of notifications increased 10% compared to 2016, while the number of phone calls reached 40 thousand.

➤ The average response speed of all corporate notifications within KKB was 263 minutes

THE CUSTOMER COMMUNICATION CENTER EMBRACES A CUSTOMER FOCUSED SERVICE UNDERSTANDING AND HIGH-QUALITY STANDARDS. THANKS TO THIS APPROACH, CCC MAINTAINED THE HIGHEST SERVICE LEVEL IN THE SECTOR AT 88.3%. THE NUMBER OF INCOMING CALLS JUMPED 64% COMPARED TO 2016, TO 375 THOUSAND.

As part of quality review efforts, 12% of e-mails sent by MMC were reviewed. The evaluation results were shared in order to contribute to the development of those who responded to the notification. Questions and requests of members continued to be responded to in a shorter period. This result is due to the fact that 80% of all the notifications coming to KKB were responded by the first level MCC.

Customer Communication Center (CCC)

In 2017, CCC continued to provide the best possible service to Findeks customers.

The Customer Communication Center embraces a customer focused service understanding and high-quality standards. Thanks to this approach, CCC maintained the highest service level in the sector at 88.3%. The number of incoming calls jumped 64% compared to 2016, to 375 thousand.

The number of Findeks Rating Consultancy appointments went up 14% to 23,500, compared to 20,700 in 2016. Meanwhile, Findeks package sales posted a 192% rise in turnover in 2017. Steadily increasing its share in Findeks sales channels, CCC realized about 60% of its TRY 2 million in annual sales turnover by turning incoming calls into sales opportunities.

At the Risk Center's Customer Communication Center, a total of 150 thousand calls and 5 thousand e-mails were responded to with a 95% service level.

At the same time, in order to boost customer satisfaction, 1,400 notifications were responded to via social media in 2017. With a 48% satisfaction ratio in the complaint management channels, CCC achieved the highest satisfaction ratio in the finance sector. *

A classroom training with 240 person/day rate was conducted to ensure development of employee competencies. E-learning tools were developed as a complement to training activities, with all teams ensured to benefit from this practice.

** (Source: ŞikayetVar.com Comparative Sector Reports)*

Steadily increasing its share in Findeks sales channels, CCC realized about 60% of its TRY 2 million in annual sales turnover by turning incoming calls into sales opportunities.

12. BUSINESS UNITS

THE LEGAL COMPLIANCE UNIT AIMS TO HARMONIZE THE PRODUCTS AND SERVICES OFFERED BY KKB WITH EXISTING OR PROSPECTIVE LEGISLATION. THE UNIT ENSURES THAT NEW PRODUCTS OR SERVICES PLANNED TO BE OFFERED ARE IN COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS.

LEGAL COMPLIANCE AND OPERATIONS DEPARTMENT

The Legal Compliance and Operations Department was formed in October 2017 through the merger of the Legal Compliance Unit (structured under the Internal Control Department) with the Operations Center (structured under the Sales and Operations Department).

Legal Compliance Unit

The Legal Compliance Unit aims to harmonize the products and services offered by KKB with existing or prospective legislation. The Unit ensures that new products or services planned to be offered are in compliance with applicable laws and regulations. In 2017, the Unit's main agenda items included complying with the amendment to the Law on Protection of Personal Data, and the amendment made to the Cheque Law and the Turkish Commercial Code relating to the QR Code Cheque. Other items on the Unit's agenda were ensuring compatibility with the Law on Protection of Consumers and drafting legislation regarding the transfer of the cheque to the digital environment.

Operations Center Unit

The Operations Center Unit ensures the continuity and functioning of business processes at KKB. To this end, the Unit responds to the requests of members, customers and the units within the organization by proxy, both on behalf of KKB and the Risk Center of Banks Association of Turkey. The Unit operates with two teams: Authorization Management and Official Correspondence.

The Authorization Management Team's activities include authorizing internal and external web applications of KKB; defining memberships and subscriptions; processing member-

ship access forms submitted by members after controlling them in compliance with the memorandum; meeting customer report requests related to the RC Risk Report, while ensuring that the data types, which are notified to the membership on a daily basis, are logged on the system.

In addition to its core activities in 2017, the Authorization Management Team assumed responsibility and managed process compliance for authorizing and password sharing of services opened to member institutions that make web service calls via API Gateway, acting on customer confidentiality decisions, and processing of entities with cheque ban.

The Official Correspondence Team's activities include responding to correspondence from customers as well as official institutions such as the court, prosecutor's office, police headquarters, Ministry of Finance, Capital Markets Board (CMB), Social Security Institution (SSI) and the Directorate of Execution within the legally required time frame. The team also ensures that the reports requested by the official institutions are produced accurately and completely and become ready for submission.

Largely due to the withdrawal of the decision to be made regarding the ban on writing a cheque and opening up a cheque account from the Central Bank, requests from the official institutions increased 400% in 2017. Meanwhile, authorization transactions rose 100% from the prior year.

In 2018, the Operations Center plans to continue responding to requests originating from all channels quickly, accurately and completely; removing manual steps from the processes by trying to use all possibilities of technology; executing the processes in a fully integrated and automatic manner; and further reducing operational risks.

HIGHLIGHTS

➤ Requests from the official institutions increased 400% in 2017. Meanwhile, authorization transactions rose 100% from the prior year.

➤ The Operations Center plans to continue responding to requests originating from all channels quickly, accurately and completely.

BUSINESS PROCESSES AND FINANCIAL CONTROL EXECUTES CONTROL ACTIVITIES RELATED TO ALL BUSINESS AND FINANCIAL PROCESSES OTHER THAN THE INFORMATION SYSTEMS PROCESSES WITHIN THE SCOPE OF APPLICABLE LEGISLATION AND KKB PROCEDURES.

INTERNAL CONTROL DEPARTMENT

The Exhaustive Audit Trail Infrastructure Project is designed to bolster KKB's audit trail structure with open source software and big data platforms in line with its growing product range, expanding number of customers and continuously progressing technology. This effort was launched in 2017 under the ownership of the Internal Control Department. Scheduled to continue apace in 2018, the project will form smart sampling in monitoring the internal control system via third-party applications and analytical models. It will also put operational inquiry screens in use that will enhance efficiency and effectiveness in customer communication efforts.

Information Systems Control Unit

Information Systems Control executes control activities in regards to the information systems processes within KKB pursuant to existing legislation and KKB internal procedures. The identified violations are recorded on the GRC application; relevant action plans are regularly monitored. Additionally, verification studies are conducted within the institution in relation to the obligations of the ISO 22301 and ISO 27001 certifications.

Business Processes and Financial Control Unit

Business Processes and Financial Control executes control activities related to all business and financial processes other than the information systems processes within the scope of applicable legislation and KKB procedures. Breaches and violations detected as a result of the control activities are managed by creating an action plan on the application (GRC) in use.

Information Systems Control executes control activities in regards to the information systems processes within KKB pursuant to existing legislation and KKB internal procedures.

12. BUSINESS UNITS

VARIOUS COMPLIANCE AUDITS WERE PERFORMED BY THE CONTRACTED INDEPENDENT AUDIT FIRM PURSUANT TO THE RELEVANT PROVISIONS OF THE RISK CENTER SERVICE AGREEMENT BETWEEN KKB AND TBB. RESULTS OF THE AUDITS WERE SUBMITTED TO THE MANAGEMENT OF THE TBB RISK CENTER.

LEGAL CONSULTANCY DEPARTMENT

The Department is responsible for keeping up-to-date with current laws and regulations affecting KKB. It is involved in all legal processes pertaining to products, projects, suppliers and procurement of services to ensure that all these activities comply with applicable laws, rules and regulations.

In 2017, the Legal Department carried out the following activities:

- › Performed a legal assessment of processes pertaining to products, projects and collaborations.
- › Reviewed and prepared product, project and collaboration agreements; provided support for the review.
- › Conducted a legal assessment of supplier services; prepared and reviewed agreements.
- › Prepared legal documents for business units and provided legal advisory.
- › Prepared internal directives; issued signature circulars; and registered company names.
- › Followed up lawsuits, litigation cases, and investigations involving KKB; attended trials; and participated in discovery processes.
- › Coordinated the relationship between KKB and law firms; provided guidance and follow-up to legal advisory firms on pending cases.

- › Communicated with regulatory authorities on legal matters that require further explanation or comments; and obtained opinions from relevant agencies as necessary.
- › Provided legal support to General Assembly and Board of Directors' meetings.
- › Evaluated and responded to complaints from members and customers from a legal perspective.
- › Followed up patent and trademark applications for KKB's brands; coordinated contracted patent offices.
- › Performed legal assessment of internal processes.
- › Evaluated and issued legal notices and warnings.

Besides, the Legal Consultancy Department also provides legal opinion and advice on other matters and topics, as required by KKB.

Audits Conducted, Sanctions and Penalties Imposed During the Period

The independent audit activities for preparation of the financial statements in accordance with Turkish Accounting Standards were carried out on a quarterly basis in 2017. Various compliance audits were performed by the contracted independent audit firm pursuant to the relevant provisions of the Risk Center Service Agreement between KKB and TBB. Results of the audits were submitted to the management of the TBB Risk Center.

HIGHLIGHTS

➤ The independent audit activities for preparation of the financial statements in accordance with Turkish Accounting Standards were carried out on a quarterly basis in 2017.

➤ Legal Consultancy Department prepares internal directives; issued signature circulars; and registered company names.

THE LEGAL CONSULTANCY DEPARTMENT CONDUCTED A LEGAL ASSESSMENT OF SUPPLIER SERVICES; PREPARED AND REVIEWED AGREEMENTS IN 2017.

Lawsuits

- › On November 28, 2013, an action for recovery of damages in the amount of TRY 200,000 in total, consisting of TRY 50,000 as pecuniary damages and TRY 50,000 as non-pecuniary damages for each plaintiff, was filed against KKB with the allegation of unfair competition and with the two plaintiffs claiming at least 20% of the earnings as compensation. The lawsuit is currently pending.
- › In the currently pending lawsuit, non-pecuniary damages in the amount of TRY 2,000 is claimed from XXX bank, including interest accrued since July 23, 2008, along with the correction of KKB records.
- › The lawsuit filed against XX Bank and KKB with a claim of TRY 1,000 for material compensation and TRY 30,000 for immaterial compensation due to the reduction of the credit rating on 27.10.2016, continues.
- › There are two ongoing reemployment lawsuits.

Competitions Status of the Executives of the Company

The members of the Board of Directors of KKB did not engage in any business or transactions that violate the non-competition agreement, neither for themselves nor on behalf of others.

Remuneration of the Members of the Board of Directors and Senior Managers

KKB pays TRY 11,550,000 to Board members and senior management.

Dividend Distribution Proposal

During the Board of Directors meeting dated February 28, 2017 and in line with the decision numbered 2018/09, it was unanimously resolved by the participating members to submit for the approval of the General Assembly: i) not to distribute the income remaining from the Company's 2017 Gross Profit after setting aside the legal reserves, to the shareholders; and to keep it in the Extraordinary Reserves Account, ii) to distribute, the remaining net amount after setting aside legal reserves from the TRY 15,000,000.00 of 2013 income, recorded in the Extraordinary Reserves Account and which was not previously distributed.

The Legal Consultancy Department provides legal opinion and advice on other matters and topics, as required by KKB.

12. BUSINESS UNITS

THE CRISIS MANAGEMENT COMMITTEE CONVENES TO DETERMINE CRISIS SCENARIOS, PREPARE RELEVANT ACTION PLANS, REVIEW CHANGES IN THE OPERATIONS OF THE BUSINESS CONTINUITY FUNCTION AND EVALUATE RESOURCE NEEDS, ON THE BASIS OF THE MENTIONED SCENARIOS.

COMMITTEES DEPARTMENT

Audit Committee

The Audit Committee convenes to review the activities of the Internal Audit, Legal Compliance and Operations, Internal Control, Risk Management Departments. The Committee aims to share the results of these activities with KKB senior management. Information on the results of audit activities conducted within the organization is provided to the participants, which include some members of the Board of Directors.

Disciplinary Committee

The Disciplinary Committee is responsible for determining situations contrary to the Human Resources Discipline Regulation and for implementing the disciplinary sanction decisions that are deemed appropriate. To determine situations contrary to the Disciplinary Regulations, the Legal Consultancy Department and KKB Department Executives participate. During the proceeding, the parties aim to evaluate the results of the inquiry on the related issue.

KKB Steering Committee

The KKB Steering Committee is responsible for the current status of the institution's finances, assessment of the compatibility with the strategic objectives, and evaluation of the new products/services planned. In addition, the Committee evaluates information from the related Department Executives about the activities realized within the month that are strategically important.

Information Security Committee

The Information Security Committee aims to assess KKB's information security weaknesses, primarily the changes to the operations of the information security function, as well as the evaluation of the need for resource and coordination to eliminate these weaknesses. The Committee's responsibilities include informing senior management about information security violations within the organization and global information security incidents.

Crisis Management Committee

The Crisis Management Committee convenes to determine crisis scenarios, prepare relevant action plans, review changes in the operations of the business continuity function and evaluate resource needs, on the basis of the mentioned scenarios. The Crisis Management Committee is responsible for providing information on the current status of business continuity risks, actions and practices.

IT Steering Committee

The IT Steering Committee is responsible for ensuring alignment of IT strategies with business objectives; prioritizing resource requirements in this direction; developing strategies; monitoring and improving the developed strategies. The Committee also prepares the annual IT budget and submits it for approval, plans IT investments and assesses the impact of new investments on the KKB risk profile and resource requirements.

HIGHLIGHTS

➤ The Disciplinary Committee is responsible for implementing appropriate disciplinary sanctions.

➤ The IT Steering Committee is charged with ensuring alignment of IT strategies with business objectives.

THE DATA GOVERNANCE COMMITTEE IS RESPONSIBLE FOR MAKING DECISIONS TO ENSURE THE QUALITY AND INTEGRITY OF THE DATA THAT THE ORGANIZATION HAS PROVIDED, STORED AND SHARED AND ASSESSING THE COMPATIBILITY OF PROJECTS THAT AFFECT THE INFORMATION ARCHITECTURE.

Project Steering Committee

The Project Steering Committee is responsible for informing senior management about the strategic conformity of projects, requests to be added to the annual project plan (Master Plan), assessing the costs and priorities of projects, evaluating the risks related to potential and existing projects.

Data Governance Committee

The Data Governance Committee is responsible for making decisions to ensure the quality and integrity of the data that the organization has provided, stored and shared. The Committee also decides on the type of data and sharing methods to be used within the scope of the product/service provided by KKB, identifies the needs related to the data, and assesses data validation rules and methods. In addition, the Data Governance Committee evaluates the information architecture and makes decisions on the compatibility of projects that affect the information architecture.

Process Committee

The Process Committee convenes to assess changes to be made in the functioning of the institutional processes. The Committee is also responsible for eliminating gray areas as to which units should undertake the process activities; determining and monitoring the performance goals of the processes. In addition, the Process Committee coordinates all optimization and automation efforts of the processes in terms of design and operation with senior management support.

The Process Committee convenes to assess changes to be made in the functioning of the institutional processes. The Committee is also responsible for eliminating gray areas as to which units should undertake the process activities.



ACTIVITIES

13. OUR HOLISTIC PRODUCTS AND SERVICES

Service Name	1999	2000	2001	2002	2003	2004
Credit Reference System (CRS)	●	●	●	●	●	●
Individual Customer Objection Assessment System (Individual MIDES)	●	●	●	●	●	●
False Information/Document/Declaration/Application Alert System (SABAS)	●	●	●	●	●	●
CRS Information Verification System				●	●	●
Personal Credit Rating (PCR)						●
Corporate Bureau System (CBS)						
Limit Control System (LCS)						
Internet Fraud Alert System (IFAS)						
Bounced Cheque Inquiry and Sharing Services						
Individual Indebtedness Index						
Check Report						
Risk Report						
GeoMIS – Map Based Reporting Service						
Agricultural Loan Assessment System (TARDES)						
Check Index						
Central Decision Support Systems (CDSS)						
Commercial Credit Rating (CCR)						
Prescribed Accounts						
Credit Limit Credit Risk Inquiry and Sharing Services						
Protested Bills Sharing Service						
Individual Cheque Inquiry						
Risk Center Customer Report Service						
Address Processing						
Cheque Status Inquiry						
Farmer Registration System						
Rating Consulting						
Warning Service						
Tracer						
Trade Registry Sharing System (TRSS)						
Corporate Customer Objection Assessment System (Corporate MIDES)						
Cheque Report Raw Data Presentation						
Risk Report Raw Data Presentation						
Bounced Cheque Alert Service						
Inquiry and Warning Services (re: entities banned from tenders)						
Derivative Transactions Sharing Service						
Information Update Applications Service						
Data Validation and Sanction Applications Service						
Acceptance – Rejection Notifications Related to Loan Applications						
Sharing of Internal Rating Scores						
OI and Rating Scores Sharing Service						
Official Institution and Customer Information Request Services						
Member Request Management Services						
QR Code Cheque System						
Letter of Guarantee Status Inquiry (LGSİ)						
Collection Scores						
Inclination Scores						
Central Invoice Registration System (CIRS)						
IBAN Verification Service						
LCS Customer Objection Assessment System (MIDES)						
National Fraud Attempt Detection and Prevention Service						
Credits Analysis Portal						
Risk Center Bulletin and Statistics Publications Services						
Paid Bills Inquiry						
Sharing Information about Cheques Granted Interim Injunction						
Sharing Service about Companies that Declared Bankruptcy/Suspended Bankruptcy/Declared Concordat						
Sharing Service about Customers Banned from Using Cheques						
Customer RA Personal Record Search						
Cross-Cheque Relations Inquiry Service						
Credit Insurance Inquiry Service						
MERSIS INQUIRY SERVICE						
RC Warning Services						
Cheque Analysis Portal						
KKB Unknown Number Service						
KKB Maps Service						
BKM Member Merchant Turnover Information Inquiry						
Loan Utilization Instant Sharing Service (KAPS)						
Force Majeure Inquiry						
Individual Inquiry Reports						

14. KKB'S PRODUCTS AND SERVICES*

Service Name	2010	2011	2012	2013	2014	2015	2016	2017
Limit Control System (LCS)	●	●	●	●	●	●	●	●
Personal Credit Rating (PCR)	●	●	●	●	●	●	●	●
False Information/Document/Declaration/Application Alert System (SABAS)	●	●	●	●	●	●	●	●
Internet Fraud Alert System (IFAS)	●	●	●	●	●	●	●	●
Individual Indebtedness Index			●	●	●	●	●	●
Cheque Report			●	●	●	●	●	●
Risk Report			●	●	●	●	●	●
GeoMIS - Map Based Reporting Service				●	●	●	●	●
Agricultural Loan Assessment System (TARDES)				●	●	●	●	●
Cheque Index				●	●	●	●	●
Central Decision Support Systems (CDSS)				●	●	●	●	●
Commercial Credit Rating (CCR)				●	●	●	●	●
Prescribed Accounts				●	●	●	●	●
Address Processing					●	●	●	●
Cheque Status Inquiry					●	●	●	●
Farmer Registration System					●	●	●	●
Rating Consulting					●	●	●	●
Warning Service					●	●	●	●
Tracer					●	●	●	●
Trade Registry Sharing System (TRSS)					●	●	●	●
QR Code Cheque System						●	●	●
Letter of Guarantee Status Inquiry (LGSI)						●	●	●
Collection Scores						●	●	●
Inclination Scores						●	●	●
Central Invoice Registration System (CIRS)						●	●	●
IBAN Verification Service						●	●	●
LCS Customer Objection Assessment System (MIDES)						●	●	●
National Fraud Attempt Detection and Prevention Service						●	●	●
Credits Analysis Portal						●	●	●
Cheque Analysis Portal							●	●
KKB Unknown Number Service							●	●
KKB Maps Service							●	●
Loan Utilization Instant Sharing Service (KAPS)								●

*Products and services offered to the TBB Risk Center by proxy are presented in Chapter 15.

THE PERSONAL CREDIT RATING (PCR) IS A NUMERICAL INDICATOR CALCULATED BY KKB FOR INDIVIDUAL CUSTOMERS TO PREDICT AND COMPARE CUSTOMERS' ABILITY TO REPAY THE LOANS THEY HAVE OBTAINED OR WILL OBTAIN FROM KKB-MEMBER INSTITUTIONS.

LIMIT CONTROL SYSTEM (LCS)

Pursuant to the Bank Cards and Credit Cards Law, the total limit of credit cards that may be granted by a card issuing organization to a customer, who will begin using a credit card for the first time, may not exceed twice their income for the first year and four times thereof for the second year. Pursuant to the regulation dated October 8, 2013, credit limits apply to all credit card holders.

KKB began work on this issue in collaboration with the TBB Credit Cards Working Group, commencing the test run of the Limit Control System (LCS) in late 2013. As of January 2014, all members uploaded customers' credit card data into the system.

Designed and developed by KKB in line with the country's needs, the Limit Control System runs in real-time.

LCS enables credit card issuers to manage the single limit application by combining credit card limits assigned by credit card issuers for each customer.

Starting on March 1, 2014, sanctions are implemented within the Limit Control System (LCS) under the following conditions:

- › If there are missing records in the first notification file transmitted, or if a subsequent addition is attempted,
- › If FTP notification does not comply with the standards or is not made within the specified time.

- › If the final limit is notified wrongly.
- › If the current limit is notified wrongly.

As a result of the latest improvements to LCS; Reduction and closure transactions, which are carried out in batch, can now be performed online. Allocation and additional allocation transactions can be cancelled online.

With the launch of the LCS Urgent Updating service, members became able to perform reduction, closure and record correction transactions without document circulation in order to facilitate correction of limits notified to the LCS.

PERSONAL CREDIT RATING (PCR)

The Personal Credit Rating (PCR) is a numerical indicator calculated by KKB for individual customers to predict and compare customers' ability to repay the loans they have obtained or will obtain from KKB-member institutions. PCR is a decision support product developed using a statistical model; it provides a summary of data pertaining to loan repayments of customers, obtained via the Credit Reference System (CRS).

PCR enables lending institutions to make rational, standardized risk decisions while shortening the decision-making process substantially. As a result, customers can access loan products in a shorter time.

KKB launched the fifth version of PCR in 2017.

HIGHLIGHTS

➤ KKB launched the fifth version of PCR in 2017.

➤ As of January 2014, all members uploaded customers' credit card data into the system.

14. KKB'S PRODUCTS AND SERVICES

THANKS TO THE INFORMATION SHARING TECHNIQUE AND PLATFORM, DEVELOPED BY KKB AND SETTING SABAS APART FROM OTHER SIMILAR SYSTEMS USED AROUND THE WORLD, MEMBERS ARE ABLE TO SHARE FACTS, FINDINGS AND EVIDENCE RELATED TO CRIMES SUCH AS FORGERY, FRAUDULENCE, IDENTITY THEFT, MONEY LAUNDERING, AND THE LIKE.

FALSE INFORMATION/DOCUMENT/DECLARATION/APPLICATION ALERT SYSTEM (SABAS)

Serving the finance industry for the past 10 years, the False Information/Document/Declaration/Application Alert System (SABAS) enables members to share information about malicious attempts to use wrongful information and related risk factors under a defined scheme and to take necessary measures.

Thanks to the information sharing technique and platform, developed by KKB and setting SABAS apart from other similar systems used around the world, members are able to share facts, findings and evidence related to crimes such as forgery, fraudulence, identity theft, money laundering, and the like.

SABAS is structured around five main objectives:

- › Protecting citizens and customers from risks and victimization by preventing use of their information, documents, possessions and property by others (e.g. identity thieves, money launderers, impostors, swindlers, and the like).
- › Informing KKB members about actual or potential risks arising from malicious attempts in order to protect them against such risks or reduce their loss or damage.
- › Enabling KKB members to exchange information under standards and rules that are free of personal comments, opinions or judgment.

- › Protecting KKB members from becoming victims of crimes, which may have more destructive consequences than that of the malicious attempts described under SABAS.
- › Enabling KKB members to minimize their risks, thanks to SABAS, while protecting natural persons and legal entities from becoming victims of such attempts.

INTERNET FRAUDS ALERT SYSTEM (IFAS)

Scammers can obtain customers' online banking usernames and passwords and use this information to transfer money to their own accounts, which they usually open using counterfeit identity documents. This crime has become very common of late. Even though banks use highly advanced security systems to prevent such attempts, criminals continue to develop new methods to bypass these systems.

Developed by KKB, the Internet Frauds Alert System (IFAS) primarily aims to enable communication between member corporations regarding Internet frauds. To that end, requests to block an account in the case of money transfer scams can be transmitted via IFAS. This way, a more effective communication can be established between corporations and all kinds of information regarding transactions can be stored in the data processing system.

Designed and developed by KKB in line with the country's needs, the Limit Control System (LCS) runs in real-time.

THE PERSONAL INDEBTEDNESS INDEX (PII) IS A SCORE-BASED RISK INDEX DEVELOPED BY KKB TO INTRODUCE A NEW RISK PERCEPTION TO THE BANKING-FINANCE INDUSTRY AND TO ENABLE BETTER PREDICTION OF POTENTIAL RISKS.

Given that money transfers can become quite complex, an automatic graph-drawing feature was added to the system to facilitate the investigation of such incidents. This feature is used to create a flow diagram for each money transfer scam.

Another important feature of IFAS is that it can be integrated and operated in parallel with SABAS. Criminals generally use counterfeit documents to withdraw the stolen money. In online fraud, perpetrators generally open deposit accounts using false identification documents in order to withdraw the money they have transferred from customers' bank accounts. Data pertaining to such accounts are shared within SABAS so the relevant departments of corporate members can access this information. Hence, information used previously for fraudulent purposes and detected by IFAS can never be used again.

PERSONAL INDEBTEDNESS INDEX (PII)

The Personal Indebtedness Index (PII) is a score-based risk index developed by KKB to introduce a new risk perception to the banking-finance industry and to enable better prediction of potential risks. PII aims to identify persons who are inclined to run up excessive debts, even though they may not have shown any signs of repayment problems in the past.

The objectives of PII include:

- › Establishing an early warning system by identifying those persons who use a new loan to pay off an existing debt and who therefore are increasingly incurring more debt, even though they may not have shown any signs of repayment problems in the past.
- › Ensuring responsible lending.
- › Enabling users to make more accurate decisions concerning matters such as determining credit limits, risk-based pricing, and the like.
- › Improving the quality of the lending decision systems of banks.

The Personal Indebtedness Index (PII) was developed to predict those persons who will become excessively indebted within one year following the date of the inquiry, even if they are not expected to become insolvent within the same period.

In addition to the definition of "non-performing loan" (i.e. persons who failed to pay three installments in succession, persons who are under legal prosecution, persons who are classified as uncollectible account), which Personal Credit Rating and similar risk prediction models try to forecast, PII also detects signs of "excessive indebtedness." PII was developed to identify persons who have an outstanding non-guaranteed debt higher than TRY 250 and to predict excessive indebtedness.

HIGHLIGHTS

➤ Risk prediction models try to forecast, PII also detects signs of "excessive indebtedness."

➤ Another important feature of IFAS is that it can be integrated and operated in parallel with SABAS.



**WE PROTECT THE TRUST WE
BUILD WITH OUR STRONG
AUDIT SYSTEMS.**

ALİ KEMAL CENK

14. KKB'S PRODUCTS AND SERVICES

THE RISK REPORT IS A KKB PRODUCT THAT SHOWS THE LOAN REPAYMENT PERFORMANCE OF NATURAL PERSONS AND LEGAL ENTITIES.

RISK REPORT

The Risk Report is a KKB product that shows the loan repayment performance of natural persons and legal entities.

The credit registry data owned by KKB consists of customer information shared between KKB's members. The Risk Report, which is based on this data without any modifications, contains the following information:

- > Findeks Credit Rating
- > Limits, risks, past payment performance and credit card payment details of the respective individual
- > Number of financial institutions which made the notification
- > Total number of credit accounts
- > Total limit and balance data
- > Date of the last loan utilization
- > Number of overdue credit accounts
- > Total amount of overdue balance
- > Longest overdue period to date
- > Details of any loan under prosecution
- > Leasing – Factoring combined data
- > Customer's credit score percentile and percentile rankings across Turkey

The Risk Report also shows repayment performance for each loan over the past 18 months, while providing an overview of repayment performance in the financial sector. The Report contains not only ne-

gative information, such as overdue payments or records under prosecution, but also positive information, such as timely repayment of loans. Therefore, the Risk Report offers a significant advantage for persons who pay off their debts by the due date.

Since September 2012, KKB has also shared the Risk Reports with report-issuing persons/institutions and third parties authorized by these issuers through bank branches. In addition to the financial industry, the Reports have been shared electronically via the Findeks platform with individuals and the real sector since 2014.

In 2014, KKB further enriched the content of the Risk Report and added the following information:

- > Worst case in the repayment history
- > Longest overdue period to date
- > Liabilities of credit card holders, outstanding balance under prosecution, credit utilization ratio, balance of outstanding installments
- > For consumer loans: outstanding balance under prosecution, credit utilization ratio, number of installments, amount of installments, and the like

With its new design and content, KKB's Risk Report surpasses other similar reports published around the world.

AN EXEMPLARY INFRASTRUCTURE IMPLEMENTATION IN THE WORLD

14. KKB'S PRODUCTS AND SERVICES

KKB HAS SET AN EXAMPLE WORLDWIDE WITH ITS UNIQUE INFRASTRUCTURE, WHICH ENABLES THE REQUESTING OF CHEQUE REPORTS BY OBTAINING ONLINE CONSENT FROM THIRD PARTIES.

CHEQUE REPORT

The enactment of the Law Amending Cheque Law No. 6273, which was promulgated in Official Gazette No. 28193 (Repeating) dated February 3, 2012, abolished the sanction imposed on issuers of bounced cheques and ushered in a new era in the Turkish economy in terms of credit risk management.

Platforms through which information required for proper management of risk and for accurate decision making by a cheque bearer whether to accept the cheque aim to protect both the cheque issuer and bearer.

The Cheque Report Presentation System was introduced by KKB in April 2012 to make the cheque more secure as a common instrument of payment. The system offers a service that provides the cheque payment history information needed by cheque bearers about the cheque issuers in order to make sound decision via the Cheque Reports the system produces.

Thanks to the system, the past cheque payment data of a cheque issuer is accessible. The Cheque Report contains the following information:

- › Banks where the customer has cheque accounts
- › Number of cheques presented since 2007
- › Number and amount of cheques paid upon presentation

- › Number and amount of cheques bounced and still unpaid since 2009
- › Number and amount of cheques bounced but subsequently paid since 2009
- › Date of first cheque presented
- › Date of first cheque presented and dishonored
- › Date of last cheque presented and dishonored
- › Date of last cheque paid upon presentation
- › Number and amount of cheques paid during the last 1-, 3- and 12-month periods
- › Number and amount of cheques dishonored during the last 1-, 3- and 12-month periods
- › List of dishonored cheques, limited to the most recent 50 cheques
- › Number of open cheques remaining unpaid or non-dishonored
- › Number and amount of postdated cheques remaining unpaid or non-dishonored
- › Number of cheques unreturned to the banking system

The Cheque Report enables tracking of the cheque payment performance of an account holder, whether positive or negative. The report also shows how many banks have issued cheque books to the account holder and gives an idea about the credibility of the person in question. If the Cheque Report is used at the time of cheque acceptance, it is possible to predict the probability of the cheque bouncing with up to 80% accuracy.

The Cheque Report enables tracking of the cheque payment performance of an account holder, whether positive or negative.

The Cheque Report is receivable via mobile devices or online. Reports can be required by real sector players from the counter party at every platform of commercial transaction. Through online report applications, real sector players can obtain a Cheque Report or a Risk Report of a debtor from said debtor or, with their approval, directly from the KKB inquiry system to control their credit risk. KKB has set an example worldwide with its unique infrastructure, which enables the requesting of Cheque Reports by obtaining online consent from third parties; moreover, the system is integrated with all banks in Turkey.

In 2013 and 2014, the following was added to enrich the content of the Cheque Report; Cheque Index, Table showing the lowest, highest and average amounts of cheques by year, Data of open cheques in addition to collection guarantee cheques.

KKB began collecting information on postdated cheques and open cheques from its members. As a result, the Cheque Report now contains information about issuers' postdated and open cheques, in addition to bounced and paid cheques.

GEOMIS - MAP-BASED REPORTING SERVICE

GeoMIS, winner of the "Oracle 2014 Innovator Excellence Award," is a location-based data reporting system that processes address information contained in

KKB data and converts it into geographic coordinates. GeoMIS enables viewing of all types of statistical data on the map by assigning different colors to different categories, which are broken down by city and province.

Comprised of various components, GeoMIS does not only consist of a database, numerical map and reports. GeoMIS can also be effectively used as a decision support system because it visualizes common database processes, such as inquiries and statistical analysis, combining them with geographic analyses provided by the maps. Thanks to this capability, GeoMIS renders report outputs much more valuable, providing output that boosts productivity and risk models.

The following reports can be generated through the GeoMIS Map-based Reporting System; Standard Report, which contains portfolio data of an institution pertaining to a specific period, Trend Report, which enables the tracking of changes in portfolio data of an institution within a certain time period, Benchmark Report, in which portfolio data of an institution can be evaluated against industry data, TÜİK (Turkish Statistical Institute) data and a selected benchmarking group.

The GeoMIS service is provided by KKB through the map-based reporting platform via the Oracle database and application servers. Data positioning on the map is done using geo-coding.

The user of the application and the institution where they work are identified by the IP address and the entire display is based on that institution.

GeoMIS Personal

In July 2013, the members of the Credit Reference System (CRS) started using the GeoMIS application, which had only been covering the inquiries done by CRS users since the second half of 2009.

In 2014, the data set of the GeoMIS application was further enriched with the addition of personal loan portfolio data. Since that time, the application has also served as GeoMIS Personal.

GeoMIS Corporate & Cheque

GeoMIS Corporate & Cheque is a product of the GeoMIS family. In August 2014, KKB expanded the data set of the GeoMIS family by adding specific information about small/medium/large enterprises and the commercial segment. As a result, GeoMIS Corporate & Cheque provides detailed reports on the basis of cities and towns.

The GeoMIS Corporate application allows evaluation of limits, risks, Commercial Credit Rating (CCR) and bad cheque data pertaining to accounts contained in the Corporate Bureau (CB) and display of this data on the map on the basis of cities and even towns. Corporate members are able to view their own data, track the changes and development of their data, and to compare it with the industry and the competition.

HIGHLIGHTS

➤ Cheque Index, table showing the lowest, highest and average amounts of cheques by year and data of open cheques in addition to collection guarantee cheques were added to enrich the content of the Cheque Report.

➤ The GeoMIS service is provided by KKB through the map-based reporting platform via the Oracle database and application servers.

14. KKB'S PRODUCTS AND SERVICES

TARDES PROVIDES AN IMPORTANT PLATFORM AND INFORMATION SERVICE TO FINANCIAL INSTITUTIONS, ENABLING THEM TO MAKE SYSTEMATIC AGRICULTURAL LOAN EVALUATIONS BASED ON ACCURATE, UP-TO-DATE DATA, WITHOUT THE NEED FOR SPECIALIST TEAMS.

Reports generated by the system contain information about outstanding balances, number of accounts, average score, credit risk/bank branch, and the number of creditor firms/bank branches.

As with other GeoMIS applications, the content of GeoMIS Corporate and Cheque is continually improved. In its first year, GeoMIS Corporate's data set was expanded with the addition of information about cheques notified to KKB.

GeoMIS Combined

The newest member of the GeoMIS product family, GeoMIS Combined includes and maps information related to the credit limit/risk reported by banks and financial institutions as well as receivables to be liquidated by using the branch's province and district address information.

The following information can be viewed on GeoMIS Combined

- › The number of records, branches, customers and customers per branch on Unit Reports;
- › The risk amount in TRY terms, risk amount excluding rediscount and accrued interest, risk amount per customer, and risk amount per branch on Risk Reports;
- › Limits in TRY terms and limit occupancy rates on Limit Reports;
- › Non-performing receivable rates and delayed credit rates on Ratio Reports.

AGRICULTURAL LOAN ASSESSMENT SYSTEM (TARDES)

In 2013, KKB launched the Agricultural Loan Assessment System (TARDES), which contains a data sharing, system-ready infrastructure for banks and financial institutions seeking to extend loans to the agricultural industry.

TARDES provides an important platform and information service to financial institutions, enabling them to make systematic agricultural loan evaluations based on accurate, up-to-date data, without the need for specialist teams.

TARDES offers KKB members the following benefits:

- › Reliable, up-to-date and detailed cost tables created by expert staff;
- › Simultaneous evaluation of different production and/or cultivation by the same producer;
- › The ability to extend loans with different maturity dates depending on the types of production and agricultural products;
- › Evaluation of agricultural production by taking into account a producer's non-agricultural income and expenses;
- › Inclusion of personal information as well as production and income-expense data of other persons or entities that may impact loan repayment in a single application;
- › The ability to offer a general credit limit taking into account a producer's agricultural and non-agricultural, commercial and personal activities and ability to repay;
- › Prevention of the extension of loans that exceed a producer's need and ability to repay;
- › Evaluation of short-, medium- and long-term loans all-in-one;
- › Minimal IT and staff investment required by lending institutions;
- › Automatic data input from the Farmer Registry System included;
- › A flexible lending infrastructure tailored to financial institutions, enabling them to enter models and parameters into the system in line with their own credit policies;

- › The capability to send notification emails to users as the maturity date of a product, for which a limit has been proposed, approaches;
- › Time savings by blocking applications for products that do not qualify for a loan extension;
- › Evaluation of a producer's loan requests for non-agricultural purposes through the personal loan category.

Thanks to the Agricultural Loan Assessment System (TARDES), developed jointly by the Frankfurt School and KKB, and sponsored by the European Bank for Reconstruction and Development (EBRD), income and maturity calculations have become much easier.

TARDES helps financial institutions save time and manpower by providing information compiled and evaluated by a professional, impartial and expert team. It also enables financial institutions to establish a standard, product-based evaluation system internally. As a result, TARDES significantly contributes to the development of the agricultural industry.

CHEQUE INDEX

The Cheque Index summarizes cheque using habits and the reliability of a cheque issuer while serving as a risk indicator in graphic form. The Cheque Index is based on a score for the market, which is derived from the cheque payment data of natural and legal persons.

The Cheque Index evaluates the cheque payment behavior of legal entities and natural persons as a measurable factor. If there has been a problem, the Cheque Index's calculation reflects the number and amount. The cheque bearer can easily see the standing of a cheque issuer on a simple diagram and compare his/her position with other cheque issuers.

The Cheque Index, calculated statistically through an analysis of detailed data in the Cheque Report, facilitates interpretation of the reports and sound decision-making, hence ensuring time and resource savings. The Cheque Index is based on statistical data obtained through the analysis of detailed information pertaining to cheque history. Therefore, corporations can use the Cheque Index before engaging in a cheque transaction instead of attempting to interpret the detailed information in the Cheque Report. The Cheque Index enables companies to: Have an idea about the reliability of cheques, which they accept as a guarantee, Make consistent predictions as to whether the cheque will be paid by the maturity date, and Minimize any financial loss they may incur if the cheque bounces.

CENTRAL DECISION SUPPORT SYSTEMS (CDSS)

Serving as a data sharing platform since its founding, KKB now enables execution of the entire decision automation by means of cloud technology via KKB through the Central Decision Support Systems (CDSS), which began to be offered to the members in 2014.

CDSS is a decision automation system used by institutions that delivers every type of decision – including application management, risk/collection, credit monitoring, early warning services and the like – related to the services provided by them to their customers, in a fast, efficient and standardized manner. The most important downside to these systems, despite their many advantages, is that purchase, installation and operational costs can be significant.

Delivering this service centrally, KKB aims to provide institutions with quick, low-cost access to these systems.

KKB enhances any information sent by a member when a decision is required, processes it through CDSS, and then sends the final decision to that member. This way, members can benefit from this state-of-the-art technology, which was designed to reduce installation costs and implementation time. Central Decision Support Systems (CDSS) are effectively used by both the real sector and the finance industry. CDSS can be used in a number of business areas, such as Application Management, Customer Management, Limit Management, and Collection Management, where decisions must be constantly updated and optimized to adapt to the rapidly changing business environment. CDSS features the following advantages:

- › Requires minimal IT resource since technical infrastructure is provided by KKB.
- › Shortens integration processes to realize projects, thanks to the advantage of using an existing service.
- › Reduces costs with per-transaction pricing.
- › Enables business units to make decisions independently of the IT Department, thanks to the new generation Strategy Design Studio.
- › Compiles and consolidates KKB data used in CDSS processes, which use KKB's know-how and technology.
- › Conducts inquiries on all reports received from KKB through inquiry.

14. KKB'S PRODUCTS AND SERVICES

CCR IS BASED ON DEMOGRAPHIC DATA, LOAN AND COLLATERAL DATA, AND CHEQUE PAYMENT PERFORMANCE TO PREDICT TO WHAT EXTENT AN ENTERPRISE WILL FULFILL THE REPAYMENT REQUIREMENTS OF A LOAN OBTAINED FROM A MEMBER.

COMMERCIAL CREDIT RATING (CCR)

The Commercial Credit Rating (CCR) is an evaluation of the creditworthiness of a firm in order to facilitate commercial credit analysis. CCR is notified to member banks and other financial institutions as part of inquiries made through the Corporate Bureau, which keeps record of credit histories.

CCR is based on demographic data, loan and collateral data, and cheque payment performance to predict to what extent an enterprise will fulfill the repayment requirements of a loan obtained from a member. CCR measures a firm's default probability within 12 months following the date of inquiry; therefore, if the CCR is high, then it means that default probability is low.

As financial institutions take into consideration a number of variables during the lending process, loan repayment history is an important variable. CCR fills an important gap by providing the information needed to evaluate the loan repayment behavior of legal persons. As a result, monitoring the external behavior of loan customers becomes easier.

The Commercial Credit Rating (CCR) is calculated statistically through analysis of detailed data contained in the Risk Report. CCR provides the following advantages:

- › Risk decisions made by lending institutions can be evaluated more accurately.
- › A standard can be established in the commercial segment.
- › Decision-making processes are shortened so that customers can access loan products more quickly.

KKB offers its corporate members two different Commercial Credit Rating models, derived from data modeling carried out on the Corporate Bureau System.

PRESCRIBED ACCOUNTS

With this service, information about prescribed deposit accounts, loan participation funds, trust and accounts receivables are collected from banks that are members of the Banks Association of Turkey (TBB) and Participation Banks Association of Turkey (TKBB); consolidated; and published on a common platform (i.e. the website) for easy access by customers.

Prescribed Accounts information is published every year in early February and can be accessed by financial services customers until June.

ADDRESS PROCESSING SERVICE

The address formatting infrastructure used in GeoMIS, the map-based reporting system launched in 2013, started to be made available as a standalone service in line with the needs of KKB members in 2014.

This application contains a control to update address information, such as street names, towns, and similar details by geocoding the customer address data with the bank, adding the geocode data to the address data, and accurately defining the newly added addresses into the system.

The Address Processing Service provides the following benefits:

- › Collective Processing of Customer Addresses: Existing bank customer information can be formatted; changed information such as street name, district, and the like are updated and missing data completed; and geographic coordinates are added to the address data (geocoding).

- > Sharing the Up-to-date Address Database with Members: In order to ensure accurate data entry of new addresses, Turkey's address database is uploaded into the member system and integrated with the address entry screens. KKB assigns coordinates to each address entered. KKB also provides a reverse geocoding service, the process of back coding of a point location (i.e. latitude, longitude) to a readable address or place name.
- > Mapping Service: Any specific data relating to a member can be mapped using a function run by KKB.

CHEQUE STATUS INQUIRY

The Cheque Status Inquiry service was developed to prevent cheque fraud, which has been on the rise of late. With this service, one can find out whether a cheque is in circulation by making an online inquiry about the status of accepted cheques. The service makes it possible to discover whether the cheque is in circulation through an online inquiry via the issuing bank.

With the Cheque Status Inquiry Service, the institution can inquire the bank code, branch code, checking account number and cheque row number of the cheques accepted as guarantee or for collection, and the status of the cheques.

FARMER REGISTRY SYSTEM (FRS)

The Farmer Registry System (FRS) requires all farmers to be registered in a central database in order to monitor, inspect, report and inquire about agricultural support, and to ensure evaluations are sound and accurate.

FRS is a combined system of systems, used to keep records of personal information and assets (e.g. agricultural land, livestock, inputs, and the like) of farmers actively engaged in agricultural activities, along with product design and average agricultural productivity. FRS enables the implementation, monitoring and inspection of agricultural support programs; it is also used for the development of agricultural policies.

FRS Inquiry Screens enable those KKB members who do not use the TARDES loan module to inquire about FRS data, compiled by the General Directorate of Agricultural Reform and used to update, inspect, and monitor farmer related data.

LETTER OF GUARANTEE STATUS INQUIRY (LGSİ)

The Letter of Guarantee Status Inquiry (LGSİ) service enables customers who have received a letter of guarantee from a bank to check whether the letter of guarantee is still valid for the issuing bank. The service allows for inquiries using parameters such as bank name, branch name, row number, amount, currency and expiration date.

Institutions using the LGSİ service save time and cut operational costs by instantly inquiring about the validity of a letter of guarantee without the need to contact the issuing bank.

Thanks to the system, which allows the validity of a letter of guarantee to be checked instantly, fraud attempts can be prevented as well.

KKB member institutions and corporations can use the LGSİ service, which mainly targets public entities and institutions that accept a large number of letters of guarantee, via web screens specially designed for this application. Users can make online inquiries using banks' updated letter of guarantee databases, which are integrated with the system.

LGSİ covers all letters of guarantee issued to enterprises based in Turkey. In this online/real-time application, data flow from/to the banks that issue letters of guarantee is achieved through a web-based service integration.

TRADE REGISTRY SHARING SYSTEM (TRSS)

The Trade Registry Sharing System (TRSS) enables financial institutions to access up-to-date trade registry information about their customers, and be promptly notified of any changes.

Through TRSS, users can access amendments published in the Trade Registry Gazette on a daily basis using their preferred method. The application allows for both individual and multiple inquiries as well as the use of proactive notification methods.

The Multiple Inquiry option enables users to retrieve information about a number of customers at once. Users can either retrieve information about all types of announcements or select announcements in a specific category.

The Proactive Notification service sends members daily notifications about selected types of announcements concerning their customers in the Corporate Bureau and newly established firms. The related notification file is sent to the FTP address.

Institutions using the Proactive Notification service are now able to determine the daily notifications they want to receive by entering specified criteria into the system.



**WE TAKE DIGITAL
TRANSFORMATION TO
OUR RISK MANAGEMENT
PROCESSES.**

SERDAR ÇOLAK

14. KKB'S PRODUCTS AND SERVICES

KKB'S INCLINATION SCORES SEEK TO PREDICT LIKELIHOOD OF PERSONS TO USE A NEW CREDIT PRODUCT IN THE FUTURE BASED ON THEIR PAST BEHAVIOR AND THEIR PERFORMANCE UNDER THE CURRENT CREDIT PRODUCTS.

COLLECTION SCORES

Supporting the data-sharing service it offers to members with analytic scoring models, KKB launched the Collection Scores service, one of its products. The Collection Scores service is used to calculate the risk of further delaying payment or defaulting on a loan by a customer, who has already delayed repayment, in the near future. Collection Scores are risk score cards tailored for each customer who delays their payment. With this tool, members can develop collection strategies for overdue customers and manage collection processes more effectively. Taking into account all CRS data, members can boost collection efficiency by planning their actions to realize risk segmentation according to the related overdue period. They can also ensure to prevent customer dissatisfaction except for operational gain.

INCLINATION SCORES

KKB's Inclination Scores seek to predict likelihood of persons to use a new credit product in the future based on their past behavior and their performance under the current credit products.

KKB Inclination Scores:

- › Enables KKB members to reach the best prospects rapidly with appropriate strategies for product sales.
- › Allows members to see more comprehensive data via a single score with lesser operational burden.

- › Saves time thanks to easy identification of target masses on a product basis.
- › Accelerates sales through value added to sales and marketing operations.
- › Provides more productive, efficient management in making products available.

In 2015, KKB began calculating Inclination Scores for personal loans by modeling loan and loan application data pertaining to the personal portfolio contained in the data warehouse using statistical methods. KKB plans to calculate Inclination Scores for all personal products in the coming period.

IBAN VALIDATION SERVICE

Fast, secure and accurate money transfer via financial institutions is becoming increasingly important for customers in today's fast paced business world.

KKB's IBAN Validation Service enables customers to view masked data – such as name/surname, company name – about the real person or the legal entity that owns the IBAN, thus helping customers avoid incorrect money transfers.

SOLUTIONS-ORIENTED PRODUCTS AND SERVICES

14. KKB'S PRODUCTS AND SERVICES

LCS MIDES PROVIDES A PLATFORM FOR KKB MEMBERS TO HANDLE CUSTOMER COMPLAINTS RELATED TO INCOMPLETE OR INCORRECT INFORMATION SHARED VIA THE LIMIT CONTROL SYSTEM.

KKB's IBAN Validation Service aims to:

- > Prevent money transfer mistakes,
- > Cut operational costs,
- > Reduce time costs,
- > Provide customers with a secure transaction platform, and
- > Increase customer satisfaction.

LCS CUSTOMER OBJECTIONS HANDLING SYSTEM (MIDES)

LCS MIDES provides a platform for KKB members to handle customer complaints related to incomplete or incorrect information shared via the Limit Control System.

If a customer thinks that the information shared via LCS is incomplete or incorrect, they can initiate the objection process in LCS MIDES by using the reference number generated for the inquiry. Regarding complaints submitted by members, the process runs between objecting and responding parties through LCS MIDES screens. If the responding member replies to an objection with a value lower than the LCS value, then the process continues via the LCS Urgent Updating screen with the responding member updating their reply.

LCS MIDES was developed to respond to customer objections in a quick and clear manner, and to carry out all related communications in accordance with the standards. It aims to shorten the objection process and increase customer satisfaction.

FRAUD ATTEMPT DETECTION AND PREVENTION SERVICE

The objective is to create a national database of loan application data provided by member institutions and offer protection to the entire industry.

The Fraud Attempt Detection and Prevention service provides for a much safer operational environment when compared to anti-fraud controls undertaken by each institution separately. This project aims to minimize losses incurred by financial institutions as a result of application fraud.

The Fraud Attempt Detection and Prevention service will run as a cloud-based application via KKB; system participation will be easy and low-cost for financial institutions. Another great advantage is that institutions will share the licensing expenses. The system is being designed to process both exclusive and shared rules and data.

The fraud attempt detection and prevention service provides for a much safer operational environment when compared to anti-fraud controls undertaken by each institution separately.

THE COMPANIES WERE PROVIDED THE OPPORTUNITY TO RECEIVE DATA FROM THE PDP BASED ON PRODUCT AND UNDER THE HEADING THEY PREFER.

The new system will initially be activated for lending institutions. Subsequently, it is expected to expand and become a national information-sharing platform with the participation of different industries.

LOANS ANALYSIS PORTAL (LAP)

The Loans Analysis Portal (LAP) is an interactive reporting system that allows data reporting on the portfolio of any kind of installment loan, overdraft account and credit card products owned by natural persons; their payment performance; and comparison with the benchmarking group selected in the GeoMIS Individual application and with the sector as a whole. LAP's primary advantages to users include:

- > Showing the changes in an institution's loan portfolio on a monthly basis and over time.
- > Facilitating strategic decision-making by providing reports and information related to risk management, credit policies, marketing and campaign management, and collection practices.
- > Offering tailored data and content and ease-of-use via the Internet.

Using different parameters and filtering options on the reporting screens, the Loans Analysis Portal can produce about 175 million different reports on 2.5 billion lines of data. Thanks to its state-of-the-art infrastructure, LAP generates these reports very fast.

KKB's corporate members who are also Credit Reference System (CRS) users can perform the following analyses on LAP:

- > Analysis of newly opened accounts
- > Analysis of current portfolio, and
- > Risk analysis.

The Credits Portfolio Analysis system generates reports using data derived from the monthly notifications of CRS members. The system contains data pertaining to the past 13 months and report results are visually represented in diagrams.

HIGHLIGHTS

➤ The Credits Portfolio Analysis system generates reports using data derived from the monthly notifications of CRS members.

➤ KAP (Public Disclosure Platform: "PDP")'s reporting service was prepared as a separate portal for consumer finance companies.

14. KKB'S PRODUCTS AND SERVICES

KKB UNKNOWN NUMBER FACILITATES REACHING CUSTOMERS IN A SHORTER PERIOD OF TIME WHEN THE CUSTOMERS DO NOT HAVE A PHONE NUMBER, THE CORRECTNESS OF THEIR CONTACT INFORMATION IS IN DOUBT, OR THEIR CONTACT INFORMATION IS INCORRECT.

With this application, an institution can:

- › Track the current state and development of its own loan portfolio;
- › Compare data related to different portfolios, such as amount, volume, overdue payments and collections, with competitors;
- › Use all this data to establish and test its risk management policies.

KAP (Public Disclosure Platform: "PDP")'s reporting service was prepared as a separate portal for consumer finance companies. The companies were provided the opportunity to receive data from the PDP based on product and under the heading they prefer. In addition to the newly opened accounts analysis, current portfolio analysis, and risk analysis reports that they can already receive, consumer finance companies can prepare and use reports in three main products: vehicle loans, mortgage loans and consumer loans.

CHEQUE ANALYSIS PORTAL

Cheque Analysis Portal is an interactive reporting environment that enables KKB members to compare their cheque numbers with the "comparison group" that they will define, and the "sector in general."

Through the reports prepared with the data obtained from the daily check notifications of the Cheque Analysis Portal, they can:

- › Compare the number of cheque customers using cheques for the first time with competitor institutions;
- › Have information about the ratios and trends of customers who issue bounced cheques in their customer portfolio;
- › Monitor the rates of the cheques whose backs are written and subsequently paid, on a monthly basis with the Vintage analysis;
- › Measure the ratio of bounced cheques during submission, and how loyal cheque customers are, to their payments;
- › Have information about the ratio of up-to-date bounced cheques and on how much of the bounced cheques have been paid;
- › Compare the ratio of cheque customers who issued a cheque for the first time, and who issued a bounced cheque for the first time, with the sector in general as well as with a peer group defined by the institution itself;
- › Reach cheque index distribution of the cheque customers.

With the Cheque Analysis Portal, customers can compare the number of cheque customers using cheques for the first time with competitor institutions.

THE LOAN UTILIZATION INSTANT SHARING SERVICE (KAPS) IS DESIGNED TO PREVENT THE OBTAINING OF LOANS BY A PERSON FROM BANKS AND FINANCIAL INSTITUTIONS IN THE SAME DAY ABOVE HIS CREDITWORTHINESS AND TO DETERMINE RELATED FRAUD CASES.

KKB UNKNOWN NUMBER

KKB Unknown Number is an unknown number service that facilitates reaching customers in a shorter period of time, by enriching the customer address of KKB, when the customers do not have a phone number, the correctness of their contact information is in doubt, or their contact information is incorrect.

The following is provided under the KKB Unknown Number Service:

- › With Standard Inquiry, current and potential customers can be reached using more precise contact information via the name-surname-address (province/district) information obtained through the inquiry conducted by using the phone numbers registered by the institution itself, It is also possible to communicate with customers who do not have contact information, or who cannot be reached on their registered numbers, via the numbers to be obtained via name-surname-address (province/district) information.
- › The Address Comparative Inquiry is designed to provide number information through name, surname and open address. This inquiry type allows coupling proximity of the inquired address to be measured by assigning a score to the phone number submitted as the answer, and to the address in the same inquiry where this number is registered.
- › The Verification Inquiry ensures that the current name, last name, phone number information held by the institution is confirmed with the information registered in the directory service. An accuracy score is given to the open address information.

LOAN UTILIZATION INSTANT SHARING SERVICE (KAPS)

The Loan Utilization Instant Sharing Service (KAPS) is designed to prevent the obtaining of loans by a person from banks and financial institutions in the same day above his creditworthiness and to determine related fraud cases.

The service allows the institution to know if a customer has obtained any other loans within 48 hours at the time of utilization of the loan. It enables prohibiting the person from receiving loans above their solvency while preventing a type of fraud commonly perpetrated in the market.

HIGHLIGHTS

➤ KKB Unknown Number is an unknown number service that facilitates reaching customers in a shorter period of time, by enriching the customer address of KKB.

➤ KAPS enables prohibiting the person from receiving loans above their solvency while preventing a type of fraud commonly perpetrated in the market.



**WE DEVELOP INNOVATIVE
RISK MANAGEMENT
SOLUTIONS WITH OUR
EXPERIENCED AND EXPERT
TEAMS.**

ORKUN DENİZ

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

Service Name	2013	2014	2015	2016	2017
Credit Limit – Credit Risk Inquiry and Information Sharing	●	●	●	●	●
Sharing Information about Protested Bills	●	●	●	●	●
Bounced Cheque Inquiry and Information Sharing	●	●	●	●	●
Individual Cheque Inquiry	●	●	●	●	●
Risk Center Customer Report Service	●	●	●	●	●
Credit Reference System (CRS)		●	●	●	●
Corporate Bureau System (CBS)		●	●	●	●
Personal Customer Objections Handling System (Personal MIDES)		●	●	●	●
Corporate Customer Objections Handling System (Corporate MIDES)		●	●	●	●
CRS Data Verification System		●	●	●	●
Cheque Report Raw Data Presentation		●	●	●	●
Risk Report Raw Data Presentation		●	●	●	●
Bounced Cheque Warning System		●	●	●	●
Inquiry and Warning about Entities Prohibited from Participation in Tenders		●	●	●	●
Data Sharing About Derivative Transactions		●	●	●	●
Data Updating Application		●	●	●	●
Data Validation and Sanction Application		●	●	●	●
Acceptance & Rejection Notifications Related To Loan Applications		●	●	●	●
Sharing of Internal Rating Scores		●	●	●	●
Credit Rating Agencies and Sharing of Rating Scores		●	●	●	●
Government Agency Services and Customer Data Requests		●	●	●	●
Member Requests Management Service		●	●	●	●
Risk Center Bulletins and Statistics Publishing Services		●	●	●	●
Paid Bills Inquiry Service			●	●	●
Sharing Information about Cheques under Interim Injunction			●	●	●
Sharing Information about Companies That Have Declared Bankruptcy/Suspended Bankruptcy/Debt Composition			●	●	●
Sharing Information about Customers Prohibited from Using Cheques			●	●	●
Customer RA Personal Record Search Service			●	●	●
Cross Cheque Relations Inquiry			●	●	●
Credit Insurance Inquiry Service			●	●	●
MERSIS-CTMCRS Inquiry Service				●	●
RC Warning Services				●	●
Force Majeure Inquiry					●
BKM Member Merchant Turnover Information Inquiry					●
Individual Inquiry Reports					●

EFFECTIVE SOLUTIONS
THAT TAKE RISKS UNDER CONTROL

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

IN THE BOUNCED CHEQUE NOTIFICATION SERVICE, BANKS INFORM THE RISK CENTER DAILY ABOUT BOUNCED CHEQUES PROCESSED AS WELL AS THEIR HOLDERS, PAID CHEQUE AND ACCOUNT OWNER WITHOUT ANY UPPER AND LOWER LIMIT.

CREDIT LIMIT-CREDIT RISK INQUIRY AND INFORMATION SHARING

Risk Center members submit and share information about credit limits extended to natural persons and legal entities and associated credit risk, in addition to accounts receivables to be liquidated, via this system on a monthly basis.

Information is collected from members under the following categories:

- › Credit limit: Credit limit extended to real persons and legal entities for cash and non-cash loans, funds, and other accounts receivable activities.
- › Credit risk: Receivables arising from cash and non-cash loans and funds extended or mediated to natural persons and legal entities, other accounts receivable activities, and associated interest and profit.
- › Accounts receivables to be liquidated: Loans and other receivables classified as "frozen" receivables by banks. Receivables to be liquidated by leasing, factoring and financing companies, and accounts classified as uncollectible.

Information collected via this system is consolidated per account and shared with members that have sent notifications about these accounts. Individual inquiries are also possible via the web screen or the web service.

Through this system, the following information is also shared with the members: Information notified to the Risk Center by TMSF (Savings Deposit Insurance Fund of Turkey) regarding credit limit, credit risk and accounts receivables to be liquidated. Information about risks associated with commercial paper and principal debt arising from bills issued through the Central Registry Agency.

The Credit Limit-Credit Risk-Receivables to be Liquidated (CLCR) system launched in 2013 to provide comprehensive information required by members to evaluate credit risk.

SHARING INFORMATION ABOUT PROTESTED BILLS

Members notify the Risk Center about bills disputed for non-payment and bills relieved from dispute once every 15 days. Personal information, address and amount stated on the bill are recorded in the system. Notifications sent by banks are consolidated and shared collectively with Risk Center members via the File Transfer System.

BOUNCED CHEQUE INQUIRY AND INFORMATION SHARING

In the Bounced Cheque Warning System, information about cheques recorded as dishonored by banks and their account holders, and information about cheques paid after being recorded as dishonored and their account holders are notified to the Risk Center on a daily basis, regardless of the cheque amount.

It is possible to run both individual and multiple inquiries about bad cheques notified by members:

Collective Sharing: Bounced cheque data submitted by members is consolidated and shared collectively with all members of the Risk Center via the File Transfer System.

Individual Sharing: Results of individual inquiries can also be shared with all members, whether they are customers or not, via the Risk Center's web applications.

INDIVIDUAL CHEQUE INQUIRY

This service enables Risk Center members to inquire about cheques recorded as dishonored as well as cheques paid after being recorded as dishonored.

WITH THE CRS URGENT UPDATING APPLICATION, MEMBERS ARE NOW ENABLED TO PERFORM PROCESSES SUCH AS UPDATING OF PERSONAL DETAILS IN ADDITION TO THE FINANCIAL DATA OF LOAN ACCOUNTS, DELETION OF GUARANTORS AND ADDITIONAL CARD USERS, DEREGISTRATION, AND THE LIKE WITHOUT WAITING FOR THE NEXT MONTH'S NOTIFICATION.

CREDIT REFERENCE SYSTEM (CRS)

Credit Reference System is an information-sharing platform, through which detailed data about personal loan products is collected from the members of the Risk Center and then shared with banks and financing companies.

Banks and financing companies that are members of the Risk Center can access:

Data on all open accounts under which a consumer is "debtor" and "guarantor";

Data on all closed accounts of the last five years; Data on applications made during the last six months; and Loan repayment performance data pertaining to the last 36 months online within several seconds via CRS inquiry.

With the ability to access any information regarding overall credit risk and repayment habits of any consumer by using CRS, financial institutions can make any risk decision pertaining to their customers by relying on concrete data.

The CRS Collective Inquiry service allows users to make group inquiries on the portfolio of personal loan customers and to manage risk effectively. As a result, financial institutions can make their loan decisions rapidly (e.g. extend loans by SMS) and offer their loan products rapidly to the right customers under the right conditions.

Thanks to this advantageous system provided by KKB, the finance industry can grow in a healthy manner and consumers are provided with the financial support they require on macro scale.

Members transmit the data of customer loan repayments in the prescribed details and format for the present and past on a monthly basis to the CRS. KKB transfers the personal loan product data received from members in accordance with a standard structure to the CRS database in its original state without any modification, merger, addition or other alteration and opens the data to sharing with the other members. In addition, the information contained in the risk reports comes from this data pool.

With the CRS Urgent Updating application, members are now enabled to perform processes such as updating of personal details in addition to the financial data of loan accounts, deletion of guarantors and additional card users, deregistration, and the like without waiting for the next month's notification. In 2015, daily notification to the CRS will be enabled, so that the data shared will be much more up-to-date.

The Credit Reference System ensures minimizing personal credit risk, boosting credit volume used by measuring credit risk, making more rational, faster, and healthier credit and limit decisions. The system also encourages individual credit customers to pay on a regular basis and enables loan utilization to be widespread.

CRS is not a black list; it also contains positive loan repayment data. Consequently, customers have the opportunity to introduce themselves easily to an institution with which they will work for the first time ever. While the loan accounts are updated by the members on daily basis, application records are created and opened to sharing instantly.

The Credit Reference System ensures minimizing personal credit risk, boosting credit volume used by measuring credit risk, making more rational, faster, and healthier credit and limit decisions.

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

AS OF OCTOBER 2017, PERSONAL AND COMMUNICATIONS DATA, WHICH IS ONLY REPORTED DURING OPENING OF AN ACCOUNT, BEGAN TO BE RECEIVED ON A MONTHLY BASIS. THUS, THE DVS SYSTEM WAS GIVEN THE CAPABILITY TO BE FED WITH UPDATED PERSONAL AND COMMUNICATION DATA.

After operating with the monthly data reporting and update system until June 2015, CRS began to be updated daily as of that time. In CRS, where millions of accounts are recorded, credit information and payment performance data were ensured to be uploaded to the daily system. With more current data, it became more likely for members to make healthier credit decisions more effectively.

As of July 2016, CRS notification was initiated by the asset management companies as well as banks and consumer financing companies, enabling existing CRS data to be enriched.

As of October 2017, personal and communications data, which is only reported during opening of an account, began to be received on a monthly basis. Thus, the DVS system was given the capability to be fed with updated personal and communication data.

CORPORATE BUREAU SYSTEM (CBS)

The Corporate Bureau System (CBS) is an information sharing system which includes commercially qualified credit information of real and legal entity customers.

Launched in 2005, CBS offers a very rich data set for use by members to perform a risk assessment on a legal entity. With the Collective Inquiry function added to the system in November 2013, members can easily update the portfolio at certain periods.

The content rich system facilitates sharing of an extensive range of data, including identity details of real persons and legal entities, information about relations on a capital basis, loan account and repayment data, collateral information and bounced cheque data.

As the number of members who provide information to the system increases, the Corporate Bureau System is being used more intensively. CBS has become an important tool in the credit assessments of KKB-member institutions regarding their corporate customers. As a result of a project carried out to enrich the data of the corporate bureau in 2013, corporate inquiries now include the following: In addition to the total corporate limit, information on group limit, group risk, cash and non-cash limit breakdown and general revision maturity are shared.

In 2014, a function was added to the CBS to enable institutions to perform any updating, deletion and correction on the Corporate Bureau Urgent Updating screens when there is any missing or erroneous data transmitted to the CBS without waiting for the next notification month. Thanks to the system, where objections received and answered via MIDES are listed, KKB members can make updates without waiting for the next month's notification.

The Corporate Bureau System (CBS) is an information sharing system which includes commercially qualified credit information of real and legal entity customers.

The first phase of the CBS Improvement and Simplification initiative commenced in 2017. This project enhanced data diversity within CBS and further improved the system's data uploading and inquiry performance.

Under this effort, KKB plans to enter Payment Performance data to CBS, just like in CRS, and share the Number of Days of the Biggest Delays in Payments within the Period for any given loan, going back as far as 36 months. In the other phases of the project, the following financial institutions, which were not previously included in the CBS, will be included in the system:

- > Factoring Companies
- > Leasing Companies
- > Asset Management Companies

Banks and finance companies that do not currently send notifications started sending them after the launch of the project.

CUSTOMER OBJECTIONS HANDLING SYSTEM (MIDES)

The Customer Objection Assessment System (MIDES) allows automatic transmission of the objections related to the information shared within the CRS and CBS to the member who registered the record.

Thanks to its construction, objections made by the customer: Through the Personal MIDES application in respect of their data shared in the CRS, and Through the Corporate MIDES application in respect of their data shared in the CBS Are handled and concluded in a short period of time. If, as a result of the examination, the determination is made that there is a problem with the shared data, the necessary correction is carried out without a request within a short time.

MIDES has the distinction of being the fastest system in the world in terms of examination of and responding to consumer complaints, when compared to similar systems. Although Risk Center member banks are allowed a maximum of 24 hours to respond to objections made, the actual response time is less than two hours.

In parallel to the start of CRS notification by asset management companies in 2016, systematic developments were completed for the submission and evaluation of the objections against the asset management companies' information.

DATA VERIFICATION SYSTEM (DVS)

The Data Verification System (DVS) is a KKB platform that allows members to check the accuracy of the information declared by a consumer who applied to it; complete any missing information of existing customers; and update any outdated data of the customers. DVS is used very intensively by KKB members.

Along with the start of CRS notification by asset management companies in 2016, this information was used to feed the IVS (Information Verification System).

CHEQUE REPORT RAW DATA PRESENTATION

This system provides access to the historical payment data of a cheque issuer. The report includes detailed information about the banks where there is a cheque account, cheques submitted, cheques that bounced but subsequently paid, and details in regards to the dishonored cheques paid in 1-month, 3-month, and 12 month intervals.

In addition to dishonored and paid cheques, the Cheque Report also contains information about post-dated cheques and open cheques. As KKB began collecting information on Postdated Cheques and Open Cheques from its members, the Cheque Report now contains information about issuers' postdated and open cheques, in addition to dishonored and paid cheques.

The system now allows for the tracking of a person's performance as a "bearer" in the reports that are offered to members for "inquiry" purposes. In addition to these reports, The Cheque Report Raw Data Presentation System presents information about cheques payable to the issuer at 1-, 3-, and 12-month intervals; the number/amount and ratio of cheques paid upon presentation; the number/amount and ratio of cheques that are dishonored but subsequently paid; the number/amount of cheques that are dishonored and still unpaid.

RISK REPORT RAW DATA PRESENTATION

Risk Report Raw Data Presentation provides information about historical loan repayment performance of natural persons and legal entities.

Based on personal and commercial loan data that the Risk Center periodically collects from corporate members via CRS and CBS, this report contains the following information: Data such as limits, risks, number of credit accounts of real and legal persons, as well as member information on who has account, their past credit payment performance, number of financial institutions that make notification, delay and follow-up is included.

The limit and risk information that appears in financial leasing and factoring companies are fed from the CLCR system and presented in the Risk Report.



**WE CONTINUE WORKING TO
SUSTAIN THE INNOVATION
CULTURE AT KKB.**

HAZAR TUNA

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

THE CROSS CHEQUE RELATIONS INQUIRY PRODUCES A LIST SHOWING THE NUMBER AND AMOUNT OF CHEQUES ISSUED MUTUALLY BETWEEN COMPANIES AND NATURAL PERSONS, WITH DETAILED BREAKDOWN ANALYSES.

CROSS CHEQUE RELATIONS INQUIRY

This system allows inquiries about the mutual cheque relations between the issuer and the last endorser who presented the cheque to a bank.

The Cross Cheque Relations Inquiry produces a list showing the number and amount of cheques issued mutually between companies and natural persons, with detailed breakdown analyses that include: "Cheque recorded as dishonored"; "Cheque paid after being recorded as dishonored"; "Cheque paid upon presentation"; and "Issuer's post-dated cheque".

The Cross Cheque Relations Inquiry service is provided via web applications since November 2015, with all members actively using it.

BOUNCED CHEQUE WARNING SYSTEM

While the information about bounced cheques is uploaded into the system on a daily basis, the system scans the issuers of these cheques in both the Credit Reference System (CRS) and the Corporate Bureau System (CBS) and produces a warning message to inform members about the status of the bounced cheque.

Consequently, KKB provides an early warning service to its members by informing them about any potential payment problems their customers may face in the future.

INQUIRY AND WARNING ABOUT ENTITIES PROHIBITED FROM PARTICIPATION IN TENDERS

Announcements published in the Official Gazette related to entities prohibited from participation in tenders, an important input for the risk assessments conducted by KKB members, are entered into the system on a daily basis.

Based on this data, various services are provided to KKB-member institutions, including:

- › When an announcement is published about prohibited entities and natural persons, a warning report is produced specially for the financial institution that serves these clients. As a result, members can be informed of notices published about their customers without having to monitor the Official Gazette.
- › If a customer who is the subject of inquiry in the Corporate Bureau has a tender ban record, then this information is also provided at the time of the inquiry.
- › One can run a customer-based search via the web application called Transactions Related to Entities Prohibited From Tenders, and access all announcements published within the year.

DATA SHARING ABOUT DERIVATIVE TRANSACTIONS

Under this service, KKB shares data about futures, options and similar derivative contracts sold by banks to natural persons and legal entities one business day before the notification date, including information about limits and risks on a semimonthly basis. Data sharing about derivative transactions can be made either collectively or individually.

INNOVATIVE SOLUTIONS

EFFECTIVE SERVICES

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

COURT DECISIONS RELATED TO BANS ON ISSUING CHEQUES AND OPENING CHEQUE ACCOUNTS ARE SHARED DAILY BY THE RISK CENTER WITH ALL RISK CENTER MEMBER BANKS COLLECTIVELY VIA THE FILE TRANSFER SYSTEM.

- › Collective Sharing: Data about derivative transactions is consolidated for each customer and shared collectively with members that have sent notifications about these customers related to derivative transactions and CLCR (Credit Limit-Credit Risk-Receivables to be Liquidated) on the next business day after the notification.
- › Individual Inquiry: With this option, one can inquire about Credit Limit-Credit Risk-Receivables to be Liquidated and data about derivative transactions is also available.

PAID BILLS INQUIRY SERVICE

Member banks notify the Risk Center of paid bills and debtor information on a semi-monthly basis. Personal data and address of the debtor, and bill amounts included in the notifications, are then entered into the system.

Regardless of customer status, information about paid bills is shared with all members via the web screen application, which enables individual inquiries.

SHARING INFORMATION ABOUT CHEQUES UNDER INTERIM INJUNCTION

This service includes: If a court granted an interim injunction on a cheque. If a court lifted an interim injunction order. If a court ordered the cancellation of the cheque by banks on a daily basis, and shared it by individual inquiry and collective feedback.

The service of Sharing Cheques Imposed under Interim Injunction enables clarifying if there is any interim injunction or cancellation decision on a cheque. With this service, inquiry can be made via the bounced cheque individual inquiry screen as well as the cheque report.

SHARING INFORMATION ABOUT COMPANIES THAT HAVE DECLARED BANKRUPTCY/SUSPENDED BANKRUPTCY/DEBT COMPOSITION

Information about companies that have declared Bankruptcy-Suspended Bankruptcy-Debt Composition and which was published in the Trade Registry Gazette is compiled and shared with all members of the Risk Center via the File Transfer System on a monthly basis.

SHARING SERVICE ABOUT CUSTOMERS BANNED FROM USING CHEQUES

Court decisions related to bans on issuing cheques and opening cheque accounts are shared daily by the Risk Center with all Risk Center member banks collectively via the File Transfer System.

CUSTOMER RA PERSONAL RECORD SEARCH SERVICE

Within the Ministry of Finance, Revenue Administration, and under the Customer RA Personal Record Search Service, Active/Inactive status is shared together with information on the identity of the customer, date of establishment, address including UAVT (National Address Database) code and operating area.

Regardless of customer status, information about paid bills is shared with all members via the web screen application, which enables individual inquiries.

The receipt of the customer's RA personal record via online inquiry not only improves the productivity on the member's front, but also prevents human-driven operational errors.

In August 2016, New RA Personal Record Search Web Service was launched in addition to the existing RA Personal Record Search service. With the addition of the Personal Record Change Web Service, the daily changes in company/person record and the type of operation are shared.

CREDIT INSURANCE INQUIRY AND SHARING

This service ensures the collection of monthly limit and risk information on the basis of customers who were insured by of (buyers), and customers who have insurance from (sellers), credit insurance companies. In addition, compensation applications made by the seller to insurance companies for unpaid bills are also shared. Credit insurance information can be queried individually on the screen and web service.

RISK CENTER CUSTOMER REPORT SERVICE

The Risk Center Customer Report service provides real and legal entities with reports related to their own loans that have been consolidated within the Risk Center and shared with members of the Risk Center. With this service, three different reports can be generated with information detailed below:

Credit Limit, Credit Risk, Receivables to Be Liquidated

This report includes information pertaining to credit and receivables to be liquidated, which is declared by Risk Center member banks, financial leasing companies, factoring firms, consumer finance companies, asset management companies, resource organizations and other members. The report can be received in three different versions: Detailed Report, Summary Report, and Non-performing Loans.

Cheque Report

This report pertains to bounced cheques, cheques paid after being processed as bounced cheques, and cheques paid upon submission, since 2009. The report includes total number of cheques, total amount of the cheques, bank information, which cheques are received, as well as the last 50 bounced cheques processed and paid after being processed as bounced cheques.

Protested Bill Report

This report contains information about protested bills in the last five years, including Bank Name, Branch Name, Record Type (Notification or Removal), Bill Amount, Protested Bill Notification Period, Protest Removal Period, and Reason for Removal.

ACCEPTANCE & REJECTION NOTIFICATIONS RELATED TO LOAN APPLICATIONS

Acceptance/rejection status of home, auto and consumer loans; credit cards; overdraft deposit account; and commercial loans, for which natural persons and legal entities have applied, and acceptance/rejection notifications related to these applications are collectively sent to the Risk Center as statistical data. This information, obtained from the banks, contributes to the CBRT's goal of fostering development of the financial sector.

SHARING OF INTERNAL RATING SCORES

Using this system, those banks that are members of the Risk Center and which have Internal Rating systems notify the TBB Risk Center of credit scores assigned to customers, their risk categories and score scales. They also share this information with the Banking Regulation and Supervision Agency (BRSA).

CREDIT RATING AGENCIES (CRAS) AND SHARING OF RATING SCORES

Banks notify the TBB Risk Center of the credit scores assigned to customers by Credit Rating Agencies (CRAs), which have been authorized but not directly acknowledged by BRSA, and of customers' score scales. Information about natural persons and legal entities that have been included in CRA notifications is collectively shared with all member banks, regardless of the fact that these persons are customers of these banks.

DATA UPDATING APPLICATION

With the Risk Center Data Updating Application, correction of the data notified and shared by members can be performed instantly, without waiting for the next notification period. Thanks to this service, CRS, CBS, Protested Bills and Credit Limit-Credit Risk data can be updated online. In 2016, research studies to implement credit insurance buyer and seller notifications via the application were completed.

DATA VALIDATION AND SANCTION APPLICATION

This system automatically checks whether KKB member data notifications are performed at intervals defined for each product and below a certain error rate; and sends feedback to members so that they can take action. When an error is detected, the system imposes a sanction in accordance with the rules set forth in the Risk Center Circular.

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

SEVENTEEN REPORTS AND ONE BULLETIN ARE REGULARLY PUBLISHED EVERY MONTH ON THE OFFICIAL WEBSITE OF THE RISK CENTER OF THE BANKS ASSOCIATION OF TURKEY.

This system provides the following benefits:

- › Improving the quality of member data by minimizing erroneous notification rates,
- › Enabling members to create data notifications in a more controlled and accurate manner,
- › Taking actions according to different types of notifications through product diversification,
- › Protecting customers by ensuring the accuracy of customer information submitted to the Risk Center.

OFFICIAL INSTITUTION AND CUSTOMER INFORMATION REQUEST SERVICES

The Official Correspondence Team's activities include responding to correspondence from customers as well as official institutions such as the court, prosecutor's office, police headquarters, Ministry of Finance, Capital Markets Board (CMB), Social Security Institution (SSI) and the Directorate of Execution within the legally required time frame. The team also ensures that the reports requested by the official institutions are produced accurately and completely and become ready for submission.

MEMBER REQUEST MANAGEMENT SERVICES

The Authorization Management Team's activities include processing membership access forms submitted by members after controlling them in compliance with the memorandum; and authorizing members to have access to the applications after the controls.

RISK CENTER BULLETIN AND STATISTICS PUBLICATIONS SERVICES

Seventeen reports and one bulletin are regularly published every month on the official website of the Risk Center of the Banks Association of Turkey (<http://www.riskmerkezi.org>).

Related newsletters and reports include the "Credit Limit Credit Risk (CLCR)," "Personal Loan and Credit Card" "Paid Cheque," "Bounced Cheque" and "Protested Bill" notifications made by members to the Risk Center of the Banks Association of Turkey. In 2017, content related to the "Decisions on Cheque Ban" was also included in these statistics.

The development and the size of the Turkish financial sector, including non-bank financial institutions, along with overdue receivables are analyzed with detailed breakdown analyses in these publications.

They include basic monthly trend analyses as well as special reports published in the sector for the first time, such as the number of people, overdue receivables per city, and the like.

CTMCRS INQUIRY SERVICE

Company Representative Information, Shareholder Information and Capital Information as part of the Central Registry System (CTMCRS), under the Ministry of Customs and Trade, started to be shared with Risk Center members at end-2016.

Customers are protected by ensuring the accuracy of customer information submitted to the Risk Center.

THE NUMBER OF INDIVIDUAL INQUIRIES MADE BY MEMBERS ON A DAILY, MONTHLY AND ANNUAL BASIS IS SHARED AS A SUMMARY AND IN DETAIL ON THE BASIS OF MEMBER USER. IN ADDITION, WARNING MESSAGES ARE CREATED AND SHARED IN THE SAME CONTEXT WITH MEMBERS ON A DAILY BASIS ACCORDING TO CHANGES IN THE TREND ANALYSIS REPORT AND DAILY INQUIRIES.

Members can make individual inquiry with MERSIS number, tax identification number or TRID. Information related to stock corporations, cooperatives, individual enterprises, Turkey branch of foreign companies as well as their businesses established by associations and foundations is available within the service.

BKM MEMBER MERCHANT TURNOVER INFORMATION INQUIRY

KKB carries out feasibility studies to receive member merchant turnover information from the BKM in monthly periods, on an identity and consolidated basis.

As part of the inquiry service, various information headings – such as member merchant TRID/TID, term (month/year), number of banks worked with, total turnover – are shared. All Risk Center members are able to benefit from the BKM Member Merchant Turnover Inquiry Service.

RC WARNING SERVICES

This product enables delivery of negative notifications to requesting members with a warning file through FTP. These negative notifications include different institutions' cheques, bonds, credit insurance and tender bans belonging to the individual and commercial customers who are noti-

fied by members to the Risk Center. Warnings are issued for customers who are notified by members to the Risk Center and involved in credit-limit, credit-risk, receivable to be liquidated (CLCR), individually qualified credit and credit card (CRS) or commercially qualified credits (CBS), issuers' postdated cheque applications within banks.

INDIVIDUAL INQUIRY UNIT QUERY

This service includes applications where sharing is done based on individual query. The number of individual inquiries made by members on a daily, monthly and annual basis is shared as a summary and in detail on the basis of member user. In addition, warning messages are created and shared in the same context with members on a daily basis according to changes in the Trend Analysis Report and daily inquiries.

FORCE MAJEURE INQUIRY

Customers who are exposed to events defined as force majeure are notified to the TBB Risk Center on a monthly basis by Risk Center members. Under this service, which can realize individual inquiry through the web screen, collective sharing is done on a monthly basis via FTP.

HIGHLIGHTS

➤ Customers who are exposed to events defined as force majeure are notified to the TBB Risk Center on a monthly basis by Risk Center members.

➤ Warning messages are created and shared in the same context with members on a daily basis according to changes in the Trend Analysis Report and daily inquiries.



**WE OFFER SUSTAINABLE
PRODUCT AND SERVICES
TO ENSURE A SECURE
ENVIRONMENT IN BUSINESS
AND TRADE.**

KORAY KAYA

16. FINDEKS

FINDEKS OFFERS A WIDE RANGE OF PRODUCTS THAT USERS CAN ACCESS VIA DIVERSE CHANNELS SUCH AS THE WEB SITE, INTERNET BRANCH, FINDEKS MOBILE APPLICATION, CUSTOMER CONTACT CENTER, BANKS AND STRATEGIC BUSINESS PARTNERS.

FINDEKS

Findeks is a financial services platform launched by KKB in 2014 to help establish a better functioning financial system in Turkey. To that end, Findeks provides individuals and corporations with access to credibility indicators, which the financial sector has used for years, thus ensuring transparency and making financial management possible for everyone.

Findeks aims to help real sector companies get to know each other financially; improve their risk-taking and risk-management abilities; protect their capital and reputation; and increase their sales and competitive power. Thanks to these objectives and capabilities, Findeks has become a critical tool, gaining an important place in Turkey's economy in a very short time. In light of Findeks services, companies significantly improve the quality of their assets, and contribute to the financial environment and the financial industry in Turkey.

In addition to basic products such as the Findeks Credit Rating, Risk Report, Cheque Index and Cheque Report, which cover all financial indicators, KKB has filled some large gaps in the market with value added products. For example, the Rating Consultancy provides expert advice on raising credit scores. Meanwhile, the Warning Service enables individuals to find out whether their financial and personal information is available online, through unwanted sites. This innovative service then gives a signal when the desired financial conditions become available to the user.

As of January 1, 2017, it became mandatory by law to use the QR CODE application on all cheques, and to record cheques with QR Code in the Findeks QR Code Cheque System, which launched as a result of innovative studies of Findeks. This application is expected to make commerce more transparent and secure, while also boosting production, employment, prosperity and trade volume.

KKB established the Findeks Customer Communication Center (CCC) to provide information to consumers and offer its products and services through the call center, in addition to the website. CCC is positioned as an effective communications center available to the 30 million persons in Turkey who have used/use a credit product. The Findeks Customer Communication Center, accessible at 444 4 552 (44 44 KKB), aims to deliver all services needed for the management of one's financial life.

Offering users a wide range of products, Findeks reaches customers through its website, online branch, Findeks mobile application, Customer Communication Center, banks and strategic business partnerships. Findeks undertakes ongoing efforts to increase the number and improve the efficiency of these various channels.

www.findeks.com

444 4 552

www.facebook.com/Findeks

www.twitter.com/Findeks

SECURE FINANCIAL LIFE

FOR THE REAL SECTOR AND INDIVIDUALS

16. FINDEKS

THE RISK REPORT ALLOWS USERS TO SEE THEIR OWN FINANCIAL INFORMATION IN DETAIL; IN ADDITION, THEY CAN TRACK THE FINANCIAL PERFORMANCE OF OTHER PERSONS OR ENTERPRISES, IF THEY HAVE APPROVAL TO DO SO.

FINDEKS CREDIT RATING

Findeks Credit Rating has served as a reference guide for banks in their lending decisions for many years. This score is calculated based on the credit limit, risk, and payment history related to personal loans that individual customers have obtained from banks and financial institutions; credit card and overdraft deposit accounts; as well as the extent and frequency of new credit.

Findeks Credit Rating functions like a summary of the Risk Report.

Banks and other financial institutions take into consideration the credit score and the payment history while assessing loan applications and managing their consumer loan portfolio. They can also predict future payment performance. Findeks Credit Rating is used by the real sector as a powerful decision-support tool.

Using Findeks Credit Rating, lending institutions offer their customers segmented products and services, and diversified payment options; meanwhile, lenders boost automation in decision processes, reduce operating costs, and increase their profits.

RISK REPORT

The Risk Report contains information about payment history related to active loans and loans closed within the last five years. The report covers home, auto and consumer loans, credit cards and overdraft deposit accounts. All information about these products is submitted to the TBB Risk Center by financial institutions on a regular basis, compiled by KKB and included in the Risk Report. As a result, individuals and the real sector are able to access information about credit products of all banks in a single report. The Risk Report allows users to see their own financial information in detail; in addition, they can track the financial performance

of other persons or enterprises, if they have approval to do so.

In commercial relationships, the ability to see the repayment history – and thus the payment habits – of the other party along with credit product volume and associated risks enables an entity or person to take precautionary measures against accounts receivable risk, thus ensuring a safe environment for trade.

CHEQUE REPORT

The Cheque Report contains both positive and negative information on cheques used in the past, and cheques issued but not yet paid.

Differing from the Risk Report, the Cheque Report shows the debt repayment behavior of a person or enterprise related to the debt they owe to sectors outside the financial industry. If a cheque bearer obtains approval from the issuer, then they can track the cheque payment behavior of that issuer. The Cheque Report also contains information about all banks that issue cheques in Turkey. The data contained in these reports relates to the period after 2009 for bounced cheques and after 2007 for paid cheques. Data is updated daily.

CHEQUE INDEX

The Cheque Index is calculated based on the cheque payment behavior of legal entities and natural persons. The main factors affecting this calculation include the frequency of cheques issued over the last 36 months, their date proximity, amounts and value.

The Cheque Index ranges from 0 to 1,000 points. If an issuer fails to pay all of the cheques, they receive a score of 0. If they pay all of the cheques, then they receive a score of 1,000 points. However, if a person has even one cheque that has been dishonored and is still unpaid, then the

THE CHEQUE INDEX IS LOGICALLY SIMILAR TO THE FINDEKS CREDIT RATING; HOWEVER, IT CONTAINS MORE ESSENTIAL INFORMATION PERTAINING TO CHEQUE PAYMENT PERFORMANCE AND HAS A SIMPLER CALCULATION ALGORITHM.

Cheque Index is calculated between 1 and 500 points. If a person or an entity has dishonored cheques, which they have paid later, then the Index is calculated between 501 and 999 points. The Cheque Index gives an idea about cheque payment habits of an individual or an enterprise.

The Cheque Index is logically similar to the Findeks Credit Rating; however, it contains more essential information pertaining to cheque payment performance and has a simpler calculation algorithm.

WARNING SERVICE

Another distinguishing feature of Findeks is the Warning Service, which instantly notifies customers of any changes in the credit limits and debt status of their loans, credit cards or overdraft deposit accounts. Thanks to this service, customers can keep their finances under control and take action when necessary.

Findeks Warning Service tracks these changes in accordance with the criteria set by customers and notifies them via SMS or email.

The Warning Service allows warnings to be defined to the system. A warning message is sent to the user under the following circumstances:

- > If their Findeks Credit Rating falls below 1,400 points.
- > If their credit card debt exceeds TRY 10,000.

- > If they delay payment on my credit cards, cheques, and the like.
- > If an application for a credit product (loan and credit card) is made in their name.

TRACER

Tracer is another exclusive benefit provided to Findeks customers. Tracer protects personal and sensitive information, including ID, communication, and credit card data, by running extensive scans online, including the "dark web." If Tracer matches the data it runs, transmitted by customers for protection, with any online data that is used without authorization, the system sends a simultaneous notification to the Tracer customer. A real-time data tracking service offered to individuals and enterprises through a website, Tracer is designed to minimize the risk of identity theft. Tracer checks whether customers' personal details (e.g. name, email, phone number, Turkish ID number) or any financial information (e.g. credit card number, bank account number, and the like) are currently circulating on the Internet without their permission or knowledge; the service also checks whether such information is being traded on the dark web. However, with these features, Tracer is not a protection service, but rather a system for scanning, alerting and informing.

Using Findeks Credit Rating is used in the real sector as a support product that boosts automation in decision processes.

16. FINDEKS

THE RATING CONSULTANCY SERVICE OFFERED THROUGH THE FINDEKS CUSTOMER COMMUNICATION CENTER PROVIDES CUSTOMERS WITH ALL THE INFORMATION THEY NEED.

RATING CONSULTANCY

The Findeks Credit Rating system aims to offer customers foresight to help them manage their financial lives and to ensure that commercial relationships are built on solid foundations. In recent years, a need for objective information has emerged, especially for managing, raising or maintaining credit scores. Therefore, the Rating Consultancy service offered through the Findeks Customer Communication Center provides customers with all the information they need.

Rating Consultancy includes: Provision of information about the benefits of the Findeks Credit Rating to individuals, about the range of the rating according to the average across Turkey, and the importance of the rating in terms of credibility; Consultancy service specially designed for individuals on how the Findeks Credit Rating can be raised or how an already high rating can be managed.

In 2014, KKB set up the infrastructure to deliver consulting services through CCC. In line with its future strategies, KKB continually works to improve Findeks products and services while developing new products. The added value generated by the Findeks product and service offering has not only changed Turkey's perspective on commerce, it has also created a new awareness about personal financial management. KKB expects that Turkey's prosperity will steadily increase, thanks to these challenging but very useful efforts.

FINDEKS QR CODE CHEQUE SYSTEM

This service enables viewing of an issuer's past cheque payment status without an approval process, and controlling potential forgery of the cheque by having its QR Code scanned on the Findeks Mobile Application. Along with legal enforcement functionality, QR Code cheques may now be produced upon customer request from the bank, without consent.

As of January 1, 2017, it is now mandatory by law for all cheques to have a QR Code, and to be recorded on the Findeks QR Code Cheque System.

Thanks to the Findeks QR Code Cheque System – the first-of-its-kind in the world – customers are able to check the validity and authenticity of cheques in a matter of seconds, and take precautions against accounts receivable risk, which arises from cheque payments.

LETTER OF GUARANTEE STATUS INQUIRY

The Letter of Guarantee Status Inquiry (LGSİ) service enables customers to check the validity of a letter of guarantee, without contacting the issuing bank. Using parameters such as Bank Name, Branch Name, Letter of Guarantee Number, Amount, Currency Code and Expiration Date, customers can run an online check to find out whether a letter of guarantee has been issued, and whether an active risk record exists for that letter of guarantee.

FINDEKS INDIVIDUAL MEMBERS

2,105 THOUSAND

FINDEKS COMMERCIAL MEMBERS

229 THOUSAND

2 MILLION 334 THOUSAND FINDEKS TOTAL MEMBERS

FINDEKS CREDIT
RATING
NUMBER OF INQUIRIES

526,111


FINDEKS RISK REPORT
NUMBER OF INQUIRIES

4,457,857

FINDEKS CHEQUE
REPORT
NUMBER OF INQUIRIES

247,498

FINDEKS TOTAL NUMBER OF INQUIRIES 8,687,540



**KKB ANADOLU DATA CENTER,
EQUIPPED WITH THE LATEST
TECHNOLOGY AT WORLD-
CLASS STANDARDS, IS A
BREAKTHROUGH IN THE
FINANCE AND IT WORLD.**

17. KKB ANADOLU DATA CENTER

KKB ANADOLU DATA CENTER COMPRISES A DATA CENTER, SUPPORT BUILDING AND A CUSTOMER OPERATION CENTER. THE FACILITY IS DESIGNED TO EXPAND WITH TWO ADDITIONAL DATA CENTERS AND ANOTHER SUPPORT BUILDING.

The KKB Anadolu Data Center was built on a 43 thousand m² tract in Ankara and started operations after the completion of construction work at the end of 2016.

In December 2016, T.C. Ziraat Bank started to move its systems and use KKB Anadolu Data Center as its Emergency Center.

As of April 2017, Yapı Kredi Bank completed moving its system and started using KKB Anadolu Data Center as the Emergency Center.

In May 2017, KKB moved its own Emergency Center system and infrastructure located at Izmir IBM BCRS Center, where it has offered its own services and Risk Center services, to KKB Anadolu Data Center. From May, KKB started to deliver all its ODM services from the new location. On October 28, 2017, KKB conducted its business continuity test studies, which it undertakes every year and includes the capability to provide services from the Disaster Recovery Center. With this effort, all KKB and Risk Center services were provided via KKB Anadolu Data Center for one day. All services were moved to KKB İstanbul Data Center at the end of the day and continued to be offered from there.

The Center will primarily meet the backup and main data center service needs of the banks. The facility is a data center where infrastructure costs are shared and operational applications are centralized in the financial industry. The Center, which offers the most advanced technologies to Turkey's financial institutions, aims to deliver cloud technology based services. These services will be established in compliance with applicable financial legislation and will maintain productivity in technology investment while being available for the use by primarily sector institutions.

KKB Anadolu Data Center comprises a data center, support building and a customer operation center. The facility is designed to expand with two additional data centers and another support building. Equipped with the latest technologies, an environmental approach and high energy efficiency at LEED Platinum standards, the Center is designed at the highest usability level with TIER IV standards. It is an exemplary data center facility, in which KKB's high security standards are developed and applied.

CENTER OF INFORMATION AND SECURITY

17. KKB ANADOLU DATA CENTER

DURING THE DESIGN PHASE OF THE KKB ANADOLU DATA CENTER, THE MOST SENSITIVE ISSUES WERE THE CREATION OF A BACK-UP INFRASTRUCTURE PROVIDING CUSTOMERS SEAMLESS, FAST AND CONTINUOUS ACCESSIBILITY AS WELL AS DATA SECURITY.



TECHNICAL FEATURES OF KKB ANADOLU DATA CENTER

The KKB Anadolu Data Center was designed and launched for KKB customers to securely safely protect, store and manage their data. The facility is equipped with the latest technological infrastructure available.

During the design phase of the KKB Anadolu Data Center, the most sensitive issues were the creation of a back-up infrastructure providing customers seamless, fast and continuous accessibility as well as data security. Two different transformers with a minimum capacity of N+1, a strong generator and UPS systems provide energy for uninterrupted service to the Center, which has an electrical infrastructure meeting Uptime Institute Tier IV requirements. In addition, the Center features ventilation systems that provide precise climatization and 24/7 cooling and humidity control in case of any malfunction.

The hardware used in the Center, where energy and data cabling is made overhead the cabinet, provides high speed support to customers.

FAST AND CONSTANT ACCESSIBILITY

Built in compliance with earthquake regulations and protected against lightning hazards, maximum attention is paid to physical security at the Center. There are different levels of biometric and classical safety points in the campus area where only authorized staff can enter. Access to the system room is possible after having an iris scan via the iris reader. Building and infrastructure management at the KKB Anadolu Data Center is carried out 24/7 without interruption with state-of-the-art automation and monitoring systems.



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PD-A-04
SPL 2004

PD-A-05
SPL 2004

PD-A-06
ARI 3004

PD-A-07
SALON 2

PD-A-08
SPL 20-001
SALON 2

A large, solid orange circle is centered on a light gray background. Inside the circle, the text "OUR SOCIAL CONTRIBUTION" is written in a bold, white, sans-serif font, arranged in two lines.

**OUR SOCIAL
CONTRIBUTION**



**WE CARRY OUT OUR
ACTIVITIES WITHIN THE RULE
OF LAW.**

BAHATTİN ÇELİK

18. OUR SOCIAL CONTRIBUTION

IN 2017, KKB ORGANIZED THE FOURTH EDITION OF THE SOCIALLY RESPONSIBLE PROJECT COMPETITION, "YOU IMAGINE, WE REALIZE," WHICH AIMS TO RAISE SOCIAL RESPONSIBILITY AWARENESS AND HEIGHTEN SENSITIVITY TO SOCIAL ISSUES AMONG UNIVERSITY STUDENTS.

YOU IMAGINE, WE REALIZE

In 2017, KKB organized the fourth edition of the socially responsible project competition, "You Imagine, We Realize," which aims to raise social responsibility awareness and heighten sensitivity to social issues among university students. The jury panel, which evaluated the social responsibility projects developed by university students, consisted of Ibrahim Betil, Civil Society Volunteer; Yasemin Salih, Journalist; Fügen Toksü, Communication Expert; Özlem Denizmen, Businesswoman and Social Entrepreneur; Fatoş Karahasan, Academician and Journalist; Can Yılmaz, Actor, Scriptwriter; Cem Seymen, Journalist and Presenter and Writer; Kasım Akdeniz, General Manager of KKB.

A total of 2,080 projects were submitted by 1,253 students to the competition – where student entrants could apply between December 1, 2016 and March 14, 2017 – in the categories of environment, education, culture and arts, health and sports, Finansal literasi, and society. For the first time in the history of the competition, students who placed in the top 30 on April 26, 2017 were invited to İstanbul one day before the award ceremony to attend a social responsibility workshop that was organized specially for them. During the award ceremony held on April 27, 2017, each social media first prize winner and category first prize winner was awarded TRY 5,000, while each category second prize winner received TRY 3,000, each category third prize winner won TRY 2,000, each category fourth prize winner won TRY 1,000 and the fifth

prize winners won TRY 500. "Your Design, Your Life" project that received the highest score among the first prize winners of all the six categories was presented with the Grand Prize of TRY 10,000. In addition to awarding the three finalists in each category and the winner of the social media category, KKB also provided an internship opportunity to these students in 2017 summer.

THE AUDIO QUESTION BANK

In the "You Imagine, We Realize" 2016 contest, the "Audio Question Bank" project, prepared by Emre Taşgın, won the "Education" category first prize with the highest score. The project aimed to create personal, professional and academic learning environments for visually impaired individuals based on equality of opportunity. Audio Question Bank involves the transmission of updated trial tests and question banks prepared for the exams such as YGS and LYS to the appropriate medium after being vocalized.

In order to launch the project in cooperation with the Association of Visually Impaired in Education (EGED) and İstanbul University, Head Office of Library and Documentation, Unimpeded Information Center, A team of KKB employee volunteers carried out the vocalization trials of the question bank. The launch meeting of the project was held on January 11, 2017 at İstanbul University. Sixteen-hundred questions were vocalized in the first phase of the project, 2,354 questions in the second phase and 3,514 questions in the third phase. A total of 7,468 ques-

FOR A BETTER FINANCIAL AND SOCIAL FUTURE

18. OUR SOCIAL CONTRIBUTION

ACHIEVING AN IMPORTANT CSR GOAL, KKB'S RUNNING TEAM RAN THE VODAFONE ISTANBUL MARATHON (10- AND 15-KILOMETER COURSES), WHICH WAS HELD ON NOVEMBER 12, 2017, TO RAISE MONEY FOR SEED AUTISM FOUNDATION, IS SUPPORTED BY THE ADIM ADIM INITIATIVE, A REGIONAL RUNNING GROUP.

tions were vocalized and transmitted to all libraries serving the visually impaired. In 2017, one in every three visually impaired had access to the resources generated under the Audio Question Bank effort through the online e-library of the Visual Impaired Technology and Education Laboratory (GETEM). This access allowed the visually impaired to be able to prepare for the exams. Pursuant to the 2017 data obtained from ÖSYM (Student Selection and Placement Center), the number of visually disabled persons who applied to the 2017 ÖSYS (Student Selection and Placement Exam) was 1,881; the number of visually impaired who applied to LYS (Undergraduate Placement Exam) was 796. In accordance with the results of the examinations, 486 visually impaired students were placed in formal education and 361 in open education.

IF YOU ARE THERE, WE ARE THERE, TOO

The "If You Are There, We Are There, Too" project received the Grand Award at the "You Dream, We Realize" competition in 2015 by garnering the highest ranking. Prepared by a group of Acibadem University Medical School students, the innovative initiative included the health screening of seasonal agricultural workers and provision of medical support. The first phase of "If You Are There, We Are There, Too" was undertaken in 2015 in Çaputçu and Tuzla villages of Adana by a project team composed of volunteer students from Acibadem University and experts from Yeditepe University with logistical support provided by KKB. The young volunteers, who stayed in Adana for a week, gave basic physical examinations to spouses and children of seasonal field workers, and to the workers after the evening break. During the exams, subjects were provided with the awareness training on key health issues. The second phase of the project was held in Adana July 3-7, 2017 with the same team of 17 volunteers and experts. Health examinations were carried out in different agricultural areas during the week, primarily in Çaputçu Village of Yüreğir District in

Adana. The exams were administered in a health tent provided by KKB to the students. This allowed the medical students to perform physical examinations on the patients in more sterile environment.

KKB'S RUNNING TEAM

Achieving an important CSR goal, KKB's Running Team ran the Vodafone Istanbul Marathon (10- and 15-kilometer courses), which was held on November 12, 2017, to raise money for Seed Autism Foundation, is supported by the Adim Adim initiative, a regional running group. KKB has improved the lives of 15 children, through the individual contributions of the corporate running team. The team raised TRY 11,816.

SEPTEMBER DONATION CAMPAIGN

As one of the 25 institutions participating in the Steptember Donation Campaign, KKB collected total donations of TRY 4,938.21 during the campaign and took 3,244,798 steps. The proceeds were presented to Spastic Children's Foundation of Turkey to perform activities in line with its vision. In particular, the donations will help the Foundation provide more training and rehabilitation to integrate children and young people with cerebral palsy into society.

KKB SOCIAL RESPONSIBILITY CLUB

The KKB Social Responsibility Club, formed by volunteer KKB employees, undertook various social responsibility activities that will benefit all segments of society throughout the year.

Club activities include blood donation drives in cooperation with Red Crescent, in-house kermes, support for animal shelters, and support for books, magazines, technical equipment and clothes to schools in need. In addition, donations collected with the benefit concerts by the KKB staff music group were presented to The Educational Volunteers Foundation of Turkey (TEGV) and Seed Autism Foundation.





REPORTING

19. DECLARATION OF CONFORMITY FOR THE ANNUAL REPORT KKB KREDİ KAYIT BÜROSU A.Ş.

DECISION OF BOARD OF DIRECTORS

Location : Headquarters Office, Istanbul
Decision Date : 28.02.2018
Decision No. : 2018/08

AGENDA:

Making the decisions required to prepare for the General Assembly Meeting.

RESOLUTION:

As part of 2017 General Assembly Meeting preparations, the Board of Directors unanimously decided to:

Approve the Company's financial statements for the period, which ended on December 31, 2017;

Approve the Company's 2017 Annual Report, and get it signed by the Chairman and the Members of the Board of Directors, in accordance with the relevant provisions of the Regulation issued by the Ministry of Customs and Trade;

Include the matter of hiring PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to conduct independent audits on the Company in accordance with the relevant provisions of the Turkish Commercial Code, as an item in the agenda of the General Assembly meeting.

MEHMET SEBAHATTİN BULUT
CHAIRMAN OF THE BOARD OF
DIRECTORS

GÖKHAN ERTÜRK
VICE CHAIRMAN OF THE BOARD OF
DIRECTORS

MEHMET EMİN KARAAĞAÇ
MEMBER OF THE BOARD OF
DIRECTORS

VEYSEL SUNMAN
MEMBER OF THE BOARD OF
DIRECTORS

ON BEHALF OF T. GARANTI BANKASI A.Ş.
ŞÜKRÜ ALPER EKER
MEMBER OF THE BOARD OF DIRECTORS

ON BEHALF OF AKBANK T.A.Ş.
EGE GÜLTEKİN
MEMBER OF THE BOARD OF DIRECTORS

ON BEHALF OF DENİZBANK A.Ş.
İZZET OĞUZHAN ÖZARK
MEMBER OF THE BOARD OF
DIRECTORS

DEMİR KARAASLAN
MEMBER OF THE BOARD OF
DIRECTORS

MURAT BİLGİÇ
MEMBER OF THE BOARD OF
DIRECTORS

KASIM AKDENİZ
MEMBER OF THE BOARD OF
DIRECTORS AND
GENERAL MANAGER

KKB KREDİ KAYIT BÜROSU A.Ş.
ANNUAL REPORT OF 2017
DECLARATION OF CONFORMITY

We hereby declare that:

We have examined the financial statements, footnotes and the Annual Report pertaining to the period January 1, 2017 – December 31, 2017, and prepared in accordance with the Regulation on the Determination of the Minimum Content of Companies' Annual Reports, which was issued by the Ministry of Customs and Trade and came into effect upon its publication in the Official Gazette dated August 28, 2012, and approved by Board of Directors' Resolution No. 2018/08 on February 28, 2018;

Based on the information known to our Company within its area of responsibility, the financial statements and the Annual Report do not contain, within the framework established by the regulation, any untrue statement of a material fact or omit to state a material fact, which might be misleading with respect to the period covered by this report;

Based on the information known to our Company within its area of responsibility, the financial statements and other financial information included in this report, fairly and accurately represent in all material respects the financial condition and operating results of our Company as of, and for, the period covered by this report.



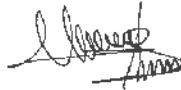
MEHMET SEBAHATTİN BULUT
CHAIRMAN OF THE BOARD OF
DIRECTORS



GÖKHAN ERTÜRK
VICE CHAIRMAN OF THE BOARD OF
DIRECTORS



MEHMET EMİN KARAAĞAÇ
MEMBER OF THE BOARD OF
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MEMBER OF THE BOARD OF
DIRECTORS AND
GENERAL MANAGER

20. AGENDA OF THE ORDINARY GENERAL ASSEMBLY

KKB KREDİ KAYIT BÜROSU ANONİM ŞİRKETİ NOTICE TO SHAREHOLDERS FOR ORDINARY GENERAL ASSEMBLY TO BE HELD ON MARCH 28, 2018

The Ordinary General Assembly of our Company will be held at the head office of the Company at the address of Barbaros Mah. Ardiç Sokak, Varyap Meridian, F Blok, Batı Ataşehir, İstanbul at 13:00 hours on Wednesday, March 28, 2018, to examine the activities in 2017 and to discuss and take resolution on the agenda written below.

Shareholders who will be represented by proxy at the meeting must execute the proxy in accordance with the following form and send it to our Company one week before the day of the assembly.

KKB's financial statements, consolidated financial statements, the annual report of the Board of Directors, and the profit distribution proposal of the Board of Directors shall be available for review of our shareholders at KKB headquarters as of March 10, 2017.

We kindly request our shareholders to be informed of the foregoing and to honor the meeting.

Yours sincerely,

KKB KREDİ KAYIT BÜROSU A.Ş.



MEHMET SEBAHATTİN BULUT
CHAIRMAN OF THE BOARD OF
DIRECTORS



GÖKHAN ERTÜRK
VICE CHAIRMAN OF THE BOARD OF
DIRECTORS

AGENDA

- 1) Opening and formation of the Chairing Board;
- 2) Authorizing the Chairing Board to sign the Minutes of the General Assembly;
- 3) Reading and discussion of the Annual Report prepared by the Board of Directors;
- 4) Reading and discussion of the Audit Report;
- 5) Reading, discussion and adoption of the financial statements;
- 6) Release of each member of the Board of Directors from their obligations;
- 7) Determination of the mode of use of the profit and of the rates of profit and dividend share to be distributed;
- 8) Determination of remunerations and other benefits, such as bonuses, premiums, and the like of the members of the Board of Directors;
- 9) If any vacancy occurred on the Board of Directors and if any person has been appointed to the vacant seat during the year, approval of the appointment by the General Assembly;
- 10) Election of the auditor;
- 11) Discussion of granting of permissions to the members of the Board of Directors as set out in Articles 395 and 396 of the Turkish Commercial Code No. 6102;
- 12) Petitions and suggestions;
- 13) Closing.

PROXY FORM

In respect of..... shares at par value of TRY..... in aggregate owned by our Bank in the capital of KKB Kredi Kayıt Bürosu A.Ş. (the "Company"), we appoint..... to be our proxy to represent our Bank and to cast vote on behalf of the Bank on the issues in the agenda in the Ordinary General Assembly of shareholders of the Company to be held at the address of Barbaros Mah. Ardiç Sokak, Varyap Meridian, F Blok, Batı Ataşehir, İstanbul at 13:00 hours on 28.03.2018.

PRINCIPAL: Name and Last Name/Trade Name
Date and Signature

NOTE: If the proxy is not certified by a notary public, a notarized circular of authorized signatures of the principal must be attached to the proxy.

