

KKB

**ANNUAL
REPORT
2015**

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**WE DEVELOP PRODUCTS AND
SERVICES THAT REDUCE CREDIT
RISK FOR THE FINANCIAL AND
REAL SECTORS.**

**WE PROVIDE A MORE SECURE
FUTURE FOR TURKEY.**

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A large, solid orange circle is positioned on the right side of the page. Inside the circle, the text "WHO ARE WE?" is written in white, bold, uppercase letters.

WHO ARE WE?

**"WHEN WE STARTED OUT
IN 1995, THE IMPORTANCE
AND THE FUTURE OF OUR
BUSINESS WAS NOT YET
CLEARLY UNDERSTOOD."**

01. ABOUT KKB

Accounting Period of Report
01.01.2015 - 31.12.2015

Trade Name
KKB Kredi Kayıt Bürosu A.Ş.

Trade Registration Number
329148-276730

Mersis Number
0564-0004-2270-0011

Address
Barbaros Mah., Ardiç Sk., Varyap
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Phone Number
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Fax Number
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Website
www.kkb.com.tr

Call Center
444 99 64 - info@kkb.com.tr

Kredi Kayıt Bürosu ("KKB"), Turkey's first and the only credit bureau was founded on April 11, 1995 as a partnership between nine leading banks. As of year-end 2015, KKB, a highly regarded financial institution, had 185 members: 53 banks, 12 consumer finance companies, 69 factoring companies, 29 leasing companies, 7 insurance, 12 asset management companies and 3 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 through KKB since April 1999.

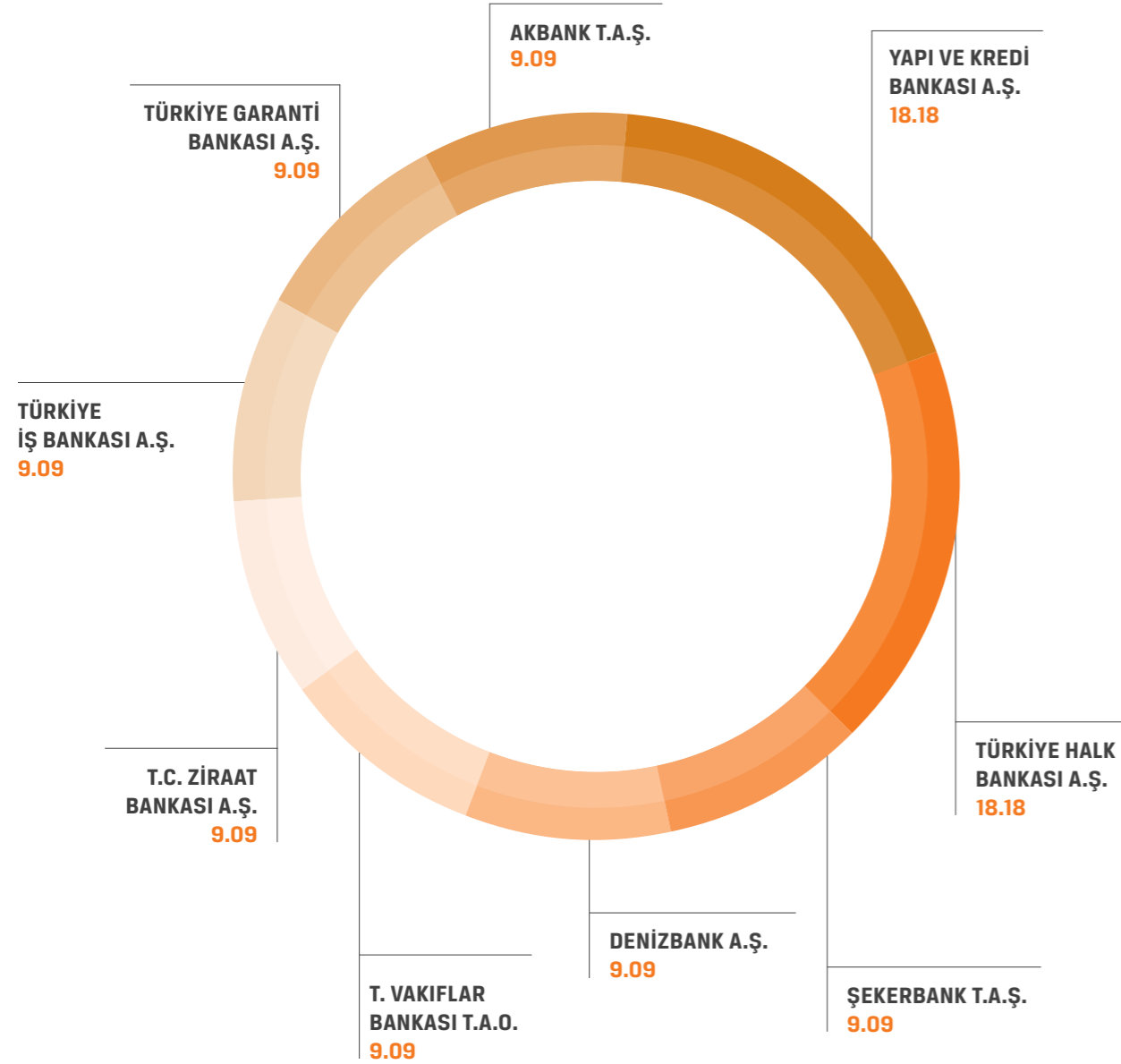
With Law No. 6111 issued on February 25, 2011, Additional Article 1 and Provisional Article 28 were added to Banking Law No. 5411. Pursuant to Additional Article 1, a Risk Center has been established within the organization of the Banks Association of Turkey (TBB) to collect the risk data of customers 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 pri-

vate legal entities and third real persons if consent has been given by the customers. 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 192 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. In June 2015, KKB launched the "QR Code Cheque System," kicking off a new era for the real sector.

**WE TOOK OFF FROM THE FUTURE
NOT THE PRESENT**

02. SHAREHOLDING STRUCTURE



Kredi Kayıt Bürosu (KKB), Turkey's first and the only credit bureau was founded on April 11, 1995 as a partnership between nine leading banks.

03. VISION, MISSION AND STRATEGIES

Vision

TO STEADILY INCREASE THE VALUE WE DELIVER THROUGH OUR PRODUCTS AND SERVICES, AND REDUCE COSTS TO ENABLE THE FINANCIAL SECTOR TO MANAGE ITS RISKS MORE EFFECTIVELY,

TO PROVIDE THE NECESSARY TOOLS AND INFORMATION TO ENABLE THE REAL SECTOR TO MANAGE ITS RISKS,

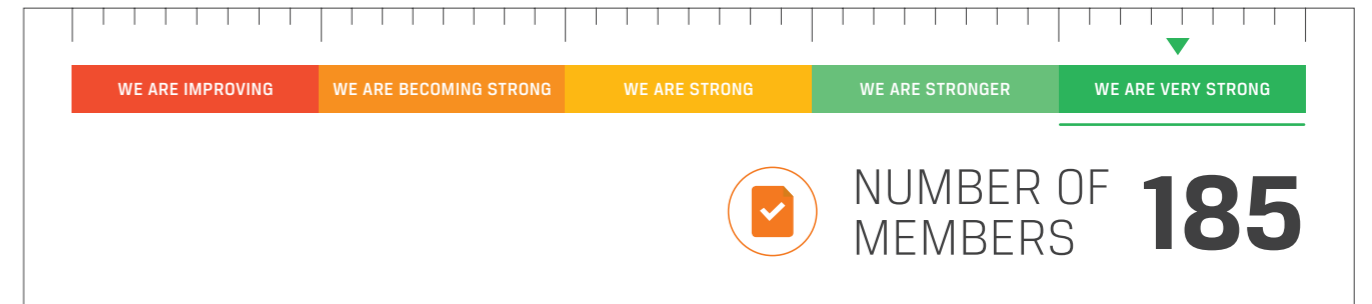
TO BOOST FINANCIAL AWARENESS AND RISK AWARENESS AMONG INDIVIDUALS ACROSS THE COUNTRY, HELP THEM BUILD AND MANAGE THEIR CREDIBILITY, AND IMPROVE FINANCIAL LITERACY.

Mission

BECOMING TURKEY'S EVER-GROWING ASSET AND THE WORLD'S LEADING AND EXEMPLARY CREDIT BUREAU BY EXCEEDING EXPECTATIONS WITH INNOVATIVE PRODUCTS AND SERVICES.

Strategies

- › TO ESTABLISH EFFECTIVE RISK MANAGEMENT MECHANISMS BY ENSURING INFORMATION SECURITY AND BUSINESS CONTINUITY IN THE SERVICES PROVIDED TO THE FINANCIAL SECTOR AND REAL SECTOR,
- › TO DELIVER CUSTOMER-FOCUSED PRODUCTS AND SERVICES TO THE FINANCIAL SECTOR AND REAL SECTOR BY PROVIDING ADVANCED TECHNOLOGY AND HARDWARE SOLUTIONS,
- › TO GENERATE SOCIAL AND ENVIRONMENTAL BENEFITS VIA SOCIAL RESPONSIBILITY AND SUSTAINABILITY PROJECTS AND TO CREATE A SOCIALLY RESPONSIBLE CORPORATE CULTURE.



04. MILESTONES

KKB CONTINUES TO GROW BY ASSUMING NEW DUTIES AND RESPONSIBILITIES THAT CONTRIBUTE TO TURKEY'S ECONOMIC DEVELOPMENT.

1995

Turkey's first and only credit bureau, 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, 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

- › The Electronic Reporting (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

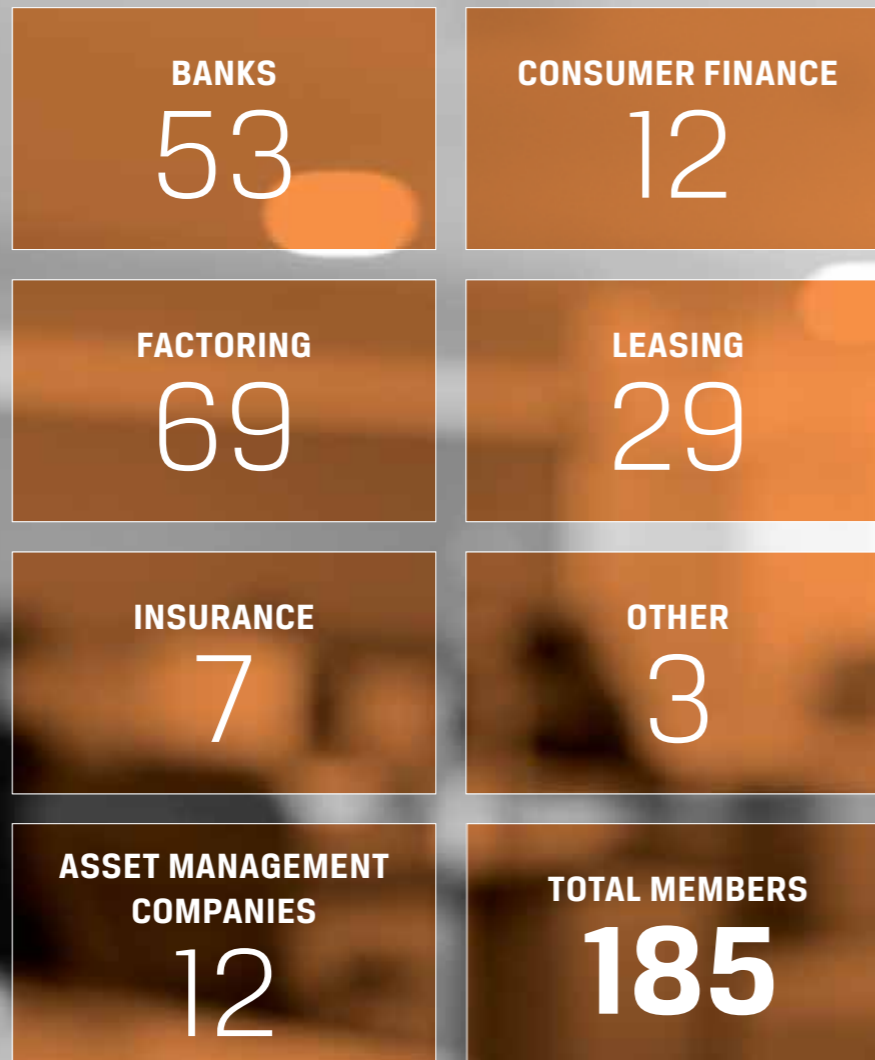
- › The Findeks brand was introduced and www.findeks.com launched. Findeks was introduced to the press. A 360-degree communications campaign commenced.
- › The first corporate social responsibility project, "You Imagine, We Realize," organized by KKB for all university students in Turkey, started. The 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 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 competition, "You Imagine, We Realize," was held.**

05. FINANCIAL AND OPERATIONAL INDICATORS

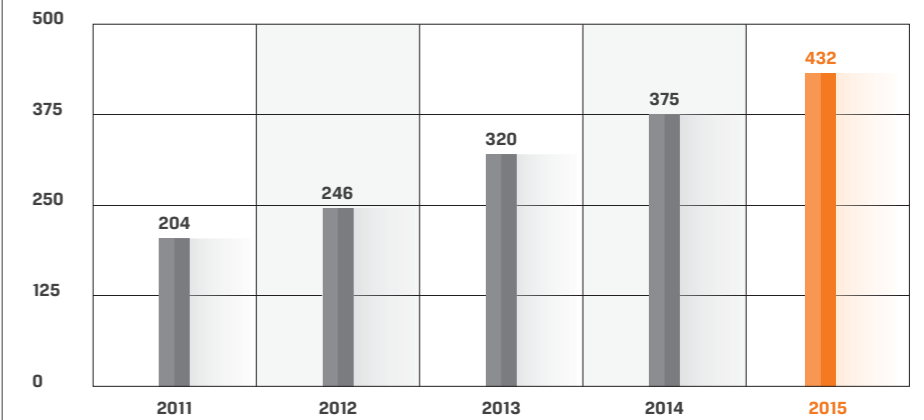
IN ADDITION TO DEVELOPING NEW PRODUCTS AND SERVICES DURING THE YEAR, KKB CONTINUED TO CREATE ADDED VALUE FOR THE BANKING-FINANCE INDUSTRY PRIMARILY, AS WELL AS THE REAL SECTOR, THROUGH PARTNERSHIPS ACROSS DIFFERENT INDUSTRIES.



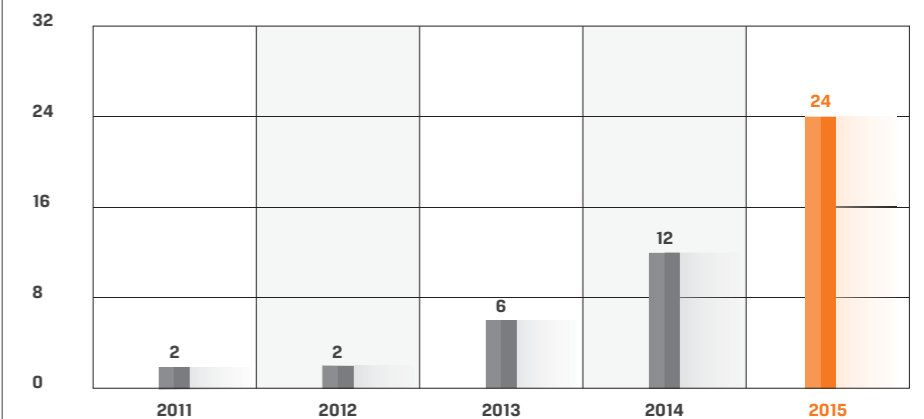
Key Operational Indicators	2011	2012	2013	2014	2015
CRS Inquiries (million)	204	246	320	375	432
Corporate Bureau Inquiries (million)	2	2	6	12	24
Retail Credit Ratings	171	208	279	317	366
Inquiry Records/month (million)	20	26	32	46	52
Objections on MIDES	309	230	279	221	303
LCS Inquiries (million)	19	33	37	99	136
Produced Cheque Reports (million)	0.0	0.7	5.1	12.4	21
Produced Risk Reports (million)	0.0	0.1	1.8	6.3	11

STANDING OUT WITH ITS ROBUST TECHNOLOGY INFRASTRUCTURE, WHICH IS SUPERIOR IN TERMS OF SPEED AND QUALITY, KKB BOOSTED THE NUMBER OF CRS (CREDIT REFERENCE SYSTEM) INQUIRIES TO 432 MILLION AS OF YEAR-END 2015.

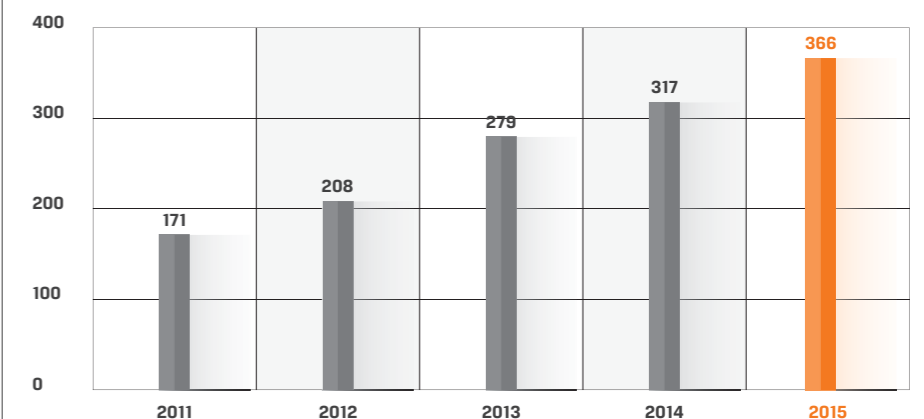
CRS INQUIRIES (MILLION UNITS)



CORPORATE BUREAU INQUIRIES (MILLION UNITS)



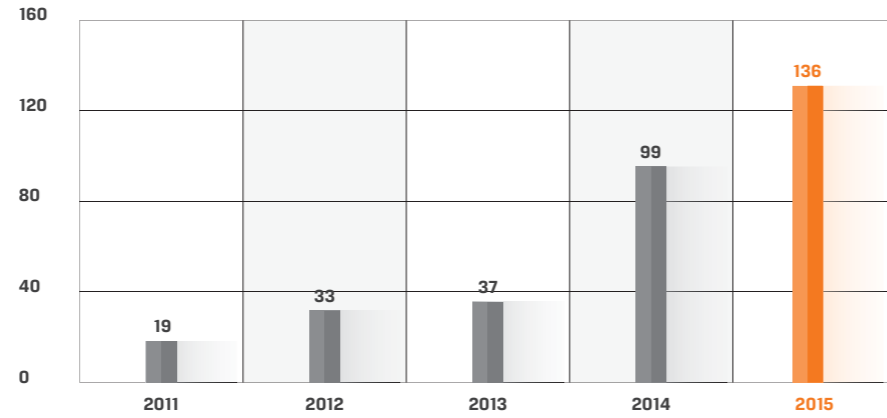
RETAIL CREDIT RATINGS (MILLION UNITS)



05. FINANCIAL AND OPERATIONAL INDICATORS

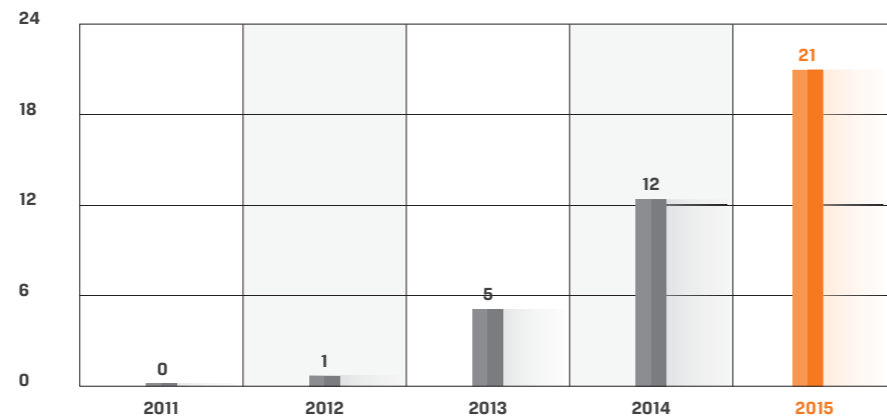
BOASTING A RICH PORTFOLIO OF PRODUCTS AND SERVICES, KKB INCREASED THE NUMBER OF LCS (LIMIT CONTROL SYSTEM) INQUIRIES TO 136 MILLION AS OF YEAR-END 2015.

LCS INQUIRIES (MILLION UNITS)

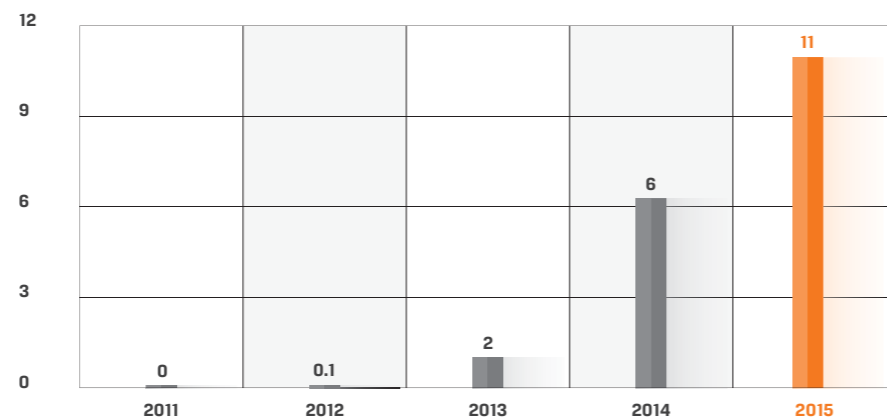


WITH 185 CORPORATE MEMBERS AS OF YEAR-END 2015, KKB PRODUCED 21 MILLION CHEQUE REPORTS AND 11 MILLION RISK REPORTS DURING THE YEAR.

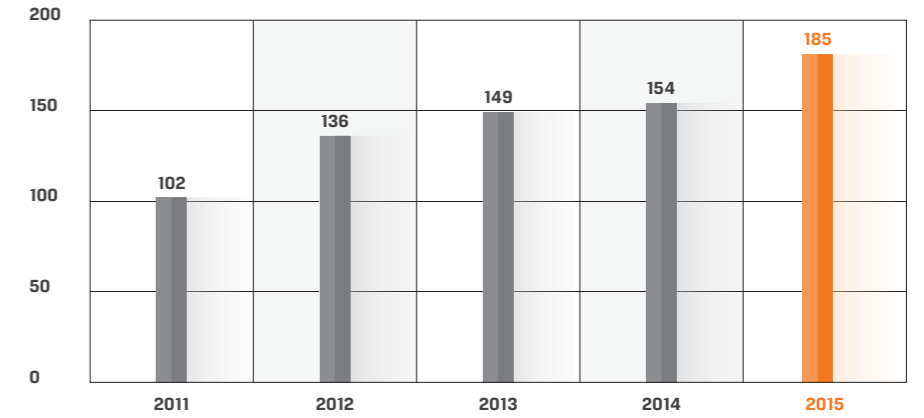
PRODUCED CHEQUE REPORTS (MILLION UNITS)



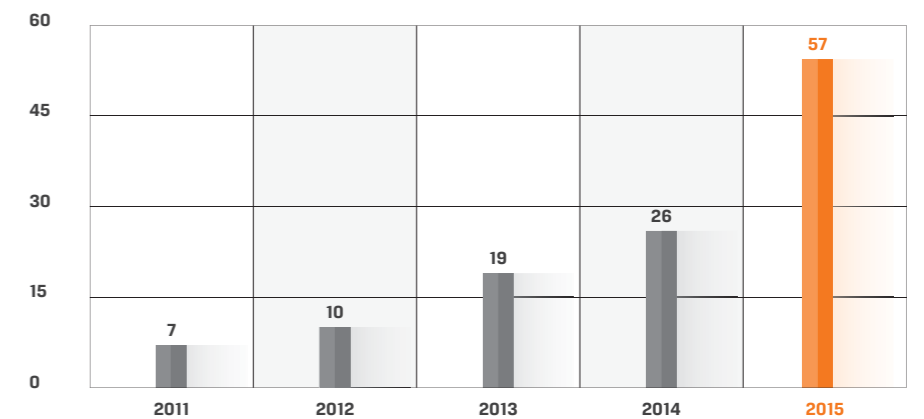
PRODUCED RISK REPORTS (MILLION UNITS)



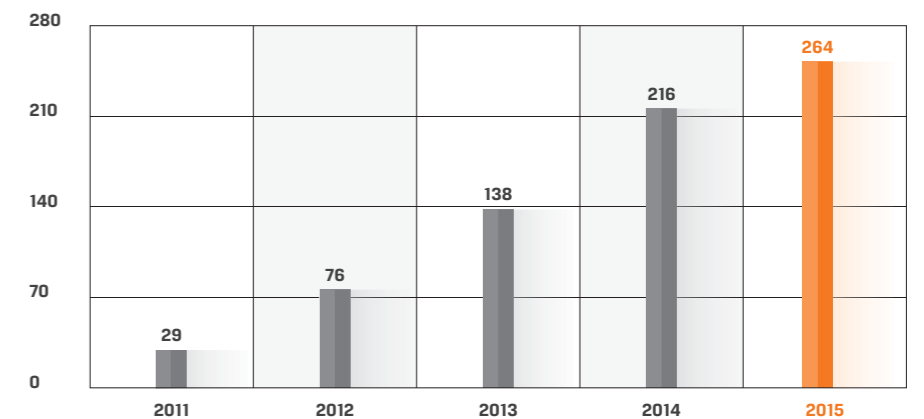
MEMBERS (ITEM)



NUMBER OF PRODUCTS (ITEM)



NUMBER OF EMPLOYEES





MANAGEMENT



"WE USE OUR CREATIVE ENERGY TO DRIVE OUR PURSUIT OF INNOVATION. THIS WAY, WE CAN TURN CHALLENGES INTO OPPORTUNITY."

ERTUĞRUL BOZGEDİK
CHAIRMAN OF THE BOARD OF DIRECTORS

06. LETTER FROM THE CHAIRMAN

Dear Stakeholders,

Several developments that took place in 2015 had a significant impact on global markets. After ending its bond-purchase program, the Federal Reserve (Fed) began raising interest rates in December, thus shifting capital flows once again toward developed countries. As the US economy demonstrated a strong recovery, the Eurozone experienced a moderate rebound. Meanwhile, emerging markets faced considerable capital outflows and their currencies depreciated substantially against the US dollar. As a result, consumption-led economic growth began to materialize in these countries.

TURKEY'S ECONOMY MAINTAINED ITS GROWTH MOMENTUM

Despite significant portfolio outflows from developing countries and uncertainty induced by two general elections held on June 7 and November 1, the Turkish economy achieved strong growth – more than 3% – in 2015. Even though two major elections took place in Turkey, the country adhered to macroeconomic discipline while the banking industry maintained strong levels of capital adequacy – both positive, desirable outcomes for all players in Turkey's economy. Because Turkey is a net energy importer, its current account deficit fell significantly due to plunging global commodity prices, in particular oil prices.

NEW GOALS, NEW PROJECTS FOR KKB'S 20TH ANNIVERSARY

KKB contributes to the robustness of Turkey's economy as a whole with products and services designed to help the banking-finance industry, as well as the real sector and individuals, manage their risks more effectively. Indeed, KKB has become a major pillar of our country's economy. We are proud to have introduced new services aimed at creating added value for the Turkish economy in 2015, which was also KKB's 20th anniversary year. Additionally, I am pleased to announce that we have considerably improved our product and service offering, especially in terms of sustainability, speed and quality, by undertaking new investments in information technologies.

MORE DIVERSIFIED PRODUCTS AND SERVICES, THANKS TO THE RISK CENTER

We continued to diversify our products and services after taking over the Risk Center operations from the Banks Association of Turkey in 2014. We worked very hard to develop products that create added value in light of data obtained from the players in the banking-finance industry and taking into consideration newly emerging risk perceptions.

KKB WILL CONTINUE TO LEAD THE FINANCIAL INDUSTRY IN 2016.

As we continue to expand, we are committed to providing maximum benefit and support to all the sectors we serve, particularly the banking-finance industry. KKB invests in its employees and derives strength from them. Thanks to this strength coupled with the excitement and joy of achieving ongoing success, KKB will move forward in the coming decades. I would like to take this opportunity to thank our employees and stakeholders for their support and contribution to KKB's 2015 operations. I hope 2016 brings even greater success to our country's economy and KKB.

Respectfully yours,

ERTUĞRUL BOZGEDİK
Chairman of the Board of Directors

WE DERIVE OUR STRENGTH TO PERFORM FROM OUR EMPLOYEES

07. LETTER FROM THE GENERAL MANAGER

Dear Stakeholders,

Turkey experienced a high degree of economic fluctuations in 2015. However, despite two general elections, adverse developments in the region and global economic uncertainties, the Turkish economy performed better than expectations, outpacing European economies in terms of growth. As economic activity continued to accelerate in the last quarter of the year, in an environment plagued by uncertainty, Turkey posted remarkable growth at year's end, which pleased us all.

WE HAD ANOTHER SUCCESSFUL YEAR

In 2015, Kredi Kayıt Bürosu (KKB) achieved its goals, especially in terms of product and service diversification and improvement of core competencies. We provided significant added value with our advanced product and service portfolio. As a result, the real sector and individuals, in addition to the finance industry, were able to take control of their financial situation and manage risks effectively.

GROWING BUSINESS VOLUME AND NEW CORE COMPETENCIES

Recording more than 430 million inquiries in 2015, we became one of the biggest credit bureaus in Europe. Additionally, we achieved a global first with our Daily Data Notification project. This groundbreaking

initiative made it possible to upload financial and payment performance data linked to millions of accounts into the main system on a daily basis. As a result, our members became able to make credit decisions in a more effective manner by using the most up-to-date data. In 2015, we continued to add value to the sector with other new, innovative products and services, including the Cross Cheque Inquiry Application and the Cheque Report Bearer Performance Presentation System.

KKB's responsibilities have grown significantly after it started to carry out the Risk Center operations on behalf of the Banks Association of Turkey ("TBB"). As of year-end 2015, KKB produced a total of 21 million cheque reports and 11 million risk reports; it also generated more than 366 million individual credit scores. KKB had 185 members at year-end 2015. Meanwhile, our workforce grew to 264 employees; our staff members play a key role in KKB's ever-expanding business volume and organizational structure.

In keeping with our objective to meet all the data-sharing needs of the banking industry, we completed the first phase of the Basel National Credit Data Pooling project, which is being carried out by the Banks Association of Turkey. The Banking Regulation and Supervision Agency

("BRSA") has demanded the implementation of this project by banks for a long time. This effort aims to create a data pool consisting of risk management information obtained from participating banks, and to develop advanced credit risk models for Basel II by using this information. With this project, we plan to calculate Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), thus setting a benchmark for the sector.

A NEW SERVICE DESIGNED FOR THE VEHICLE-LEASING SECTOR

Offering products and services aimed at spreading risk management practices across all industries, KKB initiated an important collaboration with the Auto Leasing and Rental Companies Association (TOKKDER) in first quarter 2015. With the launch of the customer risk assessment system, designed especially for the vehicle rental and leasing sector, auto-leasing companies acquired the ability to manage both their risks and customer relationships more effectively.

THE QR CODE CHEQUE BECAME A SYMBOL OF COMMERCIAL REPUTATION

In line with our innovative approach to product and service development, we developed and rolled out the Findeks QR Code Cheque System, a first-of-its-kind in the world, in third quarter of 2015. Designed in collaboration with the Banks

"IN TODAY'S WORLD, INFORMATION IS THE MOST VALUABLE ASSET. THEREFORE, WE DEVELOP PRODUCTS AND SERVICES TO ENABLE OUR STAKEHOLDERS TO BASE THEIR DECISIONS ON QUALITY INFORMATION."

KASIM AKDENİZ
MEMBER OF THE BOARD OF DIRECTORS AND
GENERAL MANAGER

**THE BIGGEST RISK IN CREDIT
RISK MANAGEMENT IS
LACK OF INFORMATION**

07. LETTER FROM THE GENERAL MANAGER

Association of Turkey ("TBB") and with the support of the Union of Chambers and Commodity Exchanges of Turkey ("TOBB"), this groundbreaking system is an important step towards achieving true transparency, the cornerstone of safe commerce, for users. We aimed to provide the ability to verify cheques and inquire about the payment history of the issuer to prevent any loss or damage.

WE CELEBRATED THE FIRST ANNIVERSARY OF FİNDEKS WITH GREAT SUCCESS

In September 2014, KKB began to deliver its services to individuals and the real sector under the roof of Findeks, our consumer-oriented, financial services platform. Following the launch of Findeks, we boosted our member numbers to more than 1 million in one year. For us, Findeks is not only a financial services platform but also a social responsibility project. To that end, we aim to help individuals, SMEs, and other real sector companies understand the importance of receivables risk and managing their financial situation; to improve financial literacy across the country; and to facilitate access to financing. We plan to continue our efforts in this area in the coming period as well.

OUR CORNERSTONES ARE BUSINESS CONTINUITY AND INFORMATION SECURITY

In 2015, we resolutely undertook both internal and external activities to manage information security risk, a major challenge facing the banking industry in today's world. Corporate governance practices and efforts to conduct internal processes

at manageable risk levels, and to further improve upon them, continued across the organization in full force throughout the year. As we expanded the product portfolio, we also directed our investments towards boosting the quality and security of our existing products. While we continued efforts to improve quality and stability, provide uninterrupted service, and establish a sound security infrastructure, we broke ground on our new Data Center in Ankara. In order to ensure business continuity and information security, we also successfully passed the renewal audits for ISO 27001 (Information Security) and ISO 22301 (Business Continuity) certifications, which we obtained in August 2014.

WE ARE MAKING RAPID PROGRESS IN CREATING SOCIAL VALUE

In addition to the services we provide to the banking-finance industry, the real sector and individuals, we are forging ahead to become a socially responsible organization by providing benefits to society and younger generations. To that end, we held the second edition of our social responsibility competition, "You Imagine, We Realize," which aims to raise awareness about the importance of social responsibility among university students. In 2015, we received 560 applications from across Turkey. A group of students from Acibadem University's School of Medicine won first prize with their project, "If You're There, We're There Too," which involves conducting health screenings of seasonal agricultural workers. KKB provided

support to implement this project in Adana. In addition, our employees provided volunteer support to other socially responsible initiatives that we carried out in collaboration with various civil society organizations. In 2016, we plan to continue our efforts and activities to improve social responsibility awareness internally, provide benefits to society, and support civil society organizations active in this key area.

KKB'S PERFORMANCE WILL CONTINUE TO IMPROVE IN THE COMING YEAR

Playing a key role in spreading risk management culture in various sectors, KKB plans to develop new products and services tailored to meet the needs and expectations of the Turkish economy in the upcoming period.

I would like to express my sincere gratitude to our partners and members for their unwavering trust and support; to our Board of Directors for giving us strength and support with their guidance and effective meetings throughout the year; and to all of our colleagues for their efforts and hard work in every process and operation.

Respectfully yours,

KASIM AKDENİZ
Member of the Board of Directors and General Manager

With our advanced product and service portfolio, we continued to contribute to the risk management processes undertaken by the finance industry, the real sector and individuals in 2015.

08. BOARD OF DIRECTORS

ERTUĞRUL BOZGEDİK Chairman of the Board of Directors T. İş Bankası A.Ş.

Deputy General Manager, Loans

Ertuğrul Bozgedik was born in Kayseri in 1964 and graduated from Ankara University, Faculty of Political Sciences, Department of Economics. Having started his professional career as Assistant Inspector Intern on the Inspection Board at İş Bankası in 1986, he was promoted to the position of Assistant Manager of the Non-Performing Loans Department in 1995 and Regional Manager of the Corporate Loans Department in 1999. Appointed Regional Manager of the Non-Performing Loans Department in 2002, Mr. Bozgedik became Manager of the Corporate Loans Department in 2004 and President of the Inspection Board in 2008. On April 13, 2011, Mr. Bozgedik was appointed Deputy General Manager. Mr. Bozgedik has served as a member of the Board of Directors at KKB since 2011.

MEHMET GÖKMEN UÇAR Member of the Board of Directors and the Audit Committee

Yapı ve Kredi Bankası A.Ş. Vice Chairman, Retail Loans Management

Mehmet Gökmen Uçar was born in Kayseri in 1975 and graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Economics. He began his professional career in 1998, and worked as Independent Auditor at Başaran Nas Bağımsız Denetim and S.M.M.M. A.Ş. (PwC) until 2002, achieving the title Certified Public Accountant and Financial Advisor. Mr. Uçar joined Koçbank in 2002 and worked as Director of Budget Planning and Management Information Systems (MIS) in the Financial Control and Planning Department until 2005. From 2005 to 2007, he assumed various management positions in the areas of strategy, budgeting and planning in Italy, Germany and Austria within UniCredit Group. In 2008, Mr. Uçar joined Yapı Kredi Bank, where he worked as Capital Management, Expense Control and Allocation Manager; Financial Reporting Group President;

and Financial Reporting and Accounting Director, respectively. In 2011, he was appointed Financial Reporting and Accounting Group Director; he has served as Deputy General Manager of Retail Credits since August 2012. Mr. Uçar has also been a member of the Board of Directors at KKB since September 2012.

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. Ms. 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.

GÖKHAN ERTÜRK Member of the Board of Directors and 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 Marketing 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.

ERHAN ADALI Member of the Board of Directors T. Garanti Bankası A.Ş. Deputy General Manager, Loans

Erhan Adalı graduated from İstanbul University, Faculty of Political Sciences, Department of Public Administration. He joined Garanti Bankası as Assistant Inspector in 1989. There, he worked as Branch Office Manager, Regional Manager, SME Banking Marketing Coordinator. He served as General Manager at Garanti Emeklilik ve Hayat A.Ş. from 2005 to 2012. He was appointed to his present position as Deputy General Manager, Loans at Garanti Bankası on August 3, 2012. Mr. Adalı is also a member of the Board of Directors at Garanti Leasing A.Ş. and Garanti Emeklilik ve Hayat A.Ş.

08. BOARD OF DIRECTORS



BACK ROW (LEFT TO RIGHT): Mehmet Gökmen Uçar, Mehmet Sebahattin Bulut, Gökhan Ertürk, Erhan Adalı, Mehmet Emin Karaağaç, İzzet Oğuzhan Özark, Veysel Sunman
FRONT ROW (LEFT TO RIGHT): Ertuğrul Bozgedik, Ege Gültekin, Kasım Akdeniz

MEHMET SEBAHATTİN BULUT

**Member 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 Ulu- dağ University, Faculty of Economics and Administrative Sciences, Department of Econometrics. After working in the private sector for some years, he joined T. Vakıflar Bankası T.A.O. in 1994 as Assistant Financial Analysis Specialist. He later served as Inspector, Follow-up Manager, Commercial & Project Loans Manager, Branch Manager, and Department Head at the same bank. Mr. Bulut has also served as a member of the Boards of Directors and the Audit Committees of various subsidiaries of T. Vakıflar Bankası T.A.O. On July 10, 2014, he was appointed Deputy General Manager of Loan Policies and Risk Monitoring at Halkbank. Mr. Bulut has been a member of the Board of Directors at KKB since 2014.

MEHMET EMİN KARAAĞAÇ

**Member of the Board of Directors
T. Vakıflar Bankası T.A.O.
Executive Vice President, Legal Affairs &
Loan Monitoring**

Mehmet Emin Karaağaç graduated from Istanbul University, Faculty of Law and began his professional career in 1989 as an Attorney at Türkiye İş Bankası A.Ş. He served as Assistant Legal Counsel and Legal Counsel in various departments of the same bank until January 2, 2012. Mr. Karaağaç joined T. Vakıflar Bankası T.A.O. on January 3, 2012 as Chief Legal Officer. He was appointed to his current position as Executive Vice President of Legal Affairs & Loan Monitoring on October 25, 2013.

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.

KASIM AKDENİZ

**Member of Board of Directors
and General Manager**

Kasım Akdeniz started his professional career on the Inspection Board at Yapı Kredi. He graduated from Dokuz Eylül University, Department of Economics. Mr. Akdeniz went on to undertake various responsibilities at various levels of management in the banking industry, primarily in the areas of establishment and operation of loan allocation and monitoring systems, establishment of credit policies, and compliance from 1996 until 2011. During that time, Akdeniz took part in the working groups of the Banks Association of Turkey on the preparation of the Banking Law and its regulations. He served as a member of the Working Groups on the

Establishment of the KKB Corporate Bureau, the Costs of Intermediacy on Loans, and the Loans and Provisions; in addition, he was Chairman of the Working Groups on the Credit Guarantee Fund (CGF) and the Risk Center.

As a result of the studies conducted by the Task Group working on the Costs of Intermediacy on Loans and the Banking Regulation and Supervision Agency ("BRSA"), the Resource Utilization Support Fund ("RUSF") payable on commercial loans and stamp duty payable on guarantee-like instruments were reduced to zero. Additionally, as a result of the studies conducted by the KGF Working Group, banks were allowed to become members of KGF A.Ş. and the Treasury-Supported KGF Guarantee was introduced. Meanwhile, efforts undertaken in collaboration with the Risk Center Working Group to establish a Risk Center under TBB were completed. Mr. Akdeniz served as Chairman of the Board of Directors of KKB in 2007, and as a member of the Board between 2005 and 2011. He was appointed to his current position of General Manager at KKB in October 2011.

09. SENIOR MANAGEMENT



KASIM AKDENİZ



ABDULLAH BİLGİN



KORAY KAYA



İNCİ KESİCİ



OSMAN SOYSAL



ALİ KEMAL CENK



SERDAR ÇOLAK



HAZAR TUNA



BAHATTİN ÇELİK

KASIM AKDENİZ

Member of the Board of Directors and General Manager

Kasım Akdeniz started his professional career on the Inspection Board at Yapı Kredi. He graduated from Dokuz Eylül University, Department of Economics. Mr. Akdeniz went on to undertake various responsibilities at various levels of management in the banking industry, primarily in the areas of establishment and operation of loan allocation and monitoring systems, establishment of credit policies, and compliance from 1996 until 2011. During that time, Akdeniz took part in the working groups of the Banks Association of Turkey on the preparation of the Banking Law and its regulations. He served as a member of the Working Groups on the Establishment of the KKB Corporate Bureau, the Costs of Intermediacy on Loans, and the Loans and Provisions; in addition, he was Chairman of the Working Groups on the Credit Guarantee Fund (CGF) and the Risk Center.

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ABDULLAH BİLGİN

Information Technologies

Deputy General Manager

Abdullah Bilgin has 30 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

Strategic Planning and Corporate Relations

Deputy General Manager

Koray Kaya has 20 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. Kaya has worked as Deputy General Manager in charge of Strategic Planning and Corporate Relations at KKB since May 2012.

İNCİ TÜMAY KESİCİ

Financial Reporting and Financial Affairs

Deputy General Manager

İnci Tümay Kesici has 20 years of professional experience. She graduated from Boğaziçi University, Department of Business Administration in 1995. She started her career at Ernst & Young Denetim in 1995. She achieved the title Public Accountant and Financial Advisor in 1998. After she resigned as Manager from Ernst & Young Denetim in 2000, 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. İnci Kesici joined KKB in May 2012, and she has served as Deputy General Manager of Financial Reporting and Financial Affairs since October 2014.

OSMAN SOYSAL

Risk Center Coordination

Deputy General Manager

Osman Soysal graduated from Middle East Technical University, Department of Economics. Between 2004 and 2013, he held various positions at the Banking Regulation and Supervision Agency, including Sworn-in Bank Auditor, Group Head, and Audit Coordinator. He led the financial and legislative inspections as well as the examination of customer complaints, which were conducted within the framework of risk-based audits carried out at savings, investment and participation banks and Turkey branch offices of foreign banks. From 2009 to 2012, he represented Turkey in the Audit Subgroup of the Basel Committee on Banking Supervision, and contributed to improving audit quality by providing recommendations on International Standards on Auditing. Between 2006 and 2012, he served as Editor of Active Banking and Finance Magazine, where he wrote articles to answer the questions of individual customers regarding card usage. Mr. Soysal attended the Master's program in Public Policy and Public Administration at Kennedy School of Government at Harvard University between 2012 and 2013. During his studies, he took courses such as Businesses at the Base of the Pyramid and System Dynamics at Harvard Business School and MIT Sloan School. Mr. Soysal has served as Deputy General Manager in charge of Risk Center, Data and Demand Management at KKB since December 2013.

ALİ KEMAL CENK

Legal Compliance and Internal Audit

Deputy General Manager

Ali Kemal Cenk has 15 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 was appointed Deputy General Manager of Legal Compliance and Internal Audit in April 2012, and he currently serves as Deputy General Manager of Internal Audit.

SERDAR ÇOLAK

Risk Management

Manager

Serdar Çolak has 10 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 18 months of 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. 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.

HAZAR TUNA

Internal Control

Manager

Hazar Tuna has 10 years of professional experience. After completing his studies at Üsküdar American High School, she 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.

BAHATTİN ÇELİK

Compliance and Legal

Legal Counsel

Bahattin Çelik graduated from Dokuz Eylül University, Faculty of Law in 1985. After completing his internship and judicial candidate training, he worked at Yapı Kredi Bank as Attorney, Assistant Legal Counsel and Legal Counsel, respectively, between January 1, 1989 and May 31, 2006. From June 1, 2006 to January 31, 2015, he worked at ING Bank as Legal Counsel and Group Manager. He has served as Legal Counsel in the Compliance and Legal Department of KKB since February 15, 2015. Mr. Çelik is an Attorney-Mediator; he is registered with the Union of Turkish Bar Associations under registration number 19,357, and with the Mediator Registry under the number 1,524.

10. MEMBERS

KKB REGULARLY PUBLISHES DETAILED INFORMATION ABOUT ITS PRODUCTS AND SERVICES, DOCUMENTS AND CIRCULARS ON THE WEBSITE UYE.KKB.COM.TR, WHICH WAS DEVELOPED IN LINE WITH THE NEEDS AND EXPECTATIONS OF KKB MEMBERS.

Products	2010	2011	2012	2013	2014	2015
Banking	35	35	38	39	42	53
Factoring	53	55	72	77	76	69
Financial Leasing	3	4	16	16	20	29
Consumer Finance	8	8	9	13	12	12
Asset Management Company	-	-	-	-	-	12
Insurance and Other	-	-	1	4	4	10
Total	99	102	136	149	154	185

MEMBER BANKS

ADABANK A.Ş.	İLLER BANKASI
AKBANK T.A.Ş.	İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
AKTİF YATIRIM BANKASI A.Ş.	JP MORGAN CHASE BANK İST. TR ŞB.
ALBARAKA TÜRK KATILIM BANKASI A.Ş.	KUVEYT TÜRK KATILIM BANKASI A.Ş.
ALTERNATİFBANK A.Ş.	MERRILL LYNCH YATIRIM BANK A.Ş.
ANADOLUBANK A.Ş.	NUROL YATIRIM BANKASI A.Ş.
ARAP TÜRK BANKASI A.Ş.	ODEABANK A.Ş.
ASYA KATILIM BANKASI A.Ş.	PASHA YATIRIM BANKASI A.Ş.
BANK MELLAT	RABOBANK A.Ş.
BANK OF TOKYO MITSUBISHI UFJ TURKEY A.Ş.	SOCIETE GENERALE S.A.
BANKPOZİTİF KREDİ VE KALKINMA BANKASI A.Ş.	STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
BİRLEŞİK FON BANKASI A.Ş.	ŞEKERBANK T.A.Ş.
BURGAN BANK A.Ş.	T.C. ZİRAAT BANKASI A.Ş.
CITIBANK A.Ş.	T. GARANTİ BANKASI A.Ş.
DENİZBANK A.Ş.	T. VAKIFLAR BANKASI T.A.O.
DEUTSCHE BANK A.Ş.	THE ROYAL BANK OF SCOTLAND PLC.
DİLER YATIRIM BANK A.Ş.	TURKISH BANK A.Ş.
FİBABANKA A.Ş.	TURKLAND BANK A.Ş.
FİNANSBANK A.Ş.	TÜRK EKONOMİ BANKASI A.Ş.
FORTIS BANK A.Ş.	TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
GSD YATIRIM BANKASI A.Ş.	TÜRKİYE HALK BANKASI A.Ş.
HABİB BANK LİMİTED	TÜRKİYE İHRACAT KREDİ 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	YAPI VE KREDİ BANKASI A.Ş.
MERKEZ ŞUBESİ	ZİRAAT KATILIM BANKASI A.Ş.

CONSUMER FINANCE COMPANIES

ALJ FİNANSMAN A.Ş.	PSA FİNANSMAN A.Ş.
DD FİNANSMAN A.Ş.	ŞEKER MORTGAGE FİNANSMAN A.Ş.
KOÇ FİNANSMAN A.Ş.	TEB FİNANSMAN A.Ş.
KOÇ FIAT KREDİ FİNANSMAN A.Ş.	TİRSAN FİNANSMAN ANONİM ŞİRKETİ
MERCEDES BENZ FİNANSMAN TÜRK A.Ş.	VFS FİNANSMAN A.Ş.
ORFİN FİNANSMAN A.Ş.	VOLKSWAGEN DOĞUŞ FİNANSMAN A.Ş.

FACTORING COMPANIES

ABC FAKTORİNG A.Ş.	HALK FAKTORİNG A.Ş.
ACAR FAKTORİNG A.Ş.	HUZUR FAKTORİNG A.Ş.
ACL FAKTORİNG A.Ş.	ING FAKTORİNG A.Ş.
AK FAKTORİNG A.Ş.	İSTANBUL FAKTORİNG A.Ş.
AKDENİZ FAKTORİNG A.Ş.	İŞ FAKTORİNG A.Ş.
AKIN FAKTORİNG A.Ş.	KAPİTAL FAKTORİNG A.Ş.
ANADOLU FAKTORİNG HİZMETLERİ A.Ş.	KENT FAKTORİNG A.Ş.
ANALİZ FAKTORİNG A.Ş.	KREDİALTA FAKTORİNG A.Ş.
ARENA FAKTORİNG A.Ş.	KREDİ FİNANS FAKTORİNG HİZMETLERİ A.Ş.
ATAK FAKTORİNG A.Ş.	LİDER FAKTORİNG A.Ş.
ATILIM FAKTORİNG A.Ş.	MAKRO FAKTORİNG A.Ş.
BAŞER FAKTORİNG A.Ş.	MERKEZ FAKTORİNG A.Ş.
BAYRAMOĞLU FAKTORİNG A.Ş.	MERT FİNANS FAKTORİNG HİZMETLERİ A.Ş.
BERG FAKTORİNG A.Ş.	MET-AY FAKTORİNG A.Ş.
C FAKTORİNG A.Ş.	MNG FAKTORİNG A.Ş.
CREDITWEST FAKTORİNG A.Ş.	OPTİMA FAKTORİNG HİZMETLERİ A.Ş.
ÇAĞDAŞ FAKTORİNG A.Ş.	PAMUK FAKTORİNG A.Ş.
ÇÖZÜM FAKTORİNG A.Ş.	PARAFİNANS FAKTORİNG A.Ş.
DE LAGE LANDEN FAKTORİNG A.Ş.	PRİME FAKTORİNG HİZMETLERİ A.Ş.
DENİZ FAKTORİNG A.Ş.	SARDES FAKTORİNG A.Ş.
DESTEK FAKTORİNG A.Ş.	STRATEJİ FAKTORİNG A.Ş.
DEVİR FAKTORİNG A.Ş.	SÜMER FAKTORİNG A.Ş.
DEĞER FAKTORİNG A.Ş.	ŞEKER FAKTORİNG A.Ş.
DEMİR FAKTORİNG A.Ş.	ŞİRİNOĞLU FAKTORİNG A.Ş.
DOĞA FAKTORİNG A.Ş.	TAM FAKTORİNG A.Ş.
DOĞAN FAKTORİNG A.Ş.	TEB FAKTORİNG A.Ş.
EKO FAKTORİNG A.Ş.	TUNA FAKTORİNG A.Ş.
EKŞPO FAKTORİNG A.Ş.	ULUSAL FAKTORİNG A.Ş.
EREN FAKTORİNG A.Ş.	VAKIF FAKTORİNG A.Ş.
ERİŞİM FAKTORİNG A.Ş.	VDF FAKTORİNG A.Ş.
FİBA FAKTORİNG A.Ş.	YAPI KREDİ FAKTORİNG A.Ş.
FİNANS FAKTORİNG A.Ş.	YAŞAR FAKTORİNG A.Ş.
GARANTİ FAKTORİNG A.Ş.	YEDİTEPE FAKTORİNG A.Ş.
GLOBAL FAKTORİNG HİZMETLERİ A.Ş.	ZORLU FAKTORİNG A.Ş.
GSD FAKTORİNG A.Ş.	

INSURANCE COMPANIES

ATRADIUS CREDIT INSURANCE NV TÜRKİYE
İSTANBUL ŞUBESİ
ANADOLU ANONİM TÜRK SİGORTA
AK SİGORTA A.Ş.
COFACE SİGORTA A.Ş.
EULER HERMES SİGORTA A.Ş.
EUREKO SİGORTA A.Ş.
ZİRAAT SİGORTA A.Ş.

MEGA VARLIK YÖNETİM A.Ş.
ARTI VARLIK YÖNETİM A.Ş.
BEBEK VARLIK YÖNETİM A.Ş.
DESTEK VARLIK YÖNETİM A.Ş.
EFES VARLIK YÖNETİMİ A.Ş.
FİNAL VARLIK YÖNETİMİ A.Ş.
GÜVEN VARLIK YÖNETİM A.Ş.
İSTANBUL VARLIK YÖNETİM A.Ş.

ASSET MANAGEMENT COMPANIES

RCT VARLIK YÖNETİM A.Ş.
SÜMER VARLIK YÖNETİM A.Ş.
TURKASSET VARLIK YÖNETİMİ A.Ş.
VERA VARLIK YÖNETİM A.Ş.

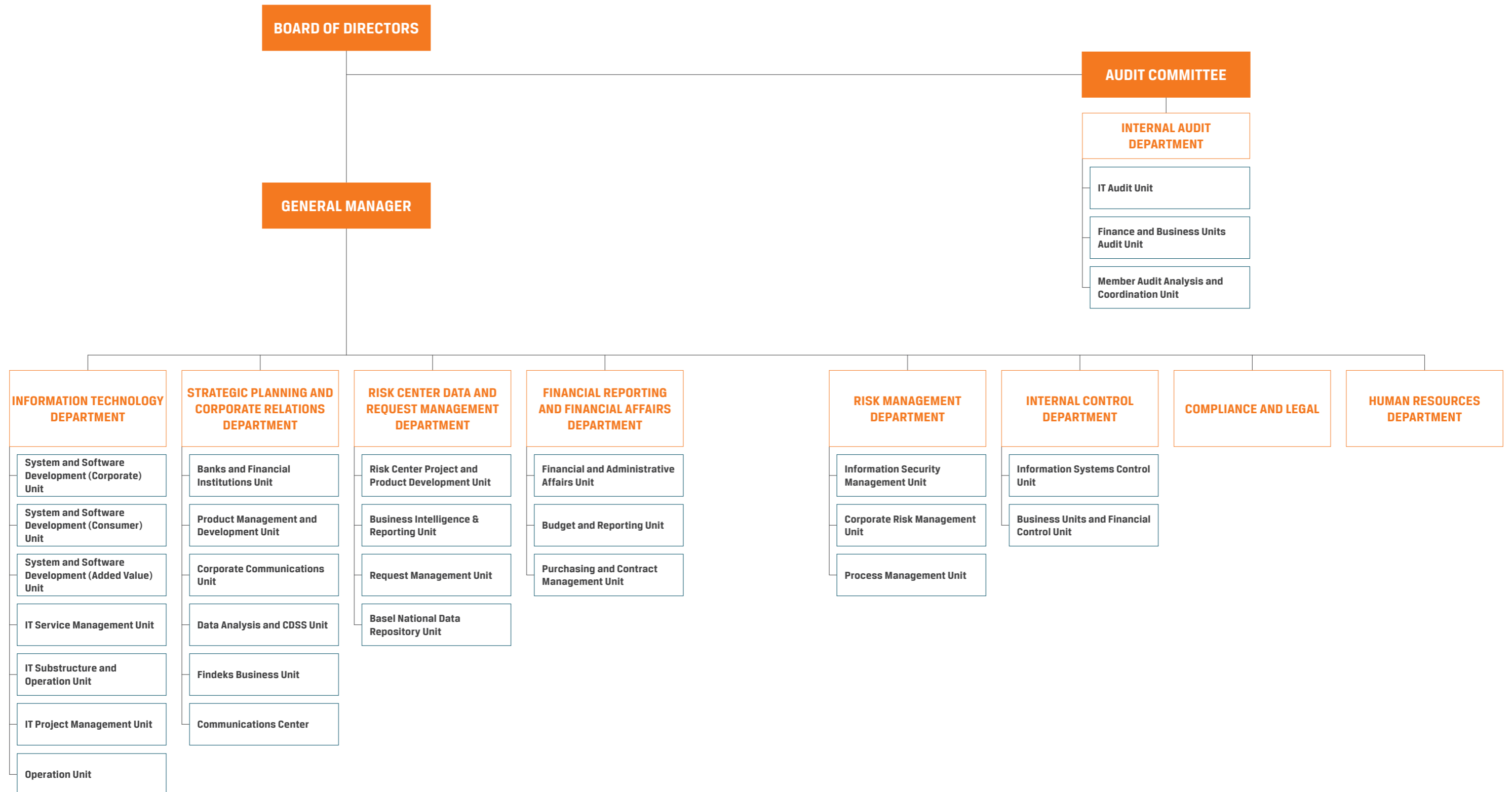
OTHER

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

FINANCIAL LEASING

AK FİNANSAL KİRALAMA A.Ş.
ALTERNATİF FİNANSAL KİRALAMA A.Ş.
ANADOLU FİNANSAL KİRALAMA A.Ş.
ARI FİNANSAL KİRALAMA A.Ş.
A&T FİNANSAL KİRALAMA A.Ş.
BNP PARİBAS FİNANSAL KİRALAMA A.Ş.
BURGAN FİNANSAL KİRALAMA A.Ş.
PAMUK FİNANSAL KİRALAMA A.Ş.
DE LAGE LANDEN FİNANSAL KİRALAMA A.Ş.
DENİZ FİNANSAL KİRALAMA A.Ş.
ENKA FİNANSAL KİRALAMA A.Ş.
FİNANS FİNANSAL KİRALAMA A.Ş.
GARANTİ FİNANSAL KİRALAMA A.Ş.
KAYNAK FİNANSAL KİRALAMA A.Ş.
HALK FİNANSAL KİRALAMA A.Ş.
HALIÇ FİNANSAL KİRALAMA A.Ş.
HARMAN FİNANSAL KİRALAMA A.Ş.
MERCEDES BENZ FİNANSAL KİRALAMA TÜRK A.Ş.
ING FİNANSAL KİRALAMA A.Ş.
İŞ FİNANSAL KİRALAMA A.Ş.
SİEMENS FİNANSAL KİRALAMA A.Ş.
SMART FİNANSAL KİRALAMA A.Ş.
ŞEKER FİNANSAL KİRALAMA A.Ş.
TURKISH 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



A large, solid orange circle is positioned on the right side of the page. Inside the circle, the words "BUSINESS UNITS" are written in a bold, white, sans-serif font.

BUSINESS UNITS

12. BUSINESS UNITS

IN 2015, KKB CREATED A SYSTEMS INFRASTRUCTURE TO SEND NOTIFICATIONS VIA DIFFERENT CHANNELS AND TO ENABLE TRACKING. THE AIM IS TO MONITOR SERVICES EFFECTIVELY AND TO PROMPTLY DETECT AND CORRECT SERVICE INTERRUPTIONS AND MALFUNCTIONS.

90% improvement

KKB achieved up to 90% improvement in notification and validation applications.

AUDIT COMMITTEE

The Audit Committee is responsible for approving KKB's annual internal audit plan; overseeing internal audit, legal compliance, internal control and risk management activities and evaluating their results; providing preliminary information on these matters to the Board of Directors; evaluating matters deemed important and bringing these to the attention of the Board of Directors; and determining the scope and content of the issues that are to be discussed.

The Audit Committee successfully performed its duties in 2015 in the direction of main functions defined above.

INFORMATION TECHNOLOGIES DEPARTMENT

Personal System and Software Development Unit

System performance and architecture improvement efforts continued throughout 2015. The Unit provided mainframe support for SNA (Systems Network Architecture) and for IP/Socket integration, enabling KKB members to access CRS/CBS/LCS through a different, more up-to-date infrastructure. The Unit plans to support other technologies as soon as possible.

As part of efforts to measure software code quality, code quality scores have been assigned to each software developer as individual targets to ensure continuous improvement of code quality. The Unit initiated work on a cloud infrastructure to establish sustainable systems and applied for R&D grants.

Corporate System and Software Development Unit

In 2015, KKB created an infrastructure to send notifications via different channels and to enable tracking. The aim is to monitor services effectively and to promptly detect and correct service interruptions and malfunctions. Level of service provision was kept at 99% by using synthetic monitoring, periodic controls over the database, Factfinder alerts, and Splunk centralized logging alerts. As a result of code quality improvement efforts, world-class software architecture and code quality were achieved. As programmers gave top priority to code quality, code scans were performed on a daily basis using the CAST code analysis tool. Security and leak tests were conducted during the beta stage; hence, security gaps were avoided while running and upgrading software processes. Giving first priority to security, critical issues were resolved during leak testing; as a result, the software platform became very secure and robust. Additionally,

AS A RESULT OF CODE QUALITY IMPROVEMENT EFFORTS, KKB ACHIEVED WORLD-CLASS SOFTWARE ARCHITECTURE AND CODE QUALITY.

load and performance tests were planned as necessary to prevent vulnerabilities. Load and security testing became a part of software development and were added to KKB standards. Under the test-driven development approach, unit tests were written to detect bugs through automated testing. In 2016, the Department aims to write unit tests to get 100% code coverage and to pretest software in line with the test-driven development process.

KKB's internal digital platforms team commenced work to upgrade the websites that reflect the KKB corporate identity. To that end, the team boosted efficiency by eliminating dependency on agency resources and developed websites that run on a shared platform and that feature up-to-date designs. Additionally, the software development process was further improved by integrating all website change requests into a streamlined process that consists of security scans and acceptance tests. Meanwhile, Findeks main screens were redesigned in keeping with a responsive design approach.

KKB achieved up to 90% improvement in notification and validation applications. In order to speed up the production of cheque reports generated as raw data (PDF) through Findeks or similar platforms, KKB switched to the asynchronous method, reducing the time to prepare cheque reports for those with even the most extensive cheque history to milliseconds.

In 2015, KKB created a marketing data-mart, which is key to analyzing data and understanding customer behavior. It also set up the infrastructure to be used for various scoring models by taking into account hundreds of variables. Both batch and online modules of the campaign management system, a key component of the CRM system, were created via integration of the CRM-DWH-ODC systems. After the launch of the campaign system, manual CRM processes became automated. The reporting layer, essential to EBS in terms of financial affairs, was successfully set up on the OBI platform.

IT Project Management Unit

Using the PMI methodology, the IT Project Management Unit focuses on planning the projects submitted by all business units. As of year-end 2015, the Unit had successfully completed 15 projects; additionally, the Unit continued to work on 16 projects initiated in 2015. Having been submitted to the IT Project Management Unit by business units following feasibility studies, 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.

DID YOU KNOW?

- As a result of new investments in data warehouse environments, KKB's data warehouse capacity doubled.
- System performance and architecture improvement efforts continued throughout 2015.
- KKB initiated work on a cloud infrastructure to establish sustainable systems.

In 2015, the IT Project Management Unit successfully completed 15 projects.



**"KKB IS A TECHNOLOGY HUB
PROVIDING INDIVIDUALS
AND CORPORATIONS WITH
A TRANSPARENT, SECURE
FUTURE FOR THEIR FINANCIAL
INFORMATION NEEDS."**

ALİ KEMAL CENK

12. BUSINESS UNITS

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. 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 and Test Management Unit was able to run 70% of regression tests automatically, and thus made significant progress towards achieving error-free software.

IT Infrastructure and Operation Unit

> KKB Ankara Data Center

In line with its objective to obtain Uptime Tier IV and LEED Gold certifications, KKB initiated efforts to build a new Data Center to serve the finance industry. Construction of the Data Center, which will have 22,000 square meters of covered space, commenced in July 2015 on a 43,000 square meter tract in Anadolu Organized Industrial Zone located in Temelli, Ankara. The KKB Ankara Data Center is scheduled to open in May 2016.

> Rendering of KKB services via the Extraordinary Situation Center for one whole day

Under this practice, which was repeated for the second time in 2015, both the Open Systems and the Mainframe environments were rerouted to the systems located in the Extraordinary Situation Center (ESC) in Izmir. On November 14, 2015, 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

The Limit Control System and the Corporate Bureau application, which were running on the Mainframe infrastructure, were transferred to a 24/7-server architecture. The disk capacity of the Oracle Exadata databases, which are used in open systems architecture, was increased about seven-fold; native backups were provided for the Oracle Exadata databases, in addition to ESC backups.

As a result of new investments in open systems data warehouse environments, data warehouse capacity doubled. Also, with new investments in backup environments, image backup architecture was moved from tape to a disk environment. Therefore, tape backup operations were terminated. The open source virtualization platform was transferred to HP hardware infrastructure to double its capacity and a BSM (Business Service Management) infrastructure was set up to enable service-based monitoring.

**WE ARE RAPIDLY MOVING FORWARD
AND BECOMING THE BEST**

12. BUSINESS UNITS

EFFORTS TO DEVELOP NEW ADVANCED TECHNOLOGY SYSTEMS IN ORDER TO MAXIMIZE FRAUD DETECTION AND PREVENTION CONTINUE IN FULL FORCE.

STRATEGIC PLANNING AND CORPORATE RELATIONS DEPARTMENT

Banks Business Unit

The Banks Business Unit is responsible for managing KKB's relationships with the finance industry. The Unit provides one-to-one service to banks, consumer finance companies, factoring and leasing providers, asset management companies, and credit insurance providers that are members of the Risk Center, Borsa Istanbul and the Agricultural Credit Cooperatives of Turkey (ACC). A member representative has been assigned to each corporation. These representatives communicate with all departments that use KKB and RM services to explain these services and ensure that members derive maximum benefit.

The Unit obtains feedback and suggestions from the members via face-to-face visits and work groups, and KKB's activities are planned accordingly. Ideas and opinions relating to new products and services are initially discussed within work groups; new offerings are then designed and developed in line with the needs of members. In addition to managing member relationships, the Unit regularly monitors the budget, tracks product sales performance and carries out activities to increase product usage.

Findeks Business Unit

The Findeks Business Unit aims to ensure that both individuals and the real sector can manage their own financial risks and

achieve more transparency in their financial relationships. The Unit also works to help clients improve their risk-taking and risk-management abilities; protect their capital and financial reputation; and boost their sales and competitive power.

Offering a wide range of products, Findeks reaches out to customers through its website, mobile application, customer communications center, banks and strategic business partnerships. It also undertakes efforts to further increase the number and improve the efficiency of these channels. Designed and developed as a new financial service platform targeting the real sector and individuals, Findeks consists of four units: Marketing Management (Individual-Corporate-Digital Marketing), Sales Channel Management, R&D Management, and Campaign Management. The Findeks Business Unit conducts sales, marketing and planning activities for all Findeks products offered to the real sector, banks, and individual customers.

Product Management and Development Unit

The Product Management and Development Unit consist of Product Management, Business Development, Product Development and Training-Documentation teams. The Unit plays a key role in evaluating the recommendations of members and employees for the development and monitoring of products and services with high added value.

Taking into consideration the wide-ranging needs of the sector, the Unit carried out eight new projects and evaluated 15 recommendations and more than 90 requests to improve product functionality in 2015.

In addition to product development efforts, the Unit contributed to providing faster and better service to members by monitoring product usage, evaluating suggestions to improve products and processes, providing communication support, and managing websites.

In 2015, the Unit organized 36 internal and eight external training courses – a total of 44 programs. It also provided information about KKB products and services to new employees during 10 orientation programs organized by the Human Resources Department. Additionally, the Unit continued to provide product support to members by publishing a total of 16 new and revised product manuals. The Unit also prepared brochures for eight new projects to boost product awareness among members.

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 and buying teams.

As part of the communication plan for KKB and Findeks, the Corporate Communications Unit organized national and local press conferences and achieved more than 7 thousand impressions. Throughout the year, the Unit carried out many internal and external activities to promote KKB and its products and services.

As CSR awareness steadily grows within the organization in line with KKB strategies, the Corporate Communications Unit continues to implement sustainability related projects. To that end, the third edition of the "You Imagine, We Realize" competition launched this year. This competition aims to address social issues and create a pool of social responsibility project ideas by encouraging the participation of young people, who are the future of the country. 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 our CSR projects in collaboration with civil society organizations.

Data Analysis and Central Decision Support Systems Unit

Established in 2013, the Data Analysis and Central Decision Support Systems Unit's activities are focused on five areas: Statistical Model Development, CRM Analytics, Data Quality, Central Decision Support Systems and Fraud Prevention. In addition to ensuring the continuity of existing risk

prediction (scoring) models, the 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 Index, 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. Placing a priority on data quality, KKB continues efforts to establish an optimal and automated data governance structure in 2016 while taking preventive measures. In 2015, KKB launched the first Fraud Detection and Prevention Service in Turkey. In 2016, KKB aims to expand the use of this service and to introduce new systems based on advanced technology to maximize fraud prevention.

44 product-training courses

In 2015, KKB organized 36 internal and eight external product-training courses – a total of 44 programs.

The Findeks Business Unit carries out sales, marketing and planning activities for all Findeks products offered to the real sector, banks, and individual customers.

DID YOU KNOW?

- As part of corporate communication activities, the Corporate Communications Unit achieved more than 7 thousand impressions about KKB and Findeks.
- In 2015, KKB launched the first Fraud Detection and Prevention Service in Turkey.
- KKB continues efforts to establish an optimal and automated data governance structure in 2016.

12. BUSINESS UNITS

AS CSR AWARENESS STEADILY GROWS WITHIN THE ORGANIZATION IN LINE WITH KKB STRATEGIES, THE CORPORATE COMMUNICATIONS UNIT CONTINUES TO IMPLEMENT SUSTAINABILITY RELATED PROJECTS.

Communications Center Unit

As planned in 2015, the Communications Center successfully launched the Notification Management System. Thanks to the new Notification Management System (KKBNM) and the revamped organizational structure, service quality and delivery speed increased. In 2015, the Communications Center received 83% of total notifications sent by members, and the response rate in this group was reduced to 2.97 hours. The Complaints Handling team monitored all comments made about KKB and Findeks on social media and strived to resolve all complaints positively. The Unit maximized call center efficiency by using predictive dialer software and creating an outbound team specialized in Findeks package sales. In 2016, KKB plans to build a Quality Monitoring and Improvement team to further enhance quality, and raise the bar in service quality.

FINANCIAL REPORTING AND FINANCIAL AFFAIRS DEPARTMENT

The Financial Reporting and Financial Affairs Department is primarily responsible for effective financial planning in line with KKB's strategic goals; in addition, it monitors and systematically records operating results. Other duties and responsibilities of the Department include 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. Besides systematic budgeting and reporting activities, the Department plays a key role in strategic decision-making by promptly providing the necessary information and reports through an effective recording system.

Financial and Administrative Affairs Unit

The Financial and Administrative Affairs Unit is responsible for keeping account of operating results in accordance with relevant accounting principles, procedures and standards; the Unit successfully fulfilled its duties in 2015. In addition to preparing financial reports in line with rules and regulations set forth by public authorities and sharing these reports with related business units and the public, the Financial and Administrative Affairs Unit monitors collections and reports its findings to relevant departments. In 2015, the Unit paid the expenses related to the maintenance and repairs of fixed assets, project expenditures, management and general expenses; it also fulfilled its financial liabilities arising from applicable laws and contracts. 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. The Financial and Administrative

IN 2015, THE FINANCIAL AND ADMINISTRATIVE AFFAIRS UNIT SUCCESSFULLY KEPT ACCOUNT OF OPERATING RESULTS IN ACCORDANCE WITH RELEVANT ACCOUNTING PRINCIPLES, PROCEDURES AND STANDARDS.

Affairs Unit distributed profit in compliance with applicable legal requirements, and filed monthly, quarterly and annual tax returns as required by the Tax Law. Meanwhile, the Department completed development of the new ERP finance software.

Budget and Reporting Unit

In 2015, 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 depart-

ments 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.
- › 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.
- › Established the necessary systems to ensure that all work is carried out systematically.
- › Played an active role in strategic decisions by promptly providing information and reports through an effective recording system, in addition to performing systematic budgeting and reporting activities.

DID YOU KNOW?

➤ The Communications Center successfully launched the Notification Management System as scheduled in 2015.

➤ The Complaints Handling team began monitoring all comments made about KKB and Findeks on social media.

➤ The Financial and Administrative Affairs Unit successfully completed the development of the new ERP finance software.

The Communications Center reduced the response rate for notifications received from members down to 2.97 hours.



"WE DEVELOP METHODS TO ACCELERATE THE DECISION-MAKING PROCESS FOR THE FINANCE SECTOR, SAVING TIME FOR EVERYONE."

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12. BUSINESS UNITS

Procurement and Contract Management Unit

In 2015, the Procurement and Contract Management Unit successfully carried out purchasing activities in accordance with KKB's corporate structure, audit processes and procedures. As prescribed by the decision to manage procurement processes via the ERP system, the existing system was modified to enable compatibility with ERP and necessary work was carried out to ensure harmonization with the Financial Affairs Unit. To that end, the system was improved in line with KKB's needs. The Unit plans to launch the live version of the Procurement Module in January 2016 after completing system testing.

The Procurement and Contract Management Unit updated information related to all suppliers and created a Supplier Catalogue; the compiled information was then transferred to the ERP system. Information about support service providers was also updated in 2015 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 2015, 34 contracts involving the Data Center in Ankara and 98 contracts involving other KKB departments – 132 contracts in total – were executed; the Procurement and Contract Management Unit managed all stages of the contracting

process. All websites controlled by various companies under KKB were successfully merged onto one platform managed by KKB. As a result of effective improvement efforts, procurement costs were reduced significantly.

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. Taking into consideration KKB's purpose for existence, the Department manages risks and opportunities within the framework of Information Security Management (ISO 27001) and Business Continuity Management (ISO 22301) standards, in addition to enterprise risk management standards.

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 2015, which were obtained in August 2014. In addition to process development efforts in the areas of information security, risk management, governance and process management, KKB also successfully performed business continuity and disaster recovery tests in November.

The IT and business processes related to all KKB activities are established and carried out under the COBIT framework, the ISO 9001 standard 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 created significant added value in its business processes.

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,

**WE CREATE ADDED VALUE EVERY
MINUTE OF OUR OPERATIONS**

12. BUSINESS UNITS

INTERNAL AUDIT ACTIVITIES AT KKB ARE CONDUCTED IN ACCORDANCE WITH THE QUALITY ASSURANCE REVIEW (QAR) METHODOLOGY ESTABLISHED BY THE INSTITUTE OF INTERNAL AUDITORS (IIA).

- › 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.

COMPLIANCE AND LEGAL DEPARTMENT

The Compliance and Legal Department started operating as a separate division in February 2015. 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 2015, the Compliance and Legal Department carried out the following activities:

- › Took necessary actions in light of legal and regulatory changes.
- › 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 and preparation of response letters on behalf of the Risk Center.
- › Conducted a legal assessment of supplier services; prepared and reviewed agreements.

- › Conducted correspondence activities with legal and administrative units, and private/public entities.
- › Prepared legal documents (e.g. contracts, acquittance, letters of consent, et al.) 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; providing guidance and follow-up to legal advisory firms on pending cases.
- › Kept up-to-date with current laws and regulations via the Official Gazette on a daily basis; announced new laws and regulations and/or legal and regulatory changes within the organization.
- › 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 trademark and/or patent offices.
- › Performed legal assessment of internal processes.

- › Provided basic training on legal matters.
- › Evaluated and issued legal notices and warnings.
- › Provided support to the legal harmonization process by assessing whether or not suppliers are eligible for support services.
- › Provided legal opinion and advice on other matters and topics, as required by KKB.

INTERNAL AUDIT DEPARTMENT

Reporting to the Audit Committee, the Internal Audit Department successfully carried out the 2015 audits in accordance with the Audit Plan approved by the Board of Directors. In line with KKB's customer-centric strategy, the Department performed audits on three main processes that focus on customers and members: Customer & Member Relations Communication and Demand Management; Risk Center; and Data Exchange with Members.

Additionally, the Internal Audit Department carried out the following activities in 2015:

- › Performed root cause analysis and on-the-spot inspections as part of audit analysis.
- › Conducted the initial scenario-based audit analyses, which will be expanded in the future.
- › Carried out preliminary work to enable the systematic execution of licensing and inventory process audits.
- › Participated in the preparation of the Management Statement for the second time and audits performed on support service providers.

In 2015, the Internal Audit Department began using the RSA Archer GRC Platform (GRC); thus, it was able to systematically document process audit findings; send these to relevant persons; create actions; and monitor findings and actions. The Internal Audit Department also followed up on the KKB Audit and Management Statement, RC Management Statement, Independent Audit findings as well as findings about KKB's Compliance with the Risk Center Contract via the GRC system. Thanks to the succes-

ful implementation of the RSA Archer GRC system, KKB gained a significant technological advantage in quality assurance management. In 2015, internal audit activities at KKB were carried out according to the Quality Assurance Review (QAR) methodology established by the Institute of Internal Auditors (IIA), and in compliance with the International Standards for the Professional Practice of Internal Auditing (Standards) and Rules of Professional Conduct.

In 2015, the BRSA (Banking Regulation and Supervision Agency) and TBB (Banks Association of Turkey) authorized KKB's Internal Audit Department to provide consulting for the management and evaluation of the findings of the audits to be performed at the corporate members of the Risk Center via the Member Audits Monitoring System to be established within KKB; and then to present/report these findings to the Risk Center Management. The Department plans to set up the audit findings monitoring system and start providing the consulting services in 2016.

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 2015. 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.

Lawsuits

- › On November 28, 2013, an action for recovery of damages in the amount of TL 200,000 in total, consisting of TL 50,000 as pecuniary damages and TL 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 TL 2,000 is claimed from x bank, including interest accrued since July 23, 2008, along with the correction of KKB records.
- › The re-employment lawsuit filed on August 21, 2015 was rejected; a justified decision is awaited.
- › On September 8, 2015, a lawsuit was filed against KKB and banks that keep risk registers, demanding correction of risk records and alleging contradiction to Additional Article 1 of Law No: 5411 governing the establishment of the TBB Risk Center. The lawsuit is currently pending.

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 TL 10,000,000 to Board members and senior management.

DIVIDEND DISTRIBUTION PROPOSAL

As per the unanimous resolution (No. 2016/07) of the Board of Directors at the meeting held on February 25, 2016, it was decided to transfer the net profit remaining after setting aside the legal liabilities from gross income earned in 2015, to Extraordinary Reserves, and not to distribute net profit to shareholders. The Board of Directors also decided to distribute the net amount, which remained after setting aside legal liabilities from 2012 and 2013 profits, and not distributed to shareholders, but retained in the Extraordinary Reserves account, to the shareholders, and to submit this proposal to the General Assembly.

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 2015.

12. BUSINESS UNITS

THE RISK CENTER DATA AND DEMAND MANAGEMENT DEPARTMENT PUT 11 NEW PROJECTS TO THE SERVICE OF ITS MEMBERS, AND BOOSTED SERVICE QUALITY AND CONTENT BY IMPLEMENTING MORE THAN 100 ADDITIONAL SERVICE IMPROVEMENTS.

INTERNAL CONTROL DEPARTMENT

The Internal Control Department is responsible for establishing and coordinating a sound internal control environment within KKB. The main priority of the Department is to ensure that all activities are carried out efficiently and productively in accordance with KKB's management strategy and policies and in compliance with applicable laws and regulations. All findings are reported to related managers and employees in a timely manner to ensure that shortcomings are corrected properly. Staffed by a competent team of professionals, the Department promptly and effectively reports the results of internal control activities and the necessary corrective actions, depending on the severity of deficiencies in internal control, to the General Manager and the Audit Committee.

In 2015, the Internal Control Department successfully performed the controls planned after the risk assessment, and conducted internal investigations as required by ISO 22301 and ISO 27001 certifications. The Department undertook the necessary work to prepare the Management Statement, which is required by law, and reported its findings to the Board of Directors. The Internal Control Department designed the governance implementation structure required for the continuous monitoring of the ERP system in order to create an effective and productive accounting system, and to ensure compliance of authorizations and transactions with internal and external regulations through preventive controls. The Department also reviewed

KKB's web applications against requirements set forth in internal and external regulations to detect any contradictions/deficiencies and plan necessary actions.

In 2015, billing processes were significantly improved to ensure that sales invoices are produced in a timely and accurate manner; in addition, verification operations were thoroughly performed. Further, the Internal Control Department provided opinion and advisory on the new processes and applications from an internal control perspective.

RISK CENTER - DATA AND DEMAND MANAGEMENT DEPARTMENT

The Risk Center's Data and Demand Management Department, which consists of Project and Product Development, Demand Management, Business Intelligence & Reporting, and Basel Data Modeling teams, provided many new value-added products and services to members of the TBB Risk Center in 2015. The Department put 11 new projects to the service of its members, and further boosted service quality and content by implementing more than 100 additional service improvements. In 2015, the Data and Demand Management Department improved the content of the statistical reports published on the TBB Risk Center website. The Department also issued additional reports and bulletins, which included detailed analysis, such as the development and the total business volume of the Turkish financial sector - including banks and

other financial institutions - and overdue accounts receivables. As part of member management services, the Department executed more than 20 thousand operational requests and identification transactions; responded to a total of 1,292 information requests from various government agencies; and responded to 1,063 letters and requests from customers. In line with the goal of developing advanced credit risk models in the context of Basel II, the Department started and completed the first phase of the Basel National Credit Data Pooling Project in 2015. This initiative is sure to serve as a milestone for the Turkish banking sector.

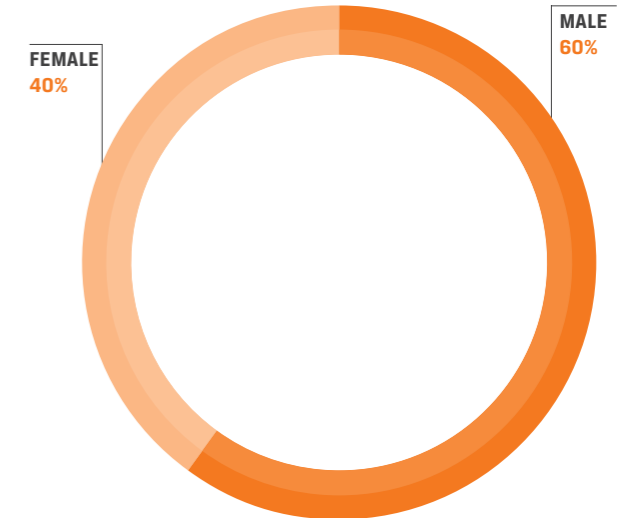
HUMAN RESOURCES DEPARTMENT

In 2015, new human resources modules - including employee databank, HR budget management, recruitment planning, among others - were added to the Oracle E-Business Suit project, which commenced in 2014. KKB changed its organizational structure in line with emerging needs; due to newly established departments, the headcount rose to 264 staff members at year-end. In 2015, KKB personnel received a total of 6,080 hours of training, with an average of 25 hours of training per employee. In 2015, the employee turnover rate stood at 6%, far below the industry average.

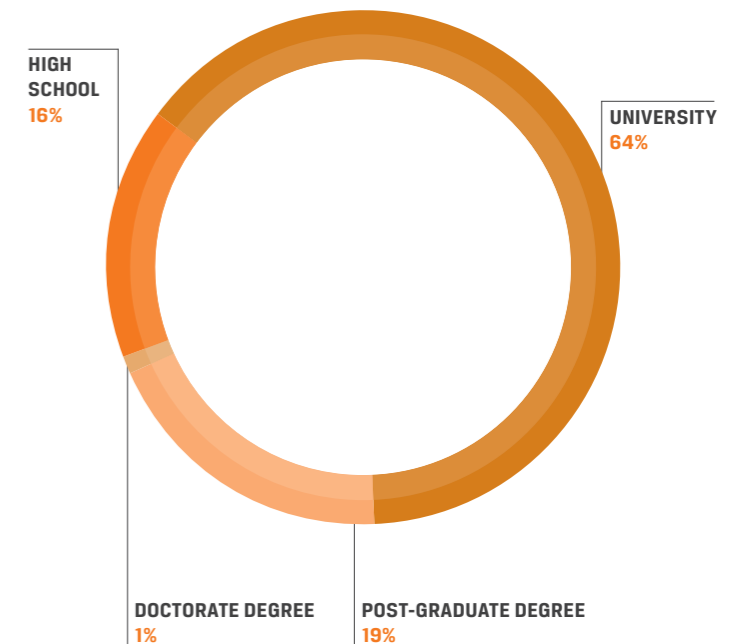
Human Resources Profile

- > NUMBER OF EMPLOYEES
264
- > AVERAGE AGE
35
- > NEW HIRES IN 2015
61
- > AVERAGE NUMBER OF TRAINING DAYS PER EMPLOYEE IN 2015
3 DAYS
- > MARITAL STATUS
39% SINGLE, 61% MARRIED

GENDER DISTRIBUTION



EDUCATION LEVEL



In 2015, KKB's Internal Control Department successfully performed the controls planned after the risk assessment.

A large, solid orange circle is positioned on the right side of the page. Inside the circle, the word "ACTIVITIES" is written in white, bold, uppercase letters.

ACTIVITIES

13. OUR PRODUCTS AND SERVICES

Service	2010	2011	2012	2013	2014	2015
Limit Control System (LCS)	●	●	●	●	●	●
Personal Loan Rating (PLR)	●	●	●	●	●	●
False Information/Document/Declaration/Application Alert System (SABAS)	●	●	●	●	●	●
Internet Fraud Alert System (IFAS)	●	●	●	●	●	●
Personal Indebtedness Index (PII)			●	●	●	●
Cheque Report			●	●	●	●
Risk Report			●	●	●	●
GeoMIS – Map-based Reporting Service				●	●	●
Agricultural Loans Assessment System (TARDES)				●	●	●
Cheque Index				●	●	●
Central Decision Support Systems (CDSS)				●	●	●
Commercial Credit Rating (CCR)				●	●	●
Prescribed Accounts				●	●	●
Address Processing Service					●	●
Cheque Status Inquiry					●	●
Farmer Registry System					●	●
Rating Consultancy					●	●
Warning Service					●	●
Tracer					●	●
KKB Trade Registry Sharing System (TRSS)					●	●
QR Code Cheque System						●
Letter of Guarantee Status Inquiry (LGSi)						●
Collection Scores						●
Inclination Scores						●
Factoring Invoice Pool						●
IBAN Validation Service						●
LCS Customer Objections Handling System (MIDES)						●
National Fraud Detection and Prevention Service						●
Loans Analysis Portal (LAP)						●

THE QR CODE CHEQUE SYSTEM REDUCED THE RISK OF RECEIVING A BAD CHEQUE BY 80%.

The Personal Credit Rating (PCR) enables lending institutions to make rational, standardized risk decisions while shortening the decision-making process substantially.

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, or 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.

The Limit Control System (LCS) enables credit card issuers to manage the single limit application by combining credit card limits assigned by credit card issuers for each customer.

DID YOU KNOW?

- The Limit Control System (LCS) enables credit card issuers to manage the single limit application.
- The Cheque Status Inquiry Service enables customers to make online inquiries about the status of a cheque and learn whether a cheque is in circulation.
- The QR Code Cheque System aims to make commerce more transparent and secure, and boost commercial volumes.



"WE UNDERTAKE PROJECTS THAT MAKE A DIFFERENCE WITH OUR HIGHLY QUALIFIED EXPERT TEAMS."

ABDULLAH BİLGİN

13. OUR PRODUCTS AND SERVICES

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.

The information sharing technique developed by KKB sets SABAS apart from other similar systems used around the world.

Various information combinations are used in the calculation of the fourth-generation PCR. Information about the past and present loan repayment performance of an individual (e.g. delayed repayments, initiation of prosecution, et al.) is the most effective input. Additionally, information about an individual's past and present loan usage intensity and search for new loans is also used extensively in PCR calculations.

KKB plans to develop and launch the fifth version of PCR in 2016.

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 si-

milar 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.

INNOVATIVE PRODUCTS FOR THE FUTURE

13. OUR PRODUCTS AND SERVICES

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.

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.

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 TL 250 and to predict excessive indebtedness.

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 negative 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 ele-

ctronically 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.

Requests to block an account in the event of money transfer scams can be transmitted via IFAS.

DID YOU KNOW?

➤ The Internet Frauds Alert System (IFAS) provides prevention and protection against Internet scams.

➤ The Risk Report shows repayment performance for each loan over the past 18 months.

➤ The Personal Indebtedness Index (PII) aims to identify persons who are inclined to run up "excessive debt."

13. OUR PRODUCTS AND SERVICES

THE CHEQUE REPORTS PRODUCED BY KKB SHOW PAYMENT HISTORY OF CHEQUE ISSUERS TO ENABLE CHEQUE BEARERS TO MAKE SOUND DECISIONS.

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 postdate cheque remaining unpaid or non-dishonored
- › Number of cheques unreturned to 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 90% accuracy.

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.

Through this system, marketing teams can obtain comprehensive information about customer acquisition processes of loan products and demographic characteristics and score distribution of their portfolios. They can also view their reports in detailed breakdown (e.g. by district) and in comparison with competitors' data. Loan teams can compare their portfolios with the industry and with selected competitors through the reports generated by GeoMIS and review risk distribution and scores on a location basis.

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.

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 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 Corporate is used by many business units, including allocation, marketing, risk management, collection, and credit policy, for a wide range of purposes.

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.

With the Cheque Report, positive or negative developments in the cheque payment performance of the account holder can be tracked.

13. OUR PRODUCTS AND SERVICES

TARDES HELPS FINANCIAL INSTITUTIONS SAVE TIME AND MANPOWER BY PROVIDING THEM WITH INFORMATION COMPILED AND EVALUATED BY A PROFESSIONAL, IMPARTIAL AND EXPERT TEAM.

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, developed jointly by the Frankfurt School and KKB, and sponsored by the Euro-

pean 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.

TARDES is an application that will increase the number of banks extending agricultural loans area. The application will boost the volume of agricultural loans in the country, facilitate risk management, and guarantee continuity of the data gathering and updating efforts currently conducted in the long term.

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 Deci-

sion 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.

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 TBB (Banks Association of Turkey) and TKBB (Participation Banks Association of Turkey); 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.

The Cheque Index evaluates cheque payment behavior as a measurable factor. If there has been a problem, the Cheque Index's calculation reflects the number and amount.



**"WE MAINTAIN SUPERIOR
QUALITY STANDARDS IN ALL
OF OUR ACTIVITIES."**

SERDAR ÇOLAK

13. OUR PRODUCTS AND SERVICES

WITH THE CHEQUE STATUS INQUIRY SERVICE, INSTITUTIONS CAN VERIFY THE AUTHENTICITY OF CHEQUES ACCEPTED AS GUARANTEE OR FOR COLLECTION BY INQUIRING ABOUT THE BANK CODE, BRANCH CODE, CHECKING ACCOUNT NUMBER, AND CHEQUE ROW NUMBER.

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 on-line 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.

**WE PROVIDE SUPPORT TO THE
ENTIRE FINANCIAL INDUSTRY**

13. OUR PRODUCTS AND SERVICES

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.

Institutions using the Letter of Guarantee Status Inquiry (LGSi) 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.

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 (LGSi)

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

Institutions using the LGSi 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 LGSi 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.

LGSi covers all letters of guarantee issued to enterprises based in Turkey. In this on-line/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 con-

cerning 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.

COLLECTION SCORES

With Personal Credit Rating data shared with members for some time now, KKB is able to precisely predict default probability of customers within one year. Thanks to the Personal Indebtedness Index (PPI) created recently, KKB members have gained the ability to assess the risk of customers running up excessive debt over the long term. KKB develops high value-added products by supporting the data-sharing service it offers to members with analytic scoring models. In 2015, KKB launched the Collection Scores service, a new addition to its portfolio of value-added 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. The Collection Scores service was launched initially for credit cards, but KKB plans to expand this service to other credit products in the coming year.

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 aim to:

- › Enable KKB members to reach the best prospects rapidly with appropriate strategies for product sales.
- › Allow members to see more comprehensive data via a single score with lesser operational burden.
- › Save time thanks to easy identification of target masses on a product basis.
- › Accelerate sales through value added to sales and marketing operations.
- › Provide 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.

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.

The 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.

The LCS Customer Objections Handling System (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.

13. OUR PRODUCTS AND SERVICES

THE FRAUD ATTEMPT DETECTION AND PREVENTION SERVICE AIMS TO MINIMIZE LOSSES INCURRED BY FINANCIAL INSTITUTIONS AS A RESULT OF APPLICATION FRAUD.

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 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

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
- › 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.

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.

The Loans Analysis Portal features current information about an institution's loan portfolio as well as its development over time.



TOTAL NUMBER OF PERSONAL CREDIT SCORES GENERATED

366 MILLION

TOTAL NUMBER OF CHEQUE REPORTS PRODUCED

21 MILLION

**"WE CONTINUALLY IMPROVE
OUR PRODUCTS AND
SERVICES TARGETED AT
THE FINANCE SECTOR TO
FACILITATE EFFECTIVE RISK
MANAGEMENT."**

OSMAN SOYSAL

14. OUR PRODUCTS PROVIDED TO TBB'S RISK CENTER

Service Name	2013	2014	2015
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		●	●
Duplicate Cheque Warning System		●	●
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			●

**WE SET AN EXAMPLE
WITH OUR EXCEPTIONAL WORK**

14. OUR PRODUCTS PROVIDED TO TBB'S RISK CENTER

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.

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.

RISK CENTER CUSTOMER REPORT SERVICE

Through this service, natural persons and legal entities can obtain reports about their own financial data, which has been consolidated by the Risk Center and shared with members of the Risk Center. Three types of reports are available:

Report on Credit Limit-Credit Risk-Receivables to Be Liquidated

This report contains information submitted by leasing, factoring and financing companies, banks, and asset management companies that are members of the Risk Center about loans allocated and receivables to be liquidated. Three versions are available: Detailed Report, Summary Report and Non-Performing Loans Report.

Cheque Report

This report contains information consolidated since 2009 about dishonored cheques, cheques paid after being recorded as dishonored, and cheques paid upon presentation. The Cheque Report includes total number and amount of cheques, information about issuing banks, and the list of last 50 cheques processed.

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.

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 launched in 2014, 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's benefits include:

- › Minimizing personal loan risk.
- › Encouraging personal loan customers to make their repayments regularly.
- › Spreading use of personal lending products to the wider public.
- › Growing loan volume thanks to measurement of lending risk.
- › Speeding up and boosting the quality of loan extension decisions.
- › Facilitating rational decision making in the assignment of new credit limits to existing customers.

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.

As CRS has historically relied on monthly data notifications and an updating system up until June 2015, members were able to track changes in customer risk with a 45-day lag after running an inquiry. Thanks to the Daily Data Notification project, a first-of-its-kind in the world, financial and payment performance data can be entered into CRS, which contains

Notifications sent by banks are consolidated and shared collectively with Risk Center members via the File Transfer System.

14. OUR PRODUCTS PROVIDED TO TBB'S RISK CENTER

DESIGNED AND DEVELOPED BY KKB USING INTERNAL RESOURCES, THE CORPORATE BUREAU SYSTEM (CBS) IS AN INFORMATION-SHARING PLATFORM CONSISTING OF CREDIT REGISTRY DATA OF COMMERCIAL ENTERPRISES.

millions of account records, on a daily basis. Hence, members no longer have to wait until the following month to inquire about the current status of a loan, when repayment performance changes at the beginning of the month. In other words, KKB members have gained the ability to make sound and effective credit decisions based on the most up-to-date data in T+1.5 days.

CORPORATE BUREAU SYSTEM (CBS)

Designed and developed by KKB using internal resources, the Corporate Bureau System (CBS) is an information-sharing platform consisting of credit registry data of commercial enterprises.

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, imports and exports, and bounced cheque data. For example, through reports established by using bounced cheque data shared daily via the system, special warning messages about firms that issue cheques on that day are sent to the KKB-member institutions where these firms are customers.

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:

- › Not only the Aggregate Limit of a firm, but also the breakdown of the Limit, Risk, Cash and Non-cash Limit of the Group to which the firm belongs, and the data of the General Revision of Maturity;
- › Recent combined financial leasing and factoring data under the risk code subset.

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 CBS Improvement and Simplification initiative commenced in 2015. This project aims to enhance data diversity within CBS and further improve 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. KKB also plans to start sharing data with the following financial institutions:

- › Factoring Companies
- › Leasing Companies
- › Asset Management Companies

Banks and finance companies that do not currently send notifications are expected to start sending them after the launch of the project.

CUSTOMER OBJECTIONS HANDLING SYSTEM (MIDES)

The Customer Objections Handling System (MIDES) allows one to readily communicate objections against the data shared within the Credit Reference System (CRS) and the Corporate Bureau System (CBS) to all concerned members and units.

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.

In respect of the transactions executed under MIDES, KKB is positioned as a center that has undertaken to manage and supervise the communication coordination between the consumer and KKB-members.

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. Banks, which are members of the Risk Center, are given 24 hours to respond to customer objections.

Objections to the Risk Reports can be made electronically medium by using the reference number of the relevant record under the Risk Report Objection and Confirmation at www.kkb.com.tr.

MIDES closely monitors the relationships of consumers with KKB and the members, the tasks performed in this connection, the incidents and problems encountered. New projects are developed in response as well as other efforts to make MIDES a more efficient system.

After the launch of the CLCR MIDES project in 2016, customers will be able to object to the Credit Limit-Credit Risk data notified to the Risk Center. As a result, KKB will be able to correct data shared via the CLCR system in a shorter period of time.

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 KKB members.

CHEQUE REPORT RAW DATA PRESENTATION

This system provides access to the historical payment data of a cheque issuer. The report contains the following:

- › Banks where the customer has checking accounts,
- › Number of cheques presented,
- › Number and amount of cheques paid upon presentation,
- › Number and amount of cheques dishonored but subsequently paid, and cheques still unpaid,
- › Date of the first cheque presented,
- › Dates of the first and last cheques presented and dishonored,
- › Date of the last cheque paid upon presentation,
- › Detailed information about cheques paid and dishonored in the last 1-, 3-, and 12- month periods,
- › List of dishonored cheques, limited to 50 items.

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.

Thanks to the latest upgrade, 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. These reports provide the following information via the Cheque Report Raw Data Presentation System;

Information about cheques payable to the issuer at 1-, 3-, and 12-month intervals;

- › Number and amount of cheques paid upon presentation,
- › Ratio of cheques paid upon presentation to cheque amount,
- › Number and amount of cheques dishonored but subsequently paid,
- › Ratio of cheques dishonored but subsequently paid to cheque amount,
- › Number and amount of cheques dishonored and still unpaid.

By providing the Cheque Report Raw Data via the web service, KKB enables members to directly transfer data to their own decision-support systems.

The CBS Improvement and Simplification initiative aims to enhance data diversity within CBS and further improve the system's data uploading and inquiry performance.



"WE BRING FINANCIAL SERVICES TO CUSTOMERS' MOBILE PHONES, MAKING LIFE EASIER FOR THEM."

HAZAR TUNA

14. OUR PRODUCTS PROVIDED TO TBB'S RISK CENTER

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.

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:

- > Credit limits and risks of real persons and legal entities
- > Historical loan repayment performance
- > Number of financial institutions that send notifications
- > Total number of credit accounts and account details for personal loans
- > Date of the last loan drawn
- > Number of overdue credit accounts
- > Total amount of overdue balance
- > Longest overdue period to date
- > Details of loans under prosecution, if any
- > Financial leasing-Factoring CLCR data

By providing the Risk Report Raw Data via the web service, KKB enables its members to directly transfer data to their own decision-support systems.

DUPLICATE CHEQUE WARNING SYSTEM

In the event that the same post-dated cheque is notified by different banks, KKB sends these banks email notifications that include detailed information about the cheque in question and other banks that have sent a notification in order to prevent cheque fraud.

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 Banned From Tenders, and access all announcements published within the year.

**WE ARE COMMITTED TO QUALITY
IN EVERYTHING WE DO**

14. OUR PRODUCTS PROVIDED TO TBB'S RISK CENTER

THE DATA VALIDATION AND SANCTION APPLICATIONS ARE DESIGNED TO ENSURE THE ACCURACY OF CUSTOMER INFORMATION SUBMITTED TO THE RISK CENTER AND THUS TO PROTECT CUSTOMERS.

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. Data sharing about derivative transactions can be made either collectively or individually.

- › 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-Receiveables to be Liquidated) on the next business day after the notification.
- › Individual Inquiry: With this option, one can inquire about Credit Limit-Credit Risk-Receiveables to be Liquidated and data about derivative transactions is also available.

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.

The Data Updating Application enables online updating of CRS, CBS, Protested Bills, and Credit Limit-Credit Risk data.

DATA VALIDATION AND SANCTION APPLICATION

This system automatically checks whether KKB member data notifications are performed at intervals defined for each product and above 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. 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.

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.

Using such data provided by banks, Turkey's Central Bank can monitor the state and the development of the financial sector, with a particular focus on rejected loan applications, in terms of number and amount.

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.

This notification is limited to the types of assets rated by CRAs, which have been authorized but not directly acknowledged by BRSA, and applies only to customers that have been assigned a valid rating score as well as customers whose rating scores have been disclosed to the public.

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.

GOVERNMENT AGENCY SERVICES AND CUSTOMER DATA REQUESTS

Government Agency Services include responding to information requests sent by public authorities and government agencies, such as courts, public prosecutors, enforcement directorates, Capital Markets Board and the Ministry of Finance. On the other hand, as part of Customer Services, customers can either come in person to seek a Risk Center report, or send a written request.

MEMBER REQUESTS MANAGEMENT SERVICE

In order to maintain continuity and functioning of business processes, all requests submitted by members, customers and internal departments are responded to on behalf of KKB and the TBB Risk Center. To that end, in 2015, more than 20 thousand requests and transactions related to operations were resolved, while adhering to prescribed process and quality standards. Member Management Services include providing members access to and authorization for the systems following the completion of the membership registration process.

RISK CENTER BULLETINS AND STATISTICS PUBLISHING SERVICES

Each month, 15 reports and one bulletin are published on the official website of TBB Risk Center (<http://www.riskmerkezi.org>).

The bulletin and the reports include information about Credit Limit-Credit Risk (CLCR), Personal Loans and Credit Cards (CRS), Paid Cheques, Bounced Cheques, and Protested Bills, which are notified to the TBB Risk Center by its members.

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.

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 inquiry application, which enables individual inquiries.

SHARING INFORMATION ABOUT CHEQUES UNDER INTERIM INJUNCTION

This service involves collecting information about cheques that were endorsed by customers unknowingly from banks on a daily basis. This information is shared through individual inquiries or collective feedback, under the following circumstances:

- › 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.

This service enables customers to inquire about a cheque to find out if there is an interim injunction or cancellation order before accepting it, either via the Individual Cheque Inquiry screen or 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.

In 2015, KKB handled more than 20 thousand requests and transactions related to operations through the Member Requests Management system, while adhering to prescribed process and quality standards.

14. OUR PRODUCTS PROVIDED TO TBB'S RISK CENTER

THE ABILITY TO MAKE AN ONLINE INQUIRY INTO REVENUE ADMINISTRATION RECORDS IMPROVES EFFICIENCY AND PREVENTS HUMAN ERROR IN OPERATIONS.

SHARING INFORMATION ABOUT CUSTOMERS PROHIBITED FROM USING CHEQUES

The Risk Center delivers court decisions that ban cheque issuance and/or opening a checking account to all members via the File Transfer System on the second business day following the announcement of the court decision.

REVENUE ADMINISTRATION RECORD SEARCH

Inquiries and online search is possible for the following information about taxpayers in Revenue Administration (Ministry of Finance) records:

- › Name/Surname/Title
- › Taxpayer Identification Number/Turkish Identification Number
- › Tax Office Name and Code
- › Company Type
- › Active/Inactive Status
- › Business Start/End Date
- › Potential (The customer is considered a prospect until the company is approved to start business.)

The ability to make an online inquiry into Revenue Administration records improves efficiency and prevents human errors in operations.

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: Cheques Recorded as Dishonored, Cheques Paid after being Recorded as Dishonored, Cheques Paid upon Presentation and Postdated Cheques.

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

DID YOU KNOW?

➤ The Cross Cheque Relations Inquiry Service has been provided via web applications since November 2015.

➤ The Risk Center delivers court decisions that ban cheque issuance via the File Transfer System.

➤ The Cross Cheque Relations Inquiry produces a list showing the number and amount of cheques issued mutually between companies and natural persons.

RECORD NUMBER OF
MONTHLY INQUIRIES
52 MILLION

NUMBER OF RISK
REPORTS PRODUCED
11 MILLION





**"ENTERPRISES THAT
MANAGE RECEIVABLES RISK
EFFECTIVELY VIA FİNDEKS
WILL STAY AHEAD OF THE
COMPETITION."**

KORAY KAYA

15. FİNDEKS

FİNDEKS

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 Score Consultant provides expert advice on raising credit scores. Meanwhile, the Warning Service enables individuals to find out whether their financial and perso-

nal information is available online, through unwanted sites. This innovative service then gives a signal when the desired financial conditions become available to the user.

Launched in 2015, the QR Code Cheque System is the result of Findeks's innovation efforts. This new offering aims to make commerce more transparent and secure while increasing production, employment, prosperity and trade volume.

Another product launched in 2015 is the Letter of Guarantee Status Inquiry System (LGSİ) aimed at the real sector. This system enables public institutions and private companies to cheque the status of the letters of guarantee they have accepted online, without the need to visit or call the bank. Findeks offers unparalleled service with its identity verification infrastructure, one of the most advanced systems of its kind in the world. A person's identity is verified through the phone number registered with the bank by using the two-factor authentication method and confirming the security information known only to them. KKB's service platform complies with COBIT 4.1 and ISO security standards. All data, including information entered for membership registration and making payments, are kept in KKB's data center, which is audited by the BRSA and independent firms.

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

A NEW FUTURE

WITH FİNDEKS

15. FINDEKS

FINDEKS CREDIT RATING IS USED BY THE REAL SECTOR AS A POWERFUL DECISION-SUPPORT TOOL.

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.

Because of all these factors are used in the calculation, 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 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.

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.

The Cheque Index gives an idea about cheque payment habits of an individual or an enterprise.

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 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.

A customer can set up different types of system alerts, as shown in the examples below:

- "I want to receive a warning message,
- > if my Findeks Credit Rating falls below 1,400 points.
- > if my credit card debt exceeds TL 10,000.
- > if I delay payment on my credit cards, cheques, and the like.
- > if an application for a credit product (loan and credit card) is made in my 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

The Risk Report contains information about payment history pertaining to active loans and loans closed within the last five years.

Findeks is a financial services platform designed by KKB for the use of individual customers and the real sector.

15. FINDEKS

THANKS TO THE FINDEKS QR CODE CHEQUE SYSTEM – THE FIRST-OF-ITS-KIND IN THE WORLD – CUSTOMERS ARE ABLE TO CHEQUE THE VALIDITY AND AUTHENTICITY OF CHEQUES IN A MATTER OF SECONDS, AND TAKE PRECAUTIONS AGAINST ACCOUNTS RECEIVABLE RISK, WHICH ARISES FROM CHEQUE PAYMENTS.

Internet without their permission or knowledge; the service also cheques 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.

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 Consultant 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

The Findeks QR Code Cheque System is designed to prevent cheque fraud. The QR codes on the cheques, issued by banks upon the request and consent of a customer, are scanned through the Findeks Mobile Application; thereby, customers can instantly view the issuer's cheque payment history, without going through an approval process.

In this system, the cheque issuer gives the bank consent to share personal financial information from the start so that cheque bearers can access this key information.

Thanks to the Findeks QR Code Cheque System – the first-of-its-kind in the world – customers are able to cheque 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 cheque 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 cheque to find out whether a letter of guarantee has been issued, and whether an active risk record exists for that letter of guarantee.

The added value generated by Findeks products and services has changed Turkey's perspective on commerce.

FINDEKS INDIVIDUAL MEMBERS
1,180 THOUSAND

FINDEKS COMMERCIAL MEMBERS
20 THOUSAND

TOTAL FINDEKS MEMBERS 1.2 MILLION

FINDEKS CREDIT RATING
NUMBER OF INQUIRIES
554,844

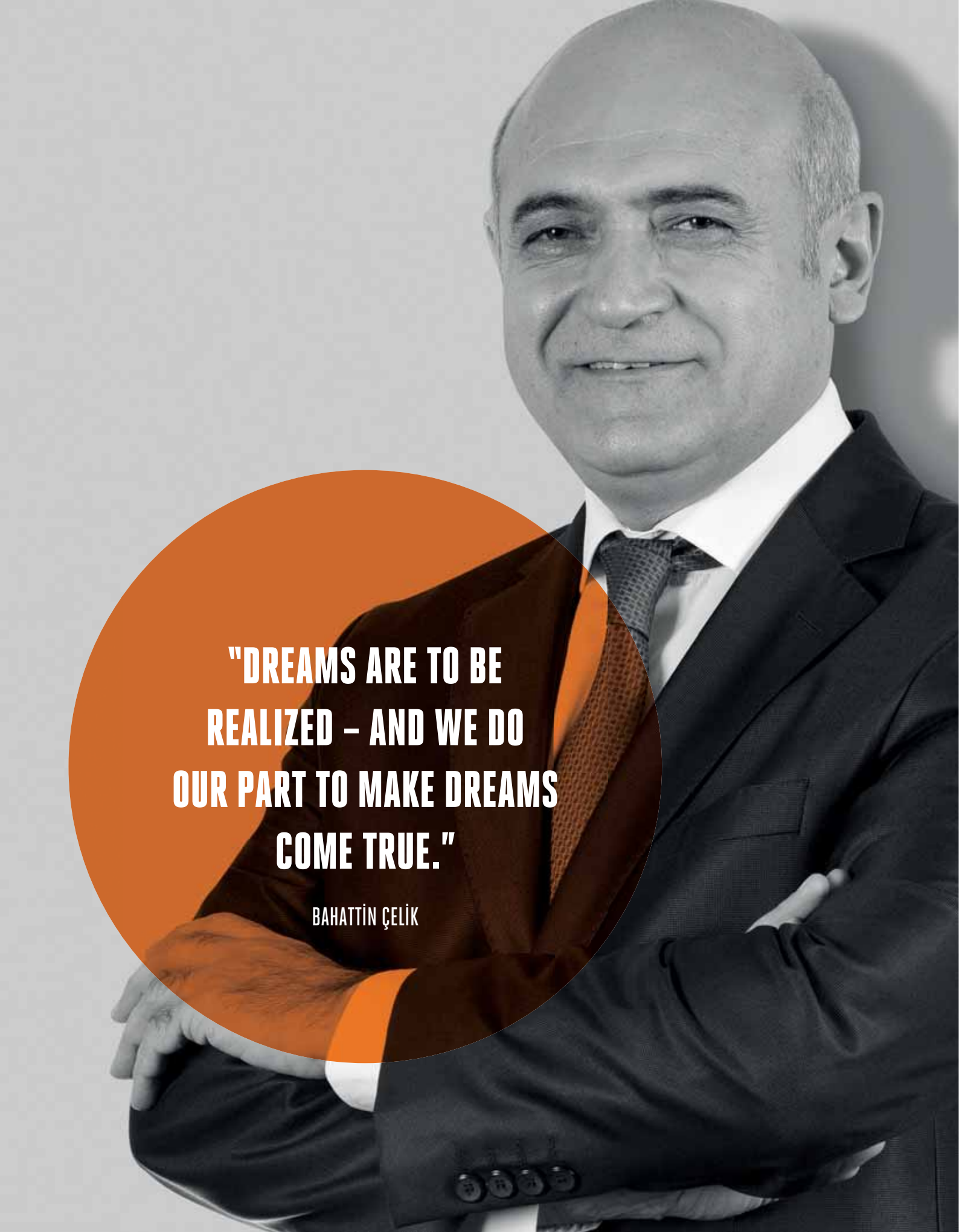
FINDEKS RISK REPORT
NUMBER OF INQUIRIES
3,364,888

FINDEKS CHEQUE REPORT
NUMBER OF INQUIRIES
92,209

TOTAL FINDEKS INQUIRIES 4,011,941

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**OUR SOCIAL
CONTRIBUTION**



**"DREAMS ARE TO BE
REALIZED – AND WE DO
OUR PART TO MAKE DREAMS
COME TRUE."**

BAHATTİN ÇELİK

16. OUR SOCIAL CONTRIBUTION

"YOU IMAGINE, WE REALIZE" SOCIAL RESPONSIBILITY PROJECT COMPETITION

In 2015, KKB organized the second 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 Emin Çapa, CNN Türk Economy Director; Fügen Toksü, Communication Expert; İbrahim Betil, Civil Society Volunteer; Mustafa Kutlay, President of DesiBel Advertising Agency; Özlem Denizmen, Columnist at Posta Newspaper; Kasım Akdeniz, General Manager of KKB; and Arzu Paksoy, Founding Partner of ARPR.

The competition categories included education, environment, health, sports, culture and arts, and society; applications were accepted between January 1 and March 13, 2015. During this time, the project competition received a total of 560 applications from 60 cities, including Istanbul, Denizli, Trabzon, Izmir, Ankara and Antalya. At the Awards Ceremony, which was held on May 6, 2015, the winners in the social media category and other categories received TL 5,000; meanwhile, runners up, second and third, received TL 3,000 and TL 1,000, respectively. Of the six category winners, the one with the highest overall score won the Grand Prize of TL 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. Most of the

competition participants were studying Communications, Public Relations, Education, Physiotherapy and Rehabilitation, Medicine, Psychology, or Engineering. KKB provided support to implement one of the winning projects, as a lasting contribution to society.

THE STORY OF REALIZING A DREAM: "IF YOU'RE THERE, WE'RE THERE, TOO"

A group of students, represented by Silas Arıkan and Pırıl Yıldız from Acibadem University's School of Medicine, won first prize with their project, titled "If You're There, We're There, Too." The project involved conducting health screenings and providing healthcare services to seasonal agricultural workers. KKB provided logistics support, and a team comprising nine students from Acibadem University and three specialists from Yeditepe University implemented the project in Çaputçu and Tuzla villages in Adana's Yüreğir district on July 5-11. The young volunteers stayed in Adana for a week and visited seasonal agricultural workers there, who lived among the fields, and set up a medical tent. The students spent the first three days in Çaputçu and the remaining four days in Tuzla, providing healthcare services to the workers within the tented area. The team performed basic physical exams on the wives and children of the field workers during the daytime, and the workers themselves in the evening. They also provided health awareness training. Under this project, the team reached out to a total of 250 persons, of whom 100

were children aged eight to nine years. A quarter of these persons were in need of medical treatment. Most of the youngsters had upper respiratory infections while women showed symptoms of urinary tract infection. Patients were provided with necessary medical treatment under the supervision of medical doctors from Acibadem and Çukurova universities. KKB is committed to providing support to this project, which benefits seasonal agricultural workers, one of the most disadvantaged segments of society.

KKB'S RUNNING TEAM RAN FOR CHARITY

Achieving an important CSR goal, KKB's Running Team ran the Vodafone Istanbul Marathon (10-, 15-, and 42-kilometer courses), which was held on November 15, 2015, to raise money for the Spinal Cord Paralytics Association of Turkey (TOFD). TOFD is supported by the Adım Adım initiative, a regional running group. KKB's team successfully completed the marathon within the finishing time and members of the running team raised a total of TL 16,545. With this performance, KKB earned its place among philanthropic companies. KKB donated electric wheelchairs to TOFD at a ceremony held on December 26, 2015. Thanks to the volunteers, who ran the 37th Vodafone Istanbul Marathon, 186 disabled citizens were provided with electric wheelchairs, of which 20 were distributed in Istanbul. The remaining 166 electric wheelchairs were donated to those in other cities across Turkey.

WE HAVE A TREMENDOUS RESPONSIBILITY TO SOCIETY

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**REPORTS AND
FINANCIAL
STATEMENTS**

17. DECLARATION OF CONFORMITY FOR THE ANNUAL REPORT

KKB KREDİ KAYIT BÜROSU A.Ş. DECISION OF BOARD OF DIRECTORS

MEETING

LOCATION: Headquarters Office, Istanbul

DECISION DATE: 25.02.2016

DECISION NO.: 2016/06

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

RESOLUTION: As part of 2015 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, 2015;

Approve the Company's 2015 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 Güney 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.

ERTUĞRUL BOZGEDİK
Chairman of the Board of Directors

On Behalf of T. Garanti Bankası A.Ş.
ŞÜKRÜ ALPER EKER
Member of the Board of Directors

VEYSEL SUNMAN
Member of the Board of Directors

On Behalf of DenizBank A.Ş.
İZZET OĞUZHAN ÖZARK
Member of the Board of Directors

DEMİR KARAASLAN
Vice Chairman of the Board of Directors

On Behalf of Akbank T.A.Ş.
EGE GÜLTEKİN
Member of the Board of Directors

MEHMET SEBAHATTİN BULUT
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 2015 DECLARATION OF CONFORMITY

We hereby declare that:

We have examined the financial statements, footnotes and the Annual Report pertaining to the period January 1, 2015 – December 31, 2015, 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. 2016/06 on February 25, 2016;

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.

ERTUĞRUL BOZGEDİK
Chairman of the Board of Directors

On Behalf of T. Garanti Bankası A.Ş.
ŞÜKRÜ ALPER EKER
Member of the Board of Directors

VEYSEL SUNMAN
Member of the Board of Directors

On Behalf of DenizBank A.Ş.
İZZET OĞUZHAN ÖZARK
Member of the Board of Directors

DEMİR KARAASLAN
Vice Chairman of the Board of Directors

On Behalf of Akbank T.A.Ş.
EGE GÜLTEKİN
Member of the Board of Directors

MEHMET SEBAHATTİN BULUT
Member of the Board of Directors

KASIM AKDENİZ
Member of the Board of Directors and
General Manager

18. AGENDA OF THE ORDINARY GENERAL ASSEMBLY

KKB KREDİ KAYIT BÜROSU ANONİM ŞİRKETİ NOTICE TO SHAREHOLDERS FOR ORDINARY GENERAL ASSEMBLY TO BE HELD ON MARCH 31, 2016

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 14:00 hours on Thursday, March 31, 2016, to examine the activities in 2015 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. The financial statements, consolidated financial statements, Annual Report of the Board of Directors, and dividend distribution proposal of the Board of Directors will be ready for inspection by the esteemed shareholders at the head office of our Company from March 9, 2016 on.

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

Yours sincerely,

KKB KREDİ KAYIT BÜROSU A.Ş. BOARD OF DIRECTORS

ERTUĞRUL BOZGEDİK
Chairman of the Board of Directors

DEMİR KARAASLAN
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, discussion and adoption 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 TL 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 14:00 hours on 31.03.2016.

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.

