

2014 ANNUAL REPORT

ABDİ KAYA | ABDULLAH BİLGİN | ABDULLAH BOZDEMİR | ADİLE DEMİRBAĞ | AHU FÜSUN ERCAN | ALİ EMRE KARAMAN | ALİ KEMAL CENK
ALİ KUTLUHAN AKTAŞ | ALİŞAN KILINÇ | ALPAY BİLGİÇ | ALPER DALAR | ALPER YALÇIN | ALTAY CANPOLAT | ARZU AKSU | ARZU SOLMAZ
ASUCAN DİLA KAYADOR | ATEŞ EVREN AYDINEL | AYCAN GÜLSÜM EMİRHASANOĞLU | AYSEN ÜÇOK | AYSUN SEVİL İŞÇİ | AYŞE ÖZDEMİR
AZİZE DİKBİYİK | BAHADIR YILMAZ | BAHAR ERTEM | BARIŞ ÖZDOĞAN | BAŞAK BAŞGÖR | BAŞAK DENİZ | BATUHAN ÇİFTSÜREN | BELÇİN İMAMOĞLU
BERİL BİLGE ERSOY | BERNA BAYKUŞ | BİRGÜL AKYILDIZ | BİRKAN BİRLİK | BURAK BIÇAKÇI | BURCU AYAZ | BURCU ELMACI | BURÇİN ÖNEN
BÜRKE ÖZÜAK | CAFER ÇAĞLAR KORKMAZER | CAN ŞAHLAN | CANSU ÖLGEN | CANSU SUNAL | CEM EROL | CEM TOKER | CEMİL ÖZGÜR GÖNEN
CEMİL SERİN | CEYHAN ÇAKAN | ÇAĞRI GÜNEL | DENİZ HARTLAP | DENİZ KORKMAZ | DERYA ŞENOL | DİLER UYANIK | DOĞAN YILMAZ
DURŞUN İLHAN | EBRU ÖZTÜRK | EBRU SOYSAL ARSLAN | ECE KÜÇÜKÇETİN | ELİF EKER | ELİF KARA | EMRAH SÜEREN | ENGİN ÇAKIR | ERBİL KARTAL
ERDEM KOYAŞ | ERDİ SÖZER | EREN ÖZGÜR | ERTAÇ GÜNEY | ERTAN ERDOĞAN | EZGİ ÇALIŞ | FATİH CEMRE MATBEN | FERDA ÇETİNÖNERİ ÖZEL
FİKRET SELÇUK YARGICI | FİLİZ CENGİZ | FİLİZ UZUN | GONCA KARA | GÖKÇE ŞAHİN | GÖKHAN ÖZER | GÖKNUR İRMAL | GÖRKEM DURĞÜT
GÖRKEM İSMAİL İŞİK | GÜLAY DEMİRKOL | GÜLÇİN ERYÜREK | GÜLÇİN TEKAY AKGÜL | GÜLSÜM DEMİR | GÜNGÖR KURTULUŞ | GÜRKAN PİLATİN
HAKKI UFUK TANKURT | HALİL UÇAK | HALİT BARUT | HAMZA KOCABAŞ | HANDAN ERDOĞDU | HASAN GÖRKEM KURT | HESNA EROĞLU
HİLAL ÖZDEMİR | HÜLYA KARATAŞ | HÜNKAR ÖZFİRAT | HÜSEYİN SERDAR ÇOLAK | HÜSEYİN YUMUŞTU | İBRAHİM ALNİAÇIK | İBRAHİM EMRE BOZKURT
İBRAHİM HALİL BİLDİK | İLKNUR SICACIK | İNCİ TÜMAY KESİCİ | İRFAN ÜNDEVLİ | İSA UĞUR SATILMIŞ | İSHAK UYSAL | İSMAİL ÖZKAN
KAAN KILINÇ | KADİR AKTÜRK | KASIM AKDENİZ | KEMAL CAN EKİN | KENAN ATIM | KERİM ÖZGÜR YALÇIN | KORAY KAYA | KORAY YALDIR | KUTLAY ÖZERÖZ
MAHMUT ALDEMİR | MEHMET ALPER KARATAŞ | MEHMET AY | MEHMET AYDIN | MEHMET ÇAĞATAY NAMLI | MEHMET EKREM | MEHMET ERKAN KORDON
MEHMET ESMER | MEHMET FATİH KIRIK | MEHMET SUNA | MEHMET ŞEN | MEHMET TAHSİN CAN | MEHMET YANIKÖMER | MERT ATEŞÇİ
MİTAT VATANSEVER | MUALLA MERYEM SARI | MURAT BAYRAM | MURAT ERGÜN | MURAT ULUSOY | MURAT UZUN | MUSTAFA AYDEMİR
MUSTAFA ÇALIK | MUSTAFA KAMAN | MUSTAFA SİNAN BEYRİBEY | MUZAFFER İSTEMİ GÜMÜŞ | MÜRSEL TAŞGIN | NAZİKE ASLIHAN ERDAL
NEBAHAT GÖKTAŞ | NESLİHAN BİLGİN AKKAYA KOCAMAN | NESLİHAN EROL | NESRİN BİZİM | NEŞE YÜKSEL BARLAS | NİHAN ELMAS
NURTEN ÖZEL | OLCA YARIMCI | ONUR YARDIMCI | ORKUN DENİZ | OSMAN CİHAN KÖSOĞLU | OSMAN HARUN AYBER | OSMAN SERHAT UÇAR
OSMAN SOYSAL | ÖMER SAKA | ÖMER UZUN | ÖZGE YALÇIN | ÖZGE YILMAZEL DAYANIK | ÖZGÜR BARUT | ÖZGÜR EMRE GÜLTEKİN
ÖZGÜR YAZICI | ÖZLEM BAYIR | ÖZLEM ÇOBAN | PELİN KURTMEN | PINAR YAVAŞLAR | RAHİME ASLIHAN ÖNCEL | RECEP ÖTKER
REFİK MURAT BİLGİN | SAMİM ERENEL | SATI KÖSEMEHMETOĞLU | SAVAŞ DİLİK | SEÇİL ÖZABACI | SEDA GÜN | SEDA SOLMAZ | SEDAT POLAT
SELCAN GÜRSU | SELİN EREN | SEMİH KARATAŞ | SEMRA AKAR | SERDAR CANPOLAT | SERDAR ÖZTÜRK | SEREN CANSIZ | SERKAN SİYASAL
SERTER KAZIM SOLAK | SEVAL SERİNDAĞ | SEZAI KISA | SİMGE ESKİCİ | SUHA ERENER | SÜHEYLA FİGEN ÖZTÜRK | SÜMEYRA DEMİR
ŞEBNEM CEYLAN ANDERSON | ŞEYMANUR YİĞİT | TAHİR BİLAL | TAHSİN HAZAR TUNA | TOLGA UTKU ONBAY | TUBA TURGUT | TUĞBA BİÇER | TUĞÇE TOKSOY
TURGUT KAN | ULAŞ ONUR TOPÇUOĞLU | Umut MUSLU | ÜMİT KOÇAK | ÜMİT TOPAÇAN | VAKUR ÖNGEL | VEYSİ ATLI | VOLKAN TOLU | VOLKAN YILDIZ
YEŞİM ÇAVUŞOĞLU | YUNUS YÜNEL | YUSUF EYİDOĞAN | ZEKİ ŞAHAN ERGİN | ZEYNEP AKSAN | ZÜLEYHA ÇOKAR

KKB 2014 ANNUAL REPORT

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ABOUT
KKB

GENERAL INFORMATION

ABOUT KKB

- Annual Report of 2014
- Account Period to which the Report is related: 01.01.2014 - 31.12.2014
- 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 Meridian, F Blok, ATAŞEHİR-İSTANBUL
- Anadolu Kurumlar Tax Office / Tax Number: 564 000 4227
- Phone Number: 0216 579 29 29
- Fax Number: 0216 455 45 36
- Website: www.kkb.com.tr
- Call Center: 444 99 64

BRIEF HISTORY OF KKB

Established as the first and only credit bureau of Turkey through partnership among nine leading banks on April 11i 1995, Kredi Kayıt Bürosu (KKB) is a well-rooted institution. As of the end of 2014, KKB has 154 members consisting of 42 banks, 12 consumer finance institutions, 76 factoring companies, 20 leasing companies and 3 insurance companies and Borsa İstanbul.

KKB has been established under the Banking Law No. 5411 of Turkey as a credit bureau, which is described under Article 73/4 of the Law as a company established by minimum five banks to carry out exchange of all kinds of information and documents between credit institutions (such as savings banks and participation banks), financial institutions (organizations other than credit institutions, which have been established to engage in insurance, private pension or capital market activities or in at least one of the activities specified in the Banking Law, and development and investment banks, and financial holding companies). KKB-member organizations have been exchanging the credit data of their customers with each other through KKB as per the same article of the Law since April 1999.

With the Law No. 6111 issued on February 25, 2011, Additional Article 1 and Provisional Article 28 have been added to the 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 the customers of credit institutions and any financial institutions deemed appropriate by the Banking Regulation and Supervision Agency and to share such data with the said institutions and with the customers themselves or with any private legal persons 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 (TBB) started its operations on 28 June 2013. KKB has been carrying out all operational and technical activities through its own organization as an agency of the Risk Center of TBB and providing data collection and sharing service to 192 financial institutions which are members of the Risk Center.

With the Check Reporting, Risk Reporting and Electronic Reporting System introduced in January 2013, KKB has begun to provide services not only to financial institutions but also to individuals and the real sector. Findeks, a consumer-oriented platform of KKB, which was launched in September 2014, offers services to individuals and the real sector under one roof.

KKB will continue to develop new products and services, creating added value for banking and finance industries and the real sector in 2015.

KKB-member organizations have been exchanging the credit data of their customers with each other through KKB as per the same article of the Law since April 1999.

VISION

Offering best of the information and tools needed by finance sector and real sector for effectively managing the risks.

MISSION

Being the growing value of Turkey and the exemplary leader credit bureau of the world by exceeding the expectations with the innovative products and services.

STRATEGIES

Short Term

- Offering products and services for credit assessment and monitoring of the finance sector in all areas.
- Ensuring continuity of secure infrastructure and human resources that will carry out operations of the KKB Risk Center, which has been launched upon establishment of the Risk Center of TBB, uninterruptedly.
- Developing risk management awareness in financial life and ensuring that the products and services of KKB are introduced to a large number of people.
- Launching the projects which will provide added value to the society and train the young in order to create the awareness of social responsibility.

Long Term

- Improving the infrastructure and equipment continuously; identifying the needs of the finance industry instantly, and offering new products and services to this end.

MILESTONES

1995

The first and only credit bureau of Turkey, KKB was established on April 11.

1999

Credit Reference System (CRS) was launched in April. With an amendment to the Banking Law on December 17, 1999, besides companies such as banks, insurance companies and consumer finance companies, other companies which are deemed appropriate by the Banking Regulation and Supervision Agency (BDDK) are allowed to become members of KKB.

2000

Customer Disputes Processing System (MIDES) was launched in April and SABAS in September. In November, MIDES was moved to an electronic platform which made it possible to reply a customer's dispute in maximum two hours.

2001

Credit Account Records as well as Credit Application Records were launched in June.

2002

Information Verification System (IVS) was put into service.

2004

Individual Credit Score (ICS) was introduced.

2005

Commercial Bureau System was put into use of members in June.

2006

MIDES, Information Verification and Emergency Update System was converted into an online and interactive information exchange platform. Moreover, Limit Control System (LCS) was launched pursuant to the regulation provided in article 9 of the Debit Cards and Credit Cards Law.

2007

Internet Fraud Alarm System (IFAS) was launched in February.

2008

With the addition of the data of Mortgaged Real Estates, Persons Banished from Participation in Tenders, and Bounced Checks to the Corporate Bureau System, the database was enriched. Technical infrastructure of SABAS was improved and integrated with the KKB system.

2009

"Bad Check Query System" was launched for inquiry of bounced check data which are shared with the members daily.

2012

2012 was a year of change and transformation of KKB. While the operations were being carried out through an interbank closed circuit system, action was taken to create a similar benefit for the real sector as well. In parallel with the changed vision and needs, the organization structure was renewed, and new corporate identity works were completed. Concrete steps were taken to launch the Risk Center. Risk and Check Reports were introduced and e-Reporting System, which enabled report requests and deliveries via electronic medium, was launched.

2013

- Electronic Reporting System (E-Reporting System) was launched.
- Commercial Credit Rating (CCR) was launched.
- Credit Rating and Check Index were started to be provided together with the Check and Risk Reports.
- E-Newsletter was started to be sent to the members of KKB regularly.
- Map-Based Reporting Service, GeoMIS, made available to the CRS-member institutions.
- TARDES and GeoMIS Internet sites were launched.
- Data quality rose from 80% to 90% with the support of the member institutions as well.
- Personal Credit Rating (PCR) was opened to use with enhanced fourth version.
- Following the agreement executed between the Banks Association of Turkey (TBB) and KKB, the Risk Center works were commenced. All infrastructure and operation of the works were undertaken by KKB.
- www.kkb.com.tr was renewed.

2014

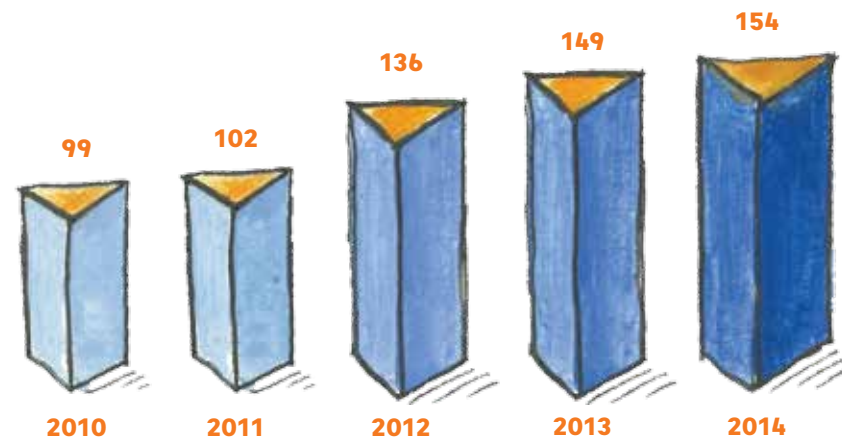
- Findeks brand was introduced and www.findeks.com web site was launched. Findeks was introduced to the press. 360-degree communication campaign was started.
- The first Corporate Social Responsibility Project, "You Image, We Realize", organized by KKB for all university students in Turkey, was started. www.hayaledingerceklestirelim.com web site was launched.
- GeoMIS, the Map-Based Reporting System, was awarded "Oracle 2014 Innovator Excellence" award.
- Check Status Inquiry was launched.
- Household Database and Trade Registry Sharing System was launched.
- Credits Analysis Portal was opened.
- Address Processing System was offered.
- Letter of Guarantee Status Inquiry (LGSİ) was launched.

KKB AT A GLANCE

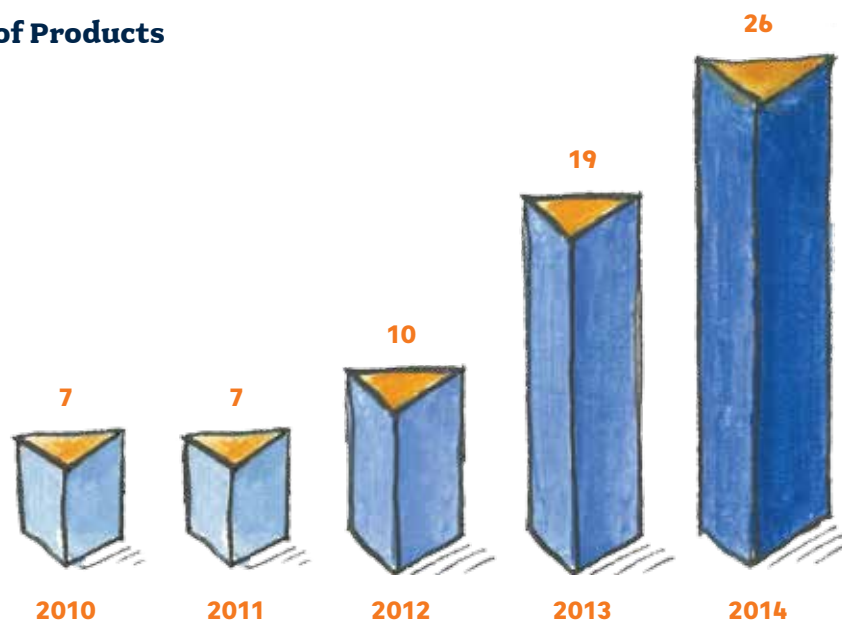
Members



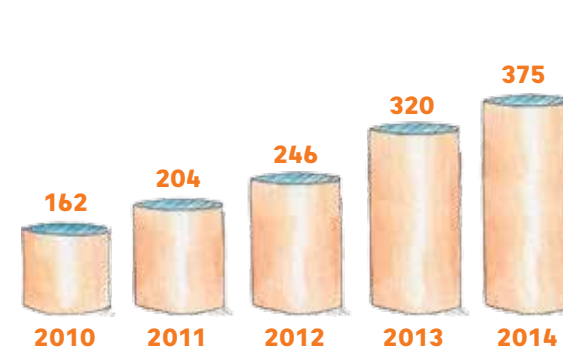
Number of Members



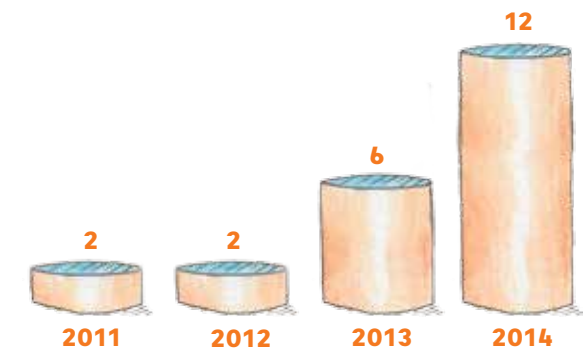
Number of Products



Number of CRS Inquiries (One million)



Number of Corporate Bureau Inquiries (One million)



Monthly Number of Inquiry Records (One million)



Number of LCS Inquiries (One million)



Number of Produced (One million)



Number of Personal Credit Rating (One million)

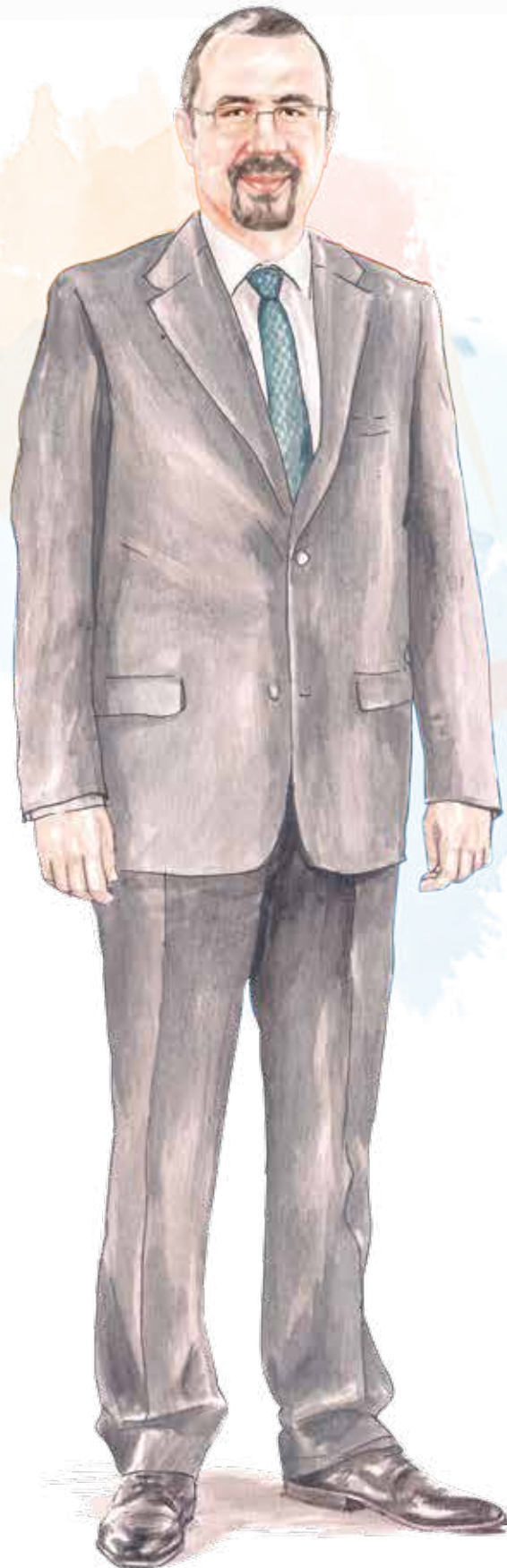


Number of Objections via MIDES (One million)



MANAGEMENT

THE LETTER FROM THE CHAIRMAN



DEAR STAKEHOLDERS,

Despite the considerable time having passed since the start of the global financial crisis, we can see that we have not yet fully healed the wounds of the great tribulations of 2008. On the other hand, it is estimated that relatively faster growth rates will take the stage in 2015. While higher rates of growth are expected for the USA, with regard to previous years, the same may not be said for Europe and Japan. As growth rates in each region remain quite low, there is considerable fear of recession.

2014 was the year in which quantitative easing in the global economy came to an end. The end of the process of quantitative easing initiated by the US Federal Reserve Bank (FED) in the wake of the global crisis has caused serious fluctuations in the developing countries. Turkey has also received its share from the global wave and has gone through periods of decline on the financial markets. In contrast, petrol prices, which have been coming under stress since the second half of the year, have changed the gloomy atmosphere to some extent, however slight. While the income of petrol producing nations has been shrinking, major importers such as Turkey have benefited from this decline.

Turkey's premier investors are giving the signal that they are likely to be generous with their investments in 2015. Looking at the data for 2014; while it is possible to think that, from the perspective of inflation and current accounts deficits, the worst is now behind us. However, it is also possible to say that the growth figures coming in lower than expected has created anxiety concerning 2015.

An economic environment shaped by geopolitical position

Turkey, especially towards the end of 2014, underwent a very intense, eventful year and was strongly influenced by events such as the presidential and local elections, meetings on the peace process and political developments in neighboring countries.

Despite the general uncertainties in the economy, in 2015 it is believed that Turkey, which is aiming to achieve growth and working towards this goal, will be operating in a much more clement atmosphere with regard to the global economy and developments on the markets.

KKB is set to grow in 2015

Having achieved significant growth in 2014 with its brand-new products and services, KKB attained a great success with its Findeks brand, operating with the slogan "a mirror showing you how you look to the financial industry". With this platform, which enables individuals and the real sector to undertake accurate risk analyses and take the correct steps in commercial transactions, all the banking data permitted by law has been made available to the real sector.

KKB will continue, in the coming period, to work at full speed on new products and services, whether for the real sector or the financial industry, and go on providing all our stakeholders in every area with beneficial, innovative solutions.

The combination of growth with development has delivered success

Having quickly completed the work on internal organizational reform commenced in previous years, KKB has created a much more effective, creative team and, accordingly, our workforce has been rapidly expanding. At the end of 2014, we brought KKB to the point where it has become a professionally-minded company that is able to grow with its own systems working to create value for all of its stakeholders. You may find the details of the work we undertook and the results we produced explained separately in our 2014 Annual Report.

As an organization, we have had a successful year. This heartwarming, pride-inducing picture belongs to all of us. We are continuing to invest, grow and create value, first of all in banking and finance and then in all the industries we serve. Filled with the excitement and joy of the success generated by the strength of its employees, KKB will continue to invest in people and create value in both the financial and real sectors. I believe that 2015 will be an even more successful year for KKB.

Sincerely,

Mehmet Sindel
Chairman of the Board of Directors

THE LETTER FROM THE GENERAL MANAGER

DEAR STAKEHOLDERS,

Kredi Kayıt Bürosu (KKB) concluded 2014 having undergone serious growth in terms of members, products, services and employees. We managed to attain all of our planned targets for 2014. In 2014, we increased our number of products and services from 19 we had in 2013 to 26. Thus, with our analytically and rationally conceived products and services, we were able to offer support with risk-management processes, not only to financial institutions but also to the real sector and individuals. Furthermore, by means of these increased and widely-disseminated products and services, we have diversified our income sources. We have managed to effect reductions in the prices of these products and services at a magnitude ranging between 37% and 80%.

With Findex, access to the financial world has become greatly simplified...

In the September of 2014, we launched the Findex platform, the face of KKB's consumer wing, grouping our consumer services together with those offered to the real sector under a single roof. Last year, almost all of our units invested significant effort in the process of creating the infrastructure and, in the final part of the year, creating the brand for Findex. Following approximately one year of ceaseless labor, we were able to present our financial services platform, Findex.com, to Turkey. Subsequent to the launch, we managed to quadruple our membership in the brief period leading up to the end of the year.

Our advertising clip also commenced broadcasting at the time of the launch. Our aim, with this film, was to raise awareness of credit ratings. We aimed to target the awareness of individuals concerning learning about credit ratings and managing their financial profile. For us, apart from being a totally new brand, Findex also operates as a social responsibility project. We believe that this platform, which enables individuals, SMEs and other actors in the real sector to check on, manage and control their own financial credibility, has made a major contribution to financial literacy. In the coming period we are planning to continue our work in consciousness-raising at full speed.

We have created new products for the Financial and Real Sectors

In 2014 we laid the foundations for seven new products. By developing the field of use of our GeoMIS-Map Based Reporting System from 2013 for Individual Credit Portfolio and Checks, we were able to create a regional-district based detailed credit portfolio and market analysis reporting system for the banking in-

dustry. In recognition of this product we developed, we received the "Oracle 2014 Innovator Excellence Award" in the USA. Additionally, we presented our Credit Analysis Portal for the use of banks; an interactive reporting platform for the industry enabling the making of comparisons. We also created the Trade Registry Sharing System, enabling financial institutions to remain updated concerning their customers when information related to their trade registry changes in the midst of the intense pace of business life.

A further two important products which we released to users in the final period of the year were the Check Status Inquiry and Letter of Guarantee Status Inquiry systems. With the Check Status Inquiry system, our aim was to prevent the recent trend towards increasing fraud by creating an infrastructure to investigate the status of checks received, making it possible to determine whether they are in circulation or not. With the Letter of Guarantee Status Inquiry System, we aimed to provide a means of instant investigation of the validity of letters of guarantee received, especially for public institutions and organizations receiving a large number of such letters, in order to prevent fraud.

One of the major projects we completed in 2014 was the Invoice Recording Centre, enabling receivables passed on under the Law to factoring firms and banks to be recorded in a common system, removing the risk of repeated credit on invoices. Established and managed by KKB at the request of the Association of Financial Institutions, the system lifts the operational burden on factoring firms enabling increased transaction speed.

In addition to all of these projects, we also worked on projects concerned with the Company's corporate governance structure and the management and improvement of manageable risks in internal procedures. Our Company was recognized as being capable of operating at international standards with the ISO 27001 (Information Security) and ISO 22301 (Business Sustainability) certificates. Moreover, as of the previous auditing period, our Company achieved model status in the levels of maturity of all its information technology procedures.

Our work, beginning with the 2011 additions to the Banking Code, on making a systemic transition, in partnership with the Banks Association of Turkey (TBB) Risk Centre, completed its final stage in 2014. Under the activities we carried out in representation of the TBB Risk Centre, new data rubrics were incorporated into the system in 2014. Thus, data on customer risk for Agricultural Credit Cooperatives, general limit information from members in

credit limit-risk notifications, derivatives transactions from banks, internal assessment ratings of customers and protested bills in the identification information of accounts were added to the database. The check inquiry infrastructure, simplifying the investigation procedures of checks for members, was also opened to users. The Urgent Update application, which enables the data of the Corporate Office to be updated within the month, was also completed in 2014. Furthermore, the statistics published on the website of the Risk Centre were also enriched and presented to the public.

Unslowed growth continues in 2015

In 2013, the year we marked as our year of change and transformation, KKB completed the period as promised, having filled yet another year with development and innovation. In 2014, in addition to our services to the financial and real sectors, we arranged a social responsibility project entitled "You Imagine, We Realize" (Hayal Edin Gerçekleştirilim) open to all universities across Turkey with the aim of developing sensitivity and awareness concerning social responsibility and social issues among university students in order to maximize the benefit to society and youth. We also aim to continue the same project in 2015.

In the coming year, we hope to continue in our work of creating new products and services that protect and advance the confidence we have earned in the financial sector in the area of risk management while continuing to broaden the use of our high quality, trustworthy services throughout the real sector as well as raising financial awareness and knowledge.

All of our stakeholders have a unique hand in the attainment of KKB's goals in 2014. I offer my deepest gratitude to our members for the confidence you have shown in KKB and your invaluable support, I also thank our partners and members and Board of Directors whose efficient work, broad vision and decisive resolutions are carrying KKB ever forward, and I also offer my heartfelt thanks to all of our colleagues whose tireless labor permeates every process and operation of our enterprise.

Sincerely,



Kasım Akdeniz

Member of the Board of Directors and General Manager

BOARD OF DIRECTORS

**İzzet Oğuzhan
Özark**

**Mehmet Emin
Karaağaç**

**Erhan
Adalı**

**Mehmet Sebahattin
Bulut**

**Mehmet Gökmen
Uçar**

**Abdurrahman
Özciger**



**Kasım
Akdeniz**

**Osman Mehmet
Sindel**

**Veysel
Sunman**

**Ertuğrul
Bozgedik**

BOARD OF DIRECTORS

On behalf of AKBANK T.A.Ş.

Osman Mehmet Sindel

Chairman of the Board of Directors

Akbank T.A.Ş.

*Vice General Manager,
Payment Systems and
Corporate Communications*

Osman Mehmet Sindel was born in 1970. Graduated from the Business Administration Faculty of Boğaziçi University, Sindel has worked at executive positions in various private banks before joining Akbank. He took office as Vice General Manager in charge of Payment Systems at Akbank in November 2010. Sindel has been acting as member of the Board of Directors of KKB since September 2012.



Ertuğrul Bozgedik

Vice Chairman of the Board of Directors

Born in Kayseri in 1964, Bozgedik graduated from the Economics Department of the Political Sciences Department of Ankara University. Started his career as Intern Assistant Inspector in the Inspection Board of İş Bankası in 1986, Bozgedik was promoted as Assistant Manager of the Non-Performing Loans Department in 1995 and as Regional Manager of the Corporate Loans Department in 1999. Appointed as Regional Manager of the Non-Performing Loans Department in 2002, Bozgedik was promoted as Manager of the Corporate Loans Department in 2004 and as President of the Inspection Board in 2008. On April 13, 2011, Bozgedik was appointed as Vice General Manager. Bozgedik has been acting as member of the Board of Directors of KKB since 2011.



Abdurrahman Özciğer

*Member of the Board of Directors and
the Audit Committee*

Born in Antalya in 1966, Özciğer graduated from the Public Administration Department of Ankara University. He started his career as Assistant Inspector at Yapı Kredi Bankası in 1990. During the same year, Özciğer took office as Credit Card Customer Services Manager at Vakıfbank. He worked as Retail Banking Operations Manager at Alternatifbank in 1998, as Card Operations Manager at Koçbank in 2002 and as Vice General Manager in charge of Retail Banking at Şekerbank T.A.Ş. in September 2006. Özciğer has been working as General Manager at Şeker Mortgage Finansman A.Ş. since January 2014.



Veysel Sunman

*Member of the Board of Directors
and the Audit Committee*

Born in 1967, Sakarya, Sunman graduated from the Journalism and Public Relations Department of the Higher School of Press and Media of Marmara University. He took office as Specialist in the Credit Risk Monitoring Department of Pamukbank T.A.Ş. during 1988-1994. Sunman worked as Manager of the Credit Monitoring Department of Osmanlı Bankası A.Ş. during 1994-2001. He worked as Head of the Credit Risk Monitoring Department of T. Halk Bankası A.Ş. during 2002-2005 and as Head of the Internal Control and Monitoring Center of MNG Bank during 2005-2007. Sunman has been acting as Head of the Credit Risk Monitoring Department of T.C. Ziraat Bankası A.Ş. since 2007.



T.C. Ziraat Bankası A.Ş.

*Head of Credit Risk Monitoring
Department*

On behalf of DENİZBANK A.Ş.

İzzet Oğuzhan Özark

Member of the Board of Directors

Denizbank A.Ş.

Vice General Manager

Özark, born 1976, İstanbul, is a graduate of the Mathematics Engineering Department of the İstanbul Technical University. He started his career in the Retail Banking Department of Garanti Bankası in 1997. He worked as supervisor in the SME Banking Department of the same bank during 1999-2002 and the CRM Department during 2003-2004. Taking office at Denizbank as Manager of the SME Banking Sales Department in 2004, Özark successfully acted as Group Manager of Retail Banking Sales Management during 2009-2013 and then was appointed as Vice General Manager of Retail Banking Sales Group in February 2014. Özark has been acting as member of the Board of Directors of KKB since April 28, 2014.



Mehmet Gökmen Uçar

*Member of the Board of Directors and
the Audit Board*

Mehmet Gökmen Uçar was born in Kayseri in 1975. He graduated from the Economics Department of the Faculty of Economics and Administrative Sciences of Boğaziçi University. He started his professional career in 1998. He worked as independent auditor at Başaran Nas Bağımsız Denetim and S.M.M.M. A.Ş. (PwC) during 1998-2002 and achieved the title of "Public Accountant and Financial Advisor". He joined Koçbank in 2002. He worked as Management Information Systems (MIS) Supervisor in the Financial Control and Planning until 2005. Uçar undertook various managerial duties in the fields of strategy, budgeting and planning in Italy, Germany and Austria within the organization of UniCredit Group during 2005-2007. He transferred to Yapı ve Kredi Bankası in 2008 and worked as Capital Management, Expense Control and Allocation Manager, Financial Reporting Group President and Financial Reporting and Accounting Director, respectively. Appointed as Financial Reporting and Accounting Group Director in 2011, Uçar has been acting as Vice General Manager in charge of Retail Loans since August 2012. Uçar has been acting as member of the Board of Directors of KKB since September 2012.



Yapı ve Kredi Bankası A.Ş.

*Vice General Manager,
Retail Loans Management*

On behalf of T. GARANTI BANKASI A.Ş.
Erhan Adalı
Member of the Board of Directors

Erhan Adalı graduated from the Public Administration Department of the Political Sciences Faculty of İstanbul University. He joined Garanti Bankası A.Ş. as Assistant Inspector in 1989. He took offices as Branch Office Manager, Regional Manager, SME Banking Marketing Coordinator. He acted as General Manager of Garanti Emeklilik ve Hayat A.Ş. during 2005-2012. He was appointed to the present position on 3 August 2012. Adalı is also a member of the Boards of Directors of Garanti Leasing A.Ş. and Garanti Emeklilik ve Hayat A.Ş.

T. Garanti Bankası A.Ş.
Vice General Manager, Loans



Mehmet Emin Karaağaç
Member of the Board of Directors

Mehmet Emin Karaağaç graduated from the Law Faculty of İstanbul University. He started his professional career with the title of Lawyer at Türkiye İş Bankası A.Ş. in 1989. He carried out the duties of Assistant Legal Counsel and Legal Counsel at various units of T. İş Bankası A.Ş. until January 02, 2012. He started to work as Chief Legal Advisor at the Office of Chief Legal Advisor of Türkiye Vakıflar Bankası on January 03, 2012. Karaağaç was appointed as Vice General Manager of Türkiye Vakıflar Bankası on October 25, 2013 and is currently holding this office.

Türkiye Vakıflar Bankası T.A.O.
Vice General Manager



Kasım Akdeniz
Member of the Board of Directors and General Manager

Kasım Akdeniz started his professional career at the Inspection Board of Yapı Kredi. He was graduated from the Economics Department of Dokuz Eylül University. He undertook 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 during 1996-2011. 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, acting as member of the Working Groups on the Establishment of KKB Corporate Bureau, the Costs of Intermediacy on Loans, and the Loans and Provisions and as chairman of the Working Groups on the Credit Guarantee Fund (CGF) and the Risk Center.

As a result of the studies conducted by the Working Group on the Costs of Intermediacy on Loans in conjunction with the Banking Regulation and Supervision Agency (BDDK), the Resource Utilization Support Fund (KKDF) payable on commercial loans and stamp duty payable on guarantee-like instruments were reduced to zero. As a result of the studies conducted by the KGF Working Group, banks were allowed to become member of KGF A.Ş. and the "Treasury-Supported KGF Guarantee" was introduced. In conjunction with the Risk Center Working Group, the works on the establishment of a Risk Center within the organization of TBB were completed. Akdeniz acted as member of the Board of Directors of KKB A.Ş. during 2005-2011, during which he also acted as chairman of the Board of Directors in 2007. Appointed as General Manager to KKB A.Ş. in October 2011, he is currently holding this office.



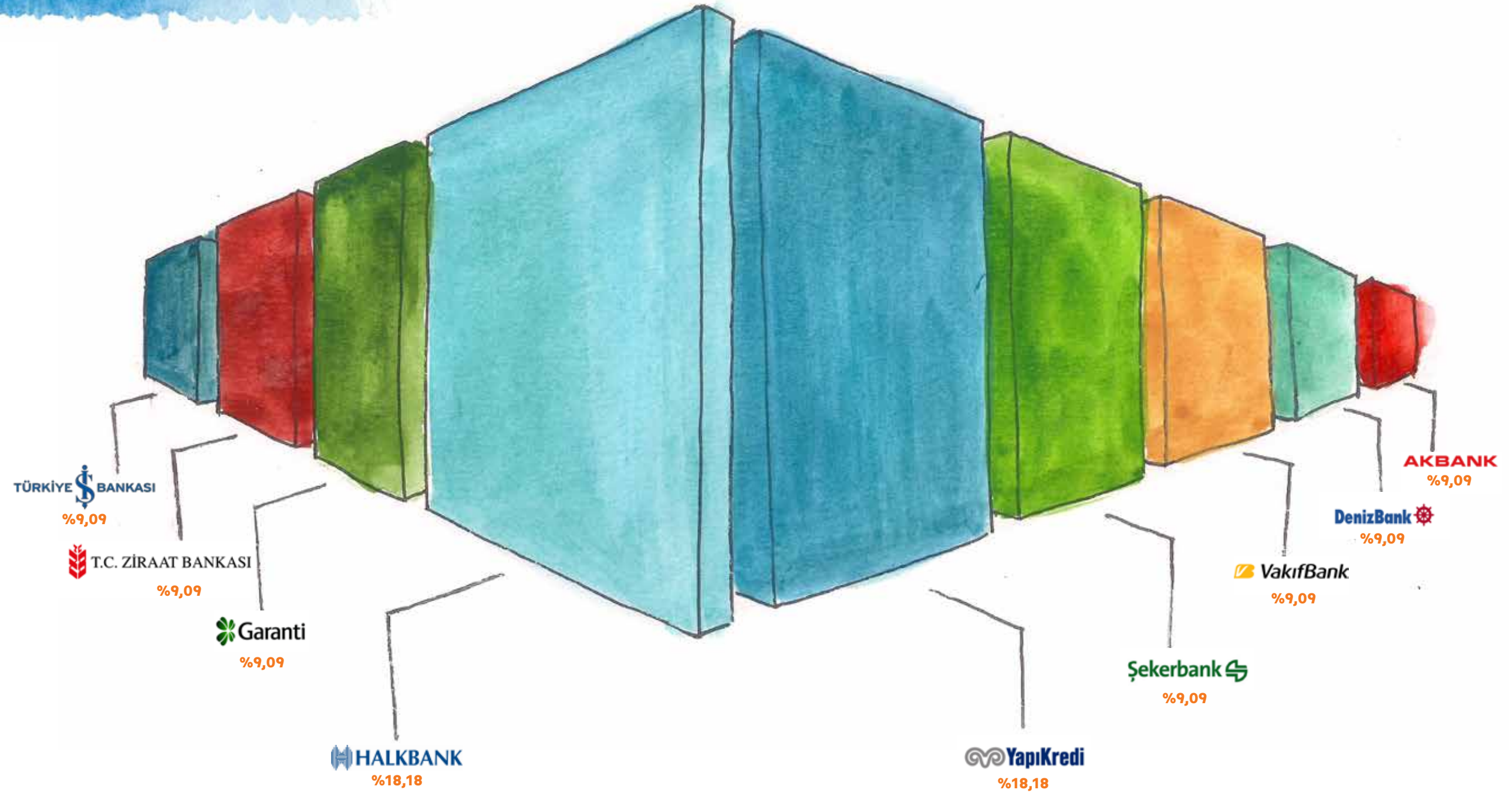
Mehmet Sebahattin Bulut
Member of the Board of Directors

Born in Erzurum in 1965, Mehmet Sebahattin Bulut graduated from the Econometrics Department of the Economics and Business Administration Faculty of Uludağ University. He worked at private sector for a while and then took office as Financial Analysis Assistant Specialist at Türkiye Vakıflar Bankası T.A.O. in 1994. He held offices as Inspector, Prosecution Manager, Commercial/Project Loans Manager, Branch Office Manager and Head of Department at the same bank. Also acted as member of the Boards of Directors and Auditors at various invested companies of Türkiye Vakıflar Bankası T.A.O., Bulut was appointed as Vice General Manager in charge of Credit Policies and Risk Monitoring of Türkiye Halk Bankası A.Ş. on July 10, 2014. Bulut has been acting as member of the Board of Directors of KKB since 2014.

Türkiye Halkbankası A.Ş.
*Vice General Manager,
Credit Policies and Risk Monitoring*



SHAREHOLDERS



MEMBERS

In order to improve the quality of the services offered to the members and customers, training courses and seminars were held for the employees of the call center in 2014.

Detailed information about products and services offered by our Company, documents and circulars are published regularly via the web site, uye.kkb.com.tr, which has been launched specially for the members.

Type of Member	2010	2011	2012	2013	2014
Bank	35	35	38	39	42
Factoring	53	55	72	77	76
Leasing	3	4	16	16	20
Consumer Finance	8	8	9	13	12
Insurance and other	-	-	1	4	4
Total	99	102	136	149	154

MEMBER BANKS

1	AKBANK T.A.Ş.
2	AKTİF YATIRIM BANKASI A.Ş.
3	ALBARAKA TÜRK KATILIM BANKASI A.Ş.
4	ALTERNATİFBANK A.Ş.
5	ANADOLUBANK A.Ş.
6	ARAP TÜRK BANKASI A.Ş.
7	ASYA KATILIM BANKASI A.Ş.
8	BANK MELLAT
9	BANKPOZİTİF KREDİ VE KALKINMA BANKASI A.Ş.
10	BURGAN BANK A.Ş.
11	CITIBANK A.Ş.
12	DENİZBANK A.Ş.
13	DEUTSCHE BANK A.Ş.
14	FİBABANKA A.Ş.
15	FİNANSBANK A.Ş.
16	GSD YATIRIM BANKASI A.Ş.
17	HABİB BANK LİMİTED
18	HSBC BANK A.Ş.
19	ING BANK A.Ş.
20	INTESA SANPAOLO SPA İTALYA İSTANBUL MERKEZ ŞUBESİ
21	KUVEYT TÜRK KATILIM BANKASI A.Ş.

22	NUROL YATIRIM BANKASI A.Ş.
23	ODEA BANK A.Ş.
24	RABOBANK A.Ş.
25	SOCIETE GENERALE (SA)
26	ŞEKERBANK T.A.Ş.
27	T. VAKIFLAR BANKASI T.A.O.
28	T.C. ZİRAAT BANKASI A.Ş.
29	T. İHRACAT KREDİ BANKASI A.Ş. TÜRK EXİMBANK
30	TAIB YATIRIM BANK A.Ş.
31	TEKSTİL BANKASI A.Ş.
32	THE ROYAL BANK OF SCOTLAND N.V.
33	TURKISH BANK A.Ş.
34	TURKLAND BANK A.Ş.
35	TÜRK EKONOMİ BANKASI A.Ş.
36	TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
37	TÜRKİYE GARANTİ BANKASI A.Ş.
38	TÜRKİYE HALK BANKASI A.Ş.
39	TÜRKİYE İŞ BANKASI A.Ş.
40	TÜRKİYE KALKINMA BANKASI A.Ş.
41	TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
42	YAPI VE KREDİ BANKASI A.Ş.

CONSUMER FINANCE COMPANIES

1	ALJ FİNANSMAN A.Ş.
2	DD FİNANSMAN A.Ş.
3	KOÇ FİNANSMAN A.Ş.
4	KOÇ FIAT KREDİ FİNANSMAN A.Ş.
5	MAN FİNANSMAN A.Ş.
6	MERCEDES BENZ FİNANSMAN TURK A.Ş.

7	ORFİN FİNANSMAN A.Ş.
8	PSA FİNANSMAN A.Ş.
9	ŞEKER MORTGAGE FİNANSMAN A.Ş.
10	TEB FİNANSMAN A.Ş.
11	VFS FİNANSMAN A.Ş.
12	VOLKSWAGEN DOĞUŞ FİNANSMAN A.Ş.

FACTORING AND FINANCIAL LEASING

1	ABC FAKTORİNG A.Ş.
2	ACAR FACTORİNG A.Ş.
3	ACL FAKTORİNG A.Ş.
4	AK FAKTORİNG A.Ş.
5	AK FİNANSAL KİRALAMA A.Ş.
6	AKDENİZ FAKTORİNG A.Ş.
7	AKIN FAKTORİNG A.Ş.
8	ALTERNATİF FİNANSAL KİRALAMA A.Ş.
9	ANADOLU FAKTORİNG A.Ş.
10	ANALİZ FAKTORİNG A.Ş.
11	ARENA FAKTORİNG A.Ş.
12	AS FAKTORİNG A.Ş.
13	A&T FİNANSAL KİRALAMA A.Ş.
14	ATAK FAKTORİNG A.Ş.
15	ATILIM FAKTORİNG A.Ş.
16	BAŞER FACTORİNG A.Ş.
17	BAYRAMOĞLU FACTORİNG A.Ş.
18	BERG FACTORİNG A.Ş.
19	BNP PARIBAS FİNANSAL KİRALAMA A.Ş.
20	BURGAN FİNANSAL KİRALAMA A.Ş.
21	C FAKTORİNG A.Ş.
22	CE-SA FAKTORİNG A.Ş.
23	CREDITWEST FAKTORİNG A.Ş.
24	ÇAĞDAŞ FAKTORİNG A.Ş.
25	ÇÖZÜM FAKTORİNG A.Ş.
26	DE LAGE LANDEN FAKTORİNG A.Ş.
27	DE LAGE LANDEN FİNANSAL KİRALAMA A.Ş.
28	DEĞER FAKTORİNG A.Ş.
29	DEMİR FAKTORİNG A.Ş.
30	DENİZ FAKTORİNG A.Ş.
31	DENİZ FİNANSAL KİRALAMA A.Ş.
32	DESTEK FAKTORİNG A.Ş.
33	DEVİR FAKTORİNG A.Ş.

34	DOĞA FAKTORİNG A.Ş.
35	DOĞAN FAKTORİNG A.Ş.
36	EKO FAKTORİNG A.Ş.
37	EKSPO FAKTORİNG A.Ş.
38	EREN FAKTORİNG A.Ş.
39	ERİŞİM FAKTORİNG A.Ş.
40	FFK FON FİNANSAL KİRALAMA A.Ş.
41	FİBA FAKTORİNG A.Ş.
42	FİNANS FAKTORİNG A.Ş.
43	FİNANS FİNANSAL KİRALAMA A.Ş.
44	FİRST FACTORİNG A.Ş.
45	GARANTİ FAKTORİNG A.Ş.
46	GARANTİ FİNANSAL KİRALAMA A.Ş.
47	GLOBAL FAKTORİNG HİZM. A.Ş.
48	GSD FAKTORİNG A.Ş.
49	HALK FAKTORİNG A.Ş.
50	HALK FİNANSAL KİRALAMA A.Ş.
51	HUZUR FAKTORİNG A.Ş.
52	ING FAKTORİNG A.Ş.
53	ING FİNANSAL KİRALAMA A.Ş.
54	İSTANBUL FAKTORİNG A.Ş.
55	İŞ FACTORİNG A.Ş.
56	İŞ FİNANSAL KİRALAMA A.Ş.
57	KAPİTAL FAKTORİNG A.Ş.
58	KATAR FAKTORİNG A.Ş.
59	KENT FACTORİNG A.Ş.
60	KIBRIS İKTİSAT FAKTORİNG A.Ş.
61	KREDİ ALTA FACTORİNG A.Ş.
62	KREDİ FİNANS FAKTORİNG HİZMETLERİ A.Ş.
63	LİDER FAKTORİNG A.Ş.
64	MAKRO FAKTORİNG A.Ş.
65	MERKEZ FAKTORİNG A.Ş.
66	MERT FİNANS FAKTORİNG HİZM. A.Ş.

FACTORING AND FINANCIAL LEASING

67	MET-AY FAKTORİNG A.Ş.	82	TREND FAKTORİNG A.Ş.
68	MNG FAKTORİNG A.Ş.	83	TUNA FAKTORİNG A.Ş.
69	OPTİMA FAKTORİNG HİZM. A.Ş.	84	TURKISH FAKTORİNG A.Ş.
70	PAMUK FAKTORİNG A.Ş.	85	ULUSAL FAKTORİNG A.Ş.
71	PARA FİNANS FAKTORİNG A.Ş.	86	VAKIF FİNANS FACTORİNG HİZMETLERİ A.Ş.
72	PRİME FAKTORİNG HİZMETLERİ A.Ş.	87	VAKIF FİNANSAL KİRALAMA A.Ş.
73	SARDES FAKTORİNG A.Ş.	88	VDF FAKTORİNG A.Ş.
74	SIEMENS FİNANSAL KİRALAMA A.Ş.	89	VFS FİNANSAL KİRALAMA A.Ş.
75	STRATEJİ FAKTORİNG A.Ş.	90	YAPI KREDİ FAKTORİNG A.Ş.
76	SÜMER FAKTORİNG A.Ş.	91	YAPI KREDİ FİNANSAL KİRALAMA A.Ş.
77	ŞEKER FAKTORİNG A.Ş.	92	YAŞAR FAKTORİNG A.Ş.
78	ŞEKER FİNANSAL KİRALAMA A.Ş.	93	YATIRIM LEASİNG
79	ŞİRİNOĞLU FAKTORİNG A.Ş.	94	YEDİTEPE FAKTORİNG A.Ş.
80	TAM FAKTORİNG A.Ş.	95	ZİRAAT FİNANSAL KİRALAMA A.Ş.
81	TEB FAKTORİNG A.Ş.	96	ZORLU FAKTORİNG A.Ş.

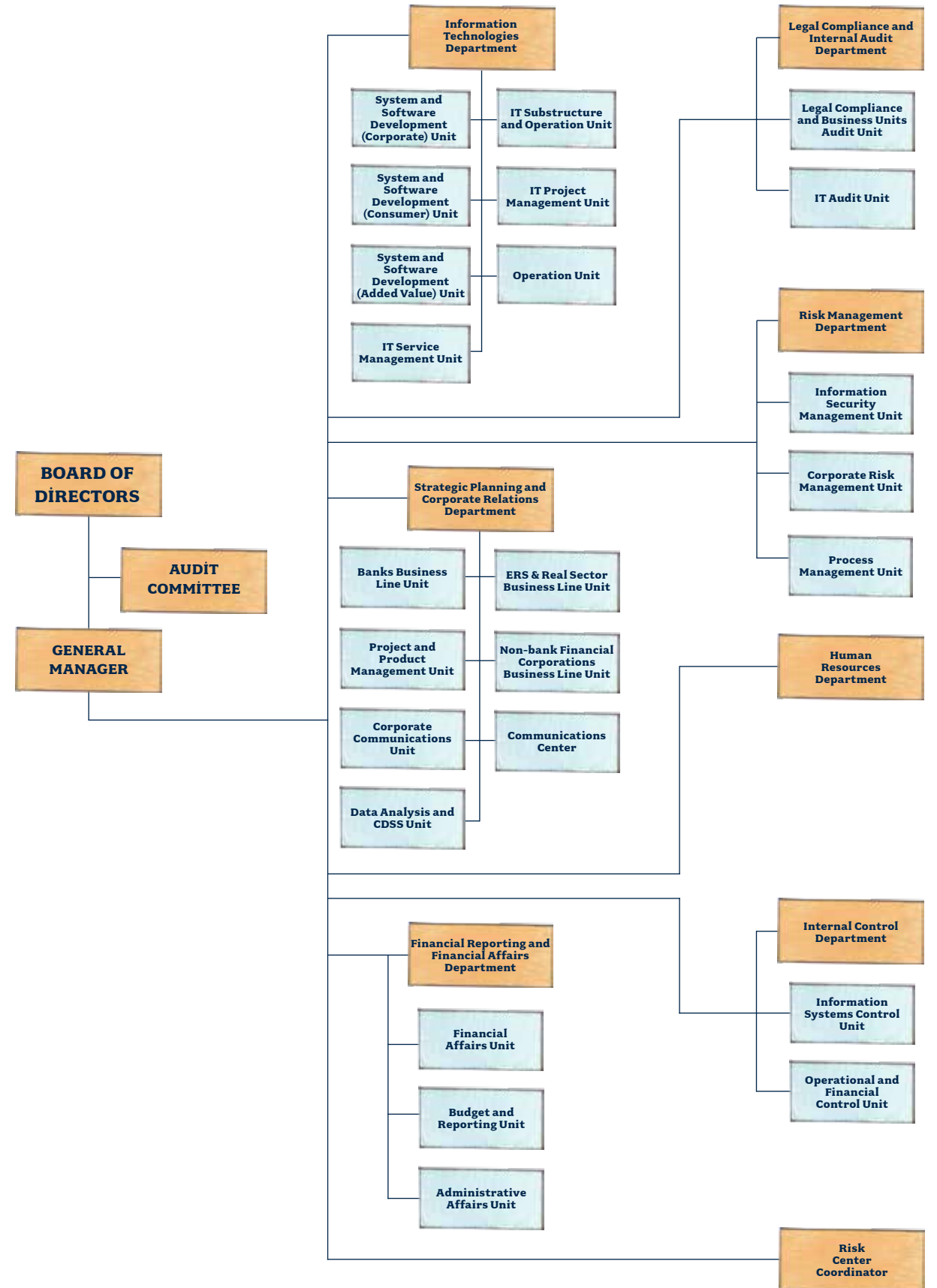
INSURANCE COMPANIES

1	COFACE SİGORTA A.Ş.
2	ZİRAAT SİGORTA A.Ş.
3	EULER HERMES SİGORTA A.Ş.

OTHER

1	BORSA İSTANBUL
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ORGANIZATIONAL STRUCTURE



SENIOR MANAGEMENT



Kasım Akdeniz

*Member of the Board of Directors and
General Manager*

Kasım Akdeniz started his professional career at the Inspection Board of Yapı Kredi. He was graduated from the Economics Department of Dokuz Eylül University. He undertook 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 during 1996-2011. 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, acting as member of the Working Groups on the Establishment of KKB Corporate Bureau, the Costs of Intermediacy on Loans, and the Loans and Provisions and as chairman of the Working Groups on the Credit Guarantee Fund (CGF) and the Risk Center.

As a result of the studies conducted by the Working Group on the Costs of Intermediacy on Loans in conjunction with the Banking Regulation and Supervision Agency (BDDK), the Resource Utilization Support Fund (KKDF) payable on commercial loans and stamp duty payable on guarantee-like instruments were reduced to zero. As a result of the studies conducted by the KGF Working Group, banks were allowed to become member of KGF A.Ş. and the “Treasury-Supported KGF Guarantee” was introduced. In conjunction with the Risk Center Working Group, the works on the establishment of a Risk Center within the organization of TBB were completed. Akdeniz acted as member of the Board of Directors of KKB A.Ş. during 2005-2011, during which he also acted as chairman of the Board of Directors in 2007. Appointed as General Manager to KKB A.Ş. in October 2011, he is currently holding this office.



Abdullah Bilgin

*Information Technologies Department
Vice General Manager*

Having an experience of 28 years in business life, Bilgin graduated from the Computer Engineering Department of the Middle East Technical University in 1985. He received his Master’s degree in the International Relations Department of İstanbul University in 2002.

Started his career at Bilpa A.Ş. in 1986, Bilgin acted as System Manager at John Deere in the USA. Afterward, he acted as Director in charge of System and Network Management of the Information Technologies Department of Yapı Kredi Bankası and as Group Manager of Self-Service Banking at Alternatif Dağıtım Kanalları until 2012. Bilgin has been acting as Vice General Manager in charge of Information Technologies at KKB since November 2012.



İnci Tümay Kesici

*Financial Reporting and
Financial Affairs Department
Vice General Manager*

Having an experience of 19 years in the business life, Kesici graduated from the Business Department of Boğaziçi University in 1995. She started her career at Ernst & Young Denetim in 1995. She achieved the title of “Public Accountant and Financial Advisor” in 1998. After she resigned as Manager from Ernst & Young Denetim in 2000, she worked as Vice General Manager in charge of Financial Affairs, Administrative Affairs, Budget Reporting and Operations at Yapı Kredi Leasing during 2000-2012. Acted as Vice General Manager in charge of Human Resources and Financial Affairs at Kredi Kayıt Bürosu from May 2012, Kesici has been holding office as Vice General Manager in charge of Financial Reporting and Financial Affairs since October 2014.



Koray Kaya

*Strategic Planning and Corporate Relations Department
Vice General Manager*

Having an experience of 19 years in the banking industry, Kaya graduated from the Civil Engineering Department of the Engineering Faculty of Yıldız Technical University. Completing his MBA study in the United States during 1991-1994, 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 the time he worked at Garanti Bankası, Kaya designed credit automation systems for consumer loans, credit cards and small enterprise loan applications. He started to work as consultant at Experian in 2004. Kaya took charge as consultant and in the projects involving automation of credit cards in almost all banks. He created the good/bad definition at the customer level used in the scorecard infrastructure of KKB.

He took office as Director of Personal Loans Allocation Department at TEB during 2005-2009. During that period, he pioneered the modernization of the personal loans approval platform of the bank in accordance with the conditions of the day. Starting to work as Head of Personal Loans Monitoring and Collection Department at Akbank in 2009, Kaya took part in the Board of Directors of Kredi Kayıt Bürosu. He was appointed as Head of Personal Loans Allocation Department at the same organization in January 2012. Kaya has been working as Vice General Manager in charge of Strategic Planning and Corporate Relations at KKB since May 2012.



Serdar Çolak
Risk Management Department
Manager

Having an experience of 9 years in the business life, Çolak graduated from Robert College and then from the Economics Departments of İstanbul Technical University and New York State University, respectively, as highest ranking student, and received his Master's degree from the Management Information Systems Department of Boğaziçi University. Çolak started his professional career as SAP Consultant in New York City of the USA in 2006. After the experience of one and a half year he gained there, he continued his working life at the İstanbul office of PwC Turkey, where he worked as Manager of the Risk, Process and Technology Services Department. Specialty areas of Çolak, who has broad experience in the finance industry, are corporate risk management, information systems governance, information security, business continuity, SOX IT, organizational and process structuring of companies in the finance industry, and the Banking Regulation and Supervision Agency information systems audits. Çolak took office at the İstanbul office of PwC Turkey as manager in charge of teams engaged in projects involving audit and consultancy services at various financial institutions such as banks, insurance companies, leasing companies, factoring companies and capital market intermediary firms. He submitted reports to the BDDK as independent auditor in charge of the BDDK 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, Çolak has been working as Risk Management Manager at Kredi Kayıt Bürosu since April 2014.



Ali Kemal Cenk
Legal Compliance and Internal Audit Department
Vice General Manager

Having an experience of 15 years in the business life, Cenk graduated from the Business Administration Department of the Middle East Technical University. Cenk took various offices as Bank Examiner, Head of Group, Coordinator of FSAP Talks 2011, and Vice President of Audit Department at the Banking Regulation and Supervision Agency (BDDK) during 2000-2011. Within this scope, he undertook key role in the project group for the Risk-Focused Audit Project by which the BDDK has re-established its audit system. Cenk took part in a 1-month application for the purpose of the Risk-Focused Audit Project involving the FED audits. He carried out studies within the scope of FDIC.

He completed MBA and Finance Master's degree with MBA-MSF dual degree at Boston College during 2007-2009. As part of the BDDK audits, Cenk conducted audits of a number of diverse legal issues and internal systems and information management, as well as audits in the Netherlands and Germany. Cenk attended a number of training courses involving Risk Management in the USA, Basel II-III, internal control and banking, as well as received trainings and certificates on COBIT, TFRS, International Accounting Standards, Oliver & Wyman Risk Management, European Central Bank Eurosystem Macro-Micro Financial Audit. Cenk has been acting as Vice General Manager in charge of Legal Compliance and Internal Audit at KKB since April 2012.



İshak Uysal
Human Resources Department
Manager

Having an experience of 13 years in the business life, Uysal graduated from the Chemical Department of Bilkent University in 2002. He started his career at İdeal Software Systems in 2002. Uysal worked at TT Bilişim A.Ş. and Türk Telekomünikasyon A.Ş., respectively, during 2005-2014. Uysal resigned as Human Resources Manager from Türk Telekomünikasyon A.Ş. in 2014 and started his office as Human Resources Manager at Kredi Kayıt Bürosu.



Osman Soysal
Risk Center Coordination Department
Vice General Manager

Osman Soysal graduated from the Economics Department of the Middle East Technical University. He took various offices as Bank Examiner, Head of Group and Audit Coordinator at the Banking Regulation and Supervision Authority during 2004-2013. Within this scope, he acted as head of group and team leadership in the financial construction and legislation examinations within the framework of risk-focused audit and in the examination of individual customer complaints at savings, investment and participation banks and Turkey branch offices of foreign banks. He undertook the office of Turkey representation of the Audit sub group of the Basel Banking Audit Committee and contributed to the works toward raising of the audit quality with International Audit Standards recommendations during 2009-2012.



Hazar Tuna
Internal Control Department
Manager

Having an experience of 9 years in the business life, Tuna, after completing her study at Üsküdar American High School, graduated from the Computer Engineering Department of Purdue University in 2005. He completed his Executive MBA Master's studies at Boğaziçi University in 2012.

Tuna started his career in the Corporate Risk Services department of Deloitte Denetim in 2006. He took part in independent information systems audits at banks and information systems risk security and Sarbanes-Oxley audit works at real sector. Tuna continued his career at the Information Technologies Audit department of Yapı Kredi Bankası during 2008-2013 and also conducted the pilot installation works of the audit work flow software program, which was designed for use in the entire UniCredit group, and played a key role in the shaping of the final version thereof. Tuna has been working as Internal Control Manager at Kredi Kayıt Bürosu since April 2014.

Acting as editor of Active Banking and Finance Magazine during 2006-2012, Soysal particularly authored articles answering questions of individual customers regarding uses of card. He completed the Master Program in Public Policies and Administration at Kennedy School of Government in Harvard University during 2012-2013. During that period, he took lessons on companies taking place at the bottom of income pyramid and system dynamics at companies at Harvard Business School and MIT Sloan School. Soysal has been acting as Vice General Manager in charge of Risk Center Coordination at KKB since December 2013.

ACTIVITIES IN 2014

CURRENT PRODUCTS AND SERVICES

DEVELOPMENT OF SERVICES OF KKB

Service	2010	2011	2012	2013	2014	2015
Credit Reference System (CRS)						
Corporate Bureau System (CBS)						
Limit Control System (LCS)						
Personal Loan Rating (PLR)						
Customer Objections Handling System (MIDES)						
False Information Document Declaration Application Alarm System (SABAS)						
Internet Frauds Alarm System (IFAS)						
Personal Indebtedness Index (PII)						
Check Report						
Risk Report						
E-Reporting System						
Prescribed Accounts						
GeoMIS - Map-Based Reporting Service						
Agricultural Loans Assessment System (TARDES)						
Check Index						
Central Decision Support Systems (CDSS)						
Corporate MIDES						
Banned from Tenders						
Commercial Credit Rating (CCR)						
Credits Analysis Portal (CAP)						
Address Processing Service						
Check Status Inquiry						
Farmer Registry System						
Rating Consultancy						
Warning Service						
Tracer						
KKB Trade Registry Sharing System (TRSS)						
Letter of Guarantee Status Inquiry (LGSI)						
QR Code Check System						
Collection Scores						
Fraud Attempt Detection and Prevention Service						
Inclination Scores						
Loyalty Scores						
Central Invoice Registry System (CIRS)						
Central Collection Tracking System						
Identity Confirmation Infrastructure						

Credit Reference System (CRS)

Credit Reference System is an infrastructure which enables sharing of every kind of detailed information about personal loan products between member organizations.

KKB-member banks and other financial institutions can access to

- Data of all open accounts under which a consumer is “debtor” and “guarantor”,
- Data of all closed accounts of the last five years,
- Data of applications made during the last six months, and
- Loan repayment performance data pertaining to the last 36 months

online within several seconds through an inquiry on the CRS.

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

With the ability to make collective inquiry on the portfolio of personal loan customers through the CRS Collective Inquiry service and to manage the risk in a healthy manner, financial institutions can make their loan decisions rapidly (such as extension of loans by SMS) and thus offer their loan products rapidly to correct customers under correct conditions.

Thanks to the system, both the finance industry can grow healthily and the real sector is provided with the required financial support on macro scale.

Members transmit the data of loan repayments by their customers in the prescribed details and format for the present and the past on monthly basis to the CRS. KKB transfers the personal loan product data received from the members in accordance with a standard structure to the CRS database in their original state without making any change, merger, addition and similar process to them and open them to sharing with the other members. In addition to this, the information contained in the Risk Reports comes from this data pool.

In 2015, daily notification to the CRS is going to be enabled, so that the data shared will be much more updated.

With the CRS Urgent Updating application launched in 2014, the 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, etc. without waiting for the next month's notification. In 2015, daily notification to the CRS is going to be enabled, so that the data shared will be much more updated.

Benefits of the system can be summarized as follows:

- Personal loan risk can be minimized.
- Encourages personal loan customers to make their repayments regularly.
- Spread use of personal loan to wider public.
- Volume of loan use grows thanks to measurement of the loan risk.
- Loan extension decisions can be given more rapidly and more soundly.
- Keeps problematic customers away from the KKB-member institutions.
- Enables taking of rational decision in the assignment of new credit limits to existing customers.

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

Corporate Bureau System (CBS)

Developed with highly advanced features by KKB by using its own resources only, the Corporate Bureau System contains the credit track-record of commercial firms.

Launched in 2005, the CBS offers a highly rich data set to its members as needed for use in their risk assessments of their corporate customers. With the Collective Inquiry function added to

the system in November 2013, the institutions can easily updated the portfolio at certain periods.

Via the system, identity details of natural and legal persons, information about relations on capital basis, information about loan accounts and repayments, information about collaterals, imports and exports, as well as data of bounced checks are shared. For example, through the reports established by using the bounced check data shared daily via the system, special warning messages about firms which issue checks on that day are sent to the KKB-member institutions where these firms are customers.

The Corporate Working Group formed by the representatives of the KKB-member institutions, who are working in the loan departments of the institutions, in 2012 has been actively working toward improvement, and expansion of the use, of the system. Within this framework, significant developments have been achieved toward improvement of the data quality.

As the number of the members who provide information to the system increases, the system is being used more intensively. The Corporate Bureau System has become an important instrument in the credit assessments of the member institutions regarding their corporate customers. As a result of a project carried out toward enrichment of the data of the corporate bureau in 2013, the 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 General Revision of Maturity;
- Recent combined leasing and factoring data under the risk code subset.

In 2014, a function was added to the CBS in order to enable the institutions to perform any updating, deletion and correction on the Corporate Bureau Urgent Updating screens when there is any missing or mistake in the data transmitted to the CBS without waiting for the next notification month. Thanks to the system, where also objections received and answered via MIDES are listed, the members can make updates without waiting for the next month's notification. In 2015, it is planned to give priority to simplification of the data in the CBS and to improvement of the data quality.

Limit Control System (LCS)

The Limit Control System (LCS) introduced by KKB is the first and only credit bureau system that runs online and in real time in the world.

The system combines all the credit card limits assigned by all credit card issuing institutions on the customer basis pursuant to the Debit Cards and Credit Cards Law and thus enables the card issuing institutions to manage the single limit application.

While the Law required that the total limit of the cards a customer who begins to use a credit card first time ever can receive from all banks may not exceed 2 times of the income of the customer for the first year and four times for the second year, the regulation of October 8, 2013 has included all card holding customers in the scope of the limitation on the credit card limit.

KKB, through the TBB Credit Cards Working Group, initiated the works in this regard and opened the end product to the test run in late 2013. As of January 2014, the data of all card customers of the members have been uploaded into the system. In respect of the Limit Control System (LCS), sanctions are in place from March 1, 2014 on

- If any mission record is transmitted by the first notification file or if an addition is attempted to be made subsequently or if FTP notification does not comply with the standards or is not made within the established time,
- If the final limit is notified wrong,
- If the current limit is notified wrong.

With the recent developments to the Limit Control System (LCS),

- Reduction and closure transactions which can be done as batch can now be done online.
- Allocation and additional allocation transactions can be cancelled online.

The Limit Control System (LCS) is the first and only credit bureau system that runs online and in real time in the world.

With the introduction of the LCS Urgent Updating function, in order to facilitate correction of the limits

notified to the LCS, Reduction, Closure and Record Correction transactions can be done by the members via the Urgent Updating function without circulation of documents.

Personal Credit Rating (PCR)

The Personal Credit Rating is a numerical indicator calculated by KKB for customers, which is used to predict to what extent a loan used by a consumer from a KKB-member institution will be repaid by the consumer in comparison with another consumer. It is a decision support product developed by using a statistical model. The PCR is a summary of the data pertaining to loan repayments of a customer, which is obtained via the Credit Reference System (CRS).

The PCR allows the lending institutions to take rational and standard risk decisions on the one hand and substantially shortens the decision-making process. This makes it possible for customers to have access to loan products in a shorter time.

Upon completion and launching of the enhanced fourth version of the Personal Credit Rating (PCR), which has been in use for many years, many banks and financial institutions have begun to use the new version of the PCR product.

In the calculation of the forth-generation PCR, various information combinations are used. The information as to the present and past loan repayment performance of an individual (delayed repayments, initiation of prosecution, etc.) is the most influential one of all information. Apart from this, intensity of the loans used and search for new loans by an individual at the present and in the past are the data used intensively in the calculation of the PCR.



Commercial Credit Rating (CCR)

The Commercial Credit Rating (CCR) refers to a rating pertaining to the credibility of a firm, which facilitates the commercial credit assessment processes. It is notified to member banks and other financial institutions as part of the

Corporate Bureau inquiry by which the credit track-record data of corporate customers are notified.

The CCR is produced based on demographic data, loan and collateral data, check payment performance data with a view to predicting to what extent a firm is going to fulfill the requirements of repayment of a loan used by it from a member. How much the CCR, which measures the possibility of a firm being classified as a loan customer under prosecution within 12 months following the date of inquiry, is high, so much low is the possibility of being classified as a loan customer under prosecution.

Financial institutions consider a number of variables in the loan extension process. Loan repayment history of legal persons is an important variable in this context. By providing the information needed for the assessment of the conduct (loan repayment performance) of legal persons, the CCR fills an important gap. Thanks to this, outward conduct of loan customers can be easily monitored.

With the Commercial Credit Rating (CCR) which is calculated statistically through analysis of the detailed data contained in the Risk Report,

- Risk decisions to be given by lending institutions can be evaluated more accurately,
- A standard can be established within the commercial life as well,
- Decision-making processes are shortened, so that customers can have access to loan products in shorter times.

KKB offers two different "Commercial Credit Rating" models which are derived as a result of the modeling works carried out on the data contained in the "Corporate Bureau System" to the use of the member institutions.



Personal Indebtedness Index (PII)

The Personal Indebtedness Index (PII) is a score-based risk index developed by KKB as a new risk perception in order to assist in better prediction

of potential risks by banking and finance institutions. Its focus point is to identify the persons who are inclined to undertake excessive debt, though they don't show any sign of payment difficulty recently and in the past. The PII aims

Personal Indebtedness Index (PII) aims to ensure responsible lending.

- To establish an early warning system by identifying those persons who use a new loan to pay an existing debt without delay and thus are increasingly incurring more debt, though they don't show any sign of payment difficulty in the past,
- To ensure responsible lending,
- To enable the users to give more accurate decisions on issues such as assignment of credit limit, risk-based pricing, etc.,
- To improve the quality of the lending decision system of banks.

Consequently, the PII should be used to predict those persons who will become "excessively indebted" within one year following the date of the inquiry, though they are not expected to become insolvent within the same period.

In addition to the definition of "non-performing loan" (persons who failed to pay 3 installments in succession, persons who are under legal prosecution, persons who are classified as uncollectable account) which the Personal Credit Rating and similar risk prediction models try to predict, the PII allows identification of "excessive indebtedness". The PII has been developed to cover the persons who have an outstanding debt above TL 250 without guarantee and to predict the state of excessive indebtedness.

In 2014, leasing and factoring firms, as well as the members of the Credit Reference System, were enabled to have access to the PII data within the Risk Report upon request when making the inquiry.



Risk Report

The Risk Report is a product which shows the past payment performance of natural and legal persons in respect of any credit products they used from bank.

The credit registry data in possession of KKB consist of such customer data which all KKB-member institutions and organizations share in monthly periods. The report, which is presented based on such data without making any change to them, contains the following information:

- Findex Credit Rating,
- Limits, risks, past payment performances 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,
- The longest overdue period so far,
- Details of any loan under prosecution,
- Leasing - Factoring combined data, and
- Score percentage ranges which show the place of the percentage range which includes the credit rating of the customer across Turkey.

The Risk Report is a product which shows the past payment performance of natural and legal persons in respect of any credit products they used from bank.

Also showing the payment performance for each loan during the last 18 months, the report qualifies as a summary of the payment performance in the financial industry. It does not only contain negative information such as overdue payments or records transferred to prosecution. Since it is a report which also contains positive information such as loans of the person repaid on a timely manner, the report pro-

vides a significant advantage for persons who pay their debt at due date.

The Risk Reports, which KKB has begun to share not only with banks but also with such report-owner persons/institutions and any third persons approved by such persons and institutions, through bank branch offices since September 2012, have been presented via electronic medium through the Findeks platform to persons and the real sector outside the finance industry since 2014.

As part the works for enrichment of the content of the risk report in 2014, information such as

- The worst case in the payment history,
- The longest overdue period so far,
- In respect of Credit Cards, status of liability, outstanding balance under prosecution, limit utilization rate, debit balance of outstanding installments,
- In respect of Consumer Loan, outstanding balance under prosecution, limit utilization rate, number of installments, amount of installment, etc. have been added to the report. and
- The report has been carried beyond the similar examples in the world in terms of design and content.

Check Report

With the enactment of the Law Amending the Check Law No. 6273, which was promulgated in the Official Gazette no. 28193 (Repeating) of February 3, 2012, which abolishes the sanction imposed on issuers of bounced checks, a new era has begun in the economy as regards to management of the credit risk.

Platforms through which information required for proper management of risk and for making of decision by a check bearer to accept the check accurately can be accessed aims protection of both the issuer and the bearer of the check.

The "Check Report Presentation System" which KKB introduced in April 2012 for the sake of making the check more secure as a common instrument of payment offers a service established in order to provide the past check payment data needed by the check bearers about the check issues for the sake of making of sound decision through the check reports it produces.

Thanks to the system, the past check payment data of a check issuer are accessible. The report contains the information as

- The banks where the customer has check accounts,
- Number of checks presented since 2007,
- Number and amount of checks paid upon presentation,
- Number and amount of checks bounced and still unpaid since 2009,
- Number and amount of checks bounced but subsequently paid since 2009,
- Date of the first check presented,
- Date of the first check presented and dishonored,
- Date of the last check presented and dishonored,
- Date of the last check paid upon presentation,
- Number and amount of checks paid during the last 1 month, 3 months and 12 months,
- Number and amount of checks dishonored during the last 1 month, 3 months and 12 months,
- List of dishonored checks as limited with 50 checks,
- Number of open checks remaining unpaid or non-dishonored,
- Number and amount of postdate check remaining unpaid or non-dishonored,
- Number of checks unreturned to banking system.

With the Check Report, positive or negative development of the check payment performance of the account holder can be tracked. With this report, the institution can learn how many banks have provided check books to the account holder and have an idea about the credibility of the person in question. If the Check Report is used at the time of acceptance of a check, the chances that the check would be bounced can be predicted with accuracy up to 90%.

The check reports receivable via mobile devices or the Internet can be required the real sector players from the counter party at every platform of commercial transaction. Through online report applications, the real sector players can obtain the check or the risk report of a debtor from him or, with the approval of him, directly from KKB inquiry system to control their credit risk. With its infrastructure which enables receiving of Check Reports by obtaining consent of third persons online and which runs in integration with all banks across Turkey, KKB has put into operation an application which is exemplary in the world.

As part of the works for enrichment of the content of the check report in 2013 and 2014,

- Check index,
- Table showing the lowest, highest and average amounts of checks by years,
- Data of open checks in addition to collection guarantee checks have been added to the Check Report, and
- The report has been carried beyond the similar examples in the world in terms of design and content.

Also the data of Postdate Checks and Open Checks have begun to be collected from the members, so that the check reports allow tracking of the data of the postdated and open checks of an issuer as well as the bounced and unpaid checks.



Check Index

The Check Index, which summarizes check using habit and reliability of a check issuer, is a risk indicator in graphic which is based on a score for the market, which is developed from the check payment data of natural and legal persons.

It makes the conduct of the respective legal or natural person in the check payments measurable and, if any problem has been experienced, calculates the problem to reflect the numbers and amounts thereof. Seeing the standing of the check issuer on a simple graphic, the check bearer can readily see his position in relation with other check issuers.

The Check Index, which is calculated statistically through analysis of the detailed data in the Check Report, facilitates interpretation of the reports and making of decisions more soundly and hence ensures saving from time and resources. Before executing a transaction against check, institutions, instead of trying to interpret such detailed data as to the check history contained in the Check Report, can

- Have an idea about reliability of checks which they accept as guarantee,
- Make consistent prediction as to whether the check will be paid at maturity date or not,

- Minimize any financial loss which they may incur if the check is bounced

through an assessment they make by using the Check Index, which has been calculated statistically through an analysis of such data.

Report Verification System

Confirmation transaction can be done in order to get the content of the Risk and Check Reports verified.

By using the buttons “Risk Report Confirmation/Objection” or “Check Report Confirmation/Objection” at www.kkb.com.tr, accuracy of the information in the report can be confirmed.

All produced Risk and Check Reports are stored with their entire contents by KKB in the database. On each report submitted are a unique reference number assigned to that report, identity number of the report owner and date of the report. Thanks to this, one can have access to any information accessible via the Internet site and to the information about the report produced at the respective date.

Some of the information contained in the report are displayed together with their nicknames and contents on the screen, so that a person or an institution can confirm the information contained in the report in their hand by comparing it with the information on the screen.

Whole of the report is not displayed on the confirmation screen but only 3 fields requested by the used and such randomly selected information fields. Such information is displayed not with the name of the field but with the codes in the report. If, as a result of the confirmation transaction, the contents of the fields displayed with their nicknames on the screen are the same with the contents of the fields having the same nicknames, the report is deemed to have been verified.

In 2013, the Check Index was added to the Check Confirmation System and the Findeks Credit Rating to the Risk Report as output fields.



Check Status Inquiry

The Check Status Inquiry service has been developed with a view to preventing check fraud which has been increasing recently. The purpose is to learn whether a check is in circulation or not by inquiring the statuses of the checks received. This service runs by making an online inquiry via the bank which has provided the checkbook. Thanks to the system, one can learn whether a check from the correspondent bank is in circulation or not.

With the Check Status Inquiry Service, the institution can inquire the bank code, the branch office code, the check account number and the check row number of the checks accepted as guarantee or for collection, and the status of the checks.

With the Check Status Inquiry Service, the institution can inquire the bank code, the branch office code, the check account number and the check row number of the checks accepted as guarantee or for collection, and the status of the checks.



Letter of Guarantee Status Inquiry (LGSİ)

This is a system by which holders of a letter of guarantee issued by a bank can check if the letter of guarantee is still valid for the issuing bank by using the parameters of “Name of Bank”, “Name of Branch Office”, “Row Number of Letter of Guarantee”, “Amount”, “Currency”, and “Expiration Date”.

Institutions using the Letter of Guarantee Status Inquiry Service both save time and reduce their operational costs thanks to the facility to inquire

validity of a letter of guarantee instantly without corresponding with the bank issuing the letter of guarantee.

Thanks to the system by which the validity of a letter of guarantee given to the holder can be inquired instantly, fraud attempts can be prevented as well.

KKB-member institutions and companies can use the Letter of Guarantee Status Inquiry service, which has been especially designed for public entities and institutions which accept many letters of guarantee, by using the web screens specially designed for this application. Facility to make online inquiry via the own up-to-date letter of guarantee database of the banks which are integrated with the system is offered.

All letters of guarantee of which holders are residents of the country are included in the scope of the inquiry. In the application, which runs online in real time, data flow with the banks from which the Letter of Guarantee data are obtained is enabled through web service integration.



Central Decision Support Systems (CDSS)

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

The Central Decision Support Systems are such decision automation systems which are used by institutions in order to offer every kind of decision, such as application management, risk/ collection, credit monitoring, early warning services, etc. involving the services offered by them to their customers, in an efficient, rapid and standard manner. The most important disadvantage of such systems despite their advantages is that the costs of purchase, installation and running of them are very expensive.

Providing this service centrally, KKB aims to enable institutions to have access to such systems rapidly with as much low cost as possible.

The data transmitted by a member to KKB when a decision is required are enhanced by KKB and processed by means of the Decision System and then the final decisions are transmitted to the member. In this way, the members can use these systems, which have been developed with the state-of-the-art technology for short application periods, with low installation costs. The CDSS is used by the real sector as well as the finance industry.

The CDSS, which can be used in a number areas where decisions must be continuously reviewed and optimized in order to ensure adaptation to ever changing business environment through a successful strategy management, from Application Management to Customer Management, to Limit Management, to Collection Management,

- Requires minimum IT resource as the technical infrastructure is provided by KKB;
- Shortens integration processes for realization of the projects thanks to the advantage of using a ready-made service;
- Reduces the costs thanks to per transaction pricing;
- Thanks to the new generation Strategy Design Studio, enables the business unit to make decision independently of the IT;
- Compiles and consolidates the data of KKB used in the CDSS decision-making processes which use the entire knowledge and technology of KKB;
- Conducts inquiry of all reports received from KKB through inquiries within KKB.

The data transmitted by a member to KKB when a decision is required are enhanced by KKB and processed by means of the Decision System and then the final decisions are transmitted to the member.



Agricultural Loans Assessment System (TARDES)

KKB launched the Agricultural Loans Assessment

System (TARDES), which contains the data sharing and ready system infrastructure for banks, and financial institutions which seek to extend loans to the agricultural industry, in 2013.

TARDES offers an important platform and information services to financial institutions by which they can make agricultural loan assessments systematically by relying on accurate and up-to-date data without need for specialist teams. With this assessment system, making of cost, income and maturation calculations required for agricultural loan allocations and utilizations will be much easier.

TARDES system which

- Provides reliable, up-to-date and detailed cost tables formed by interpretation of a specialist staff;
- Enables evaluation of different productions and/or cultivations of the same producer simultaneously;
- Allows lending to a producer with maturity dates appropriate for different agricultural productions on produce basis;
- Enables evaluation of agricultural productions of a producer together with non-agricultural incomes and expenses of him;
- Allows inclusion of personal information, production and income-expense information of any other natural and legal persons who can have an effect on repayment of the loan into the evaluation within a single application;
- Allows proposition of an overall limit based on entire agricultural and non-agricultural, commercial and individual activities and repayment power of a producer;
- Prevents lending more than need and payment power of a producer;
- Enables evaluation of short, medium and long term loans together;
- Requires minimum IT and staff expenditures from lending institutions;
- Allows automatic data input from the Farmer Registry System;
- Offers flexible credit facility infrastructure special to an institution which can enter model and parameter into the system in line with its lending policies;
- Allows sending of e-mail notices to users as the maturity date of a product for which a limit has been proposed approaches;
- Allows blocking of entry of applications for any products for which extension of a loan is not wanted and thus ensures saving of time;
- Allows evaluation of loan requests of produc-

ers for non-agricultural purposes through the personal loan category.

With this evaluation system, which has been developed by cooperation between Frankfurt School and KKB under the sponsorship of European Bank for Reconstruction and Development (EBRD), making of cost, income and term calculations are now very easy.

TARDES offers time and manpower savings to financial institutions with the light of information gathered and evaluated by a professional, impartial and specialist team, allowing the institutions to achieve a standard and product-congruent evaluation structure. In this way, the system makes a serious contribution to the development of the agricultural industry.

TARDES is an application which will increase the number of banks operating in the agricultural loans and thus grow the amount of agricultural loans in the country, make contribution to the risk management, and guarantee continuity of the data gathering and updating works currently conducted in the long term.



GeoMIS - Map-Based Reporting Service

Awarded with the "Oracle 2014 Innovator Excellence Award", GeoMIS is a location-based data reporting system based on processing of the addresses contained in the data within KKB and converting them into geographic coordinates, allowing coloring of every kind of statistical data according to certain categories in the detail of provinces and towns and showing them on the map.

Hosting a number of different constituents, GeoMIS is not only consisted of database, digital map and reports. It visualizes such known database processes as inquiry and statistical analysis and combines them with geographic analyses provided by the maps. With this ability, it is a service which can be used as a decision support system, which makes report outputs much more valuable and thus enables one to obtain such outputs which enhance productivity and risk models.

With this service, marketing teams can have access to many data from customer acquisition processes of their own loan products to demographic characteristics of their portfolio, to breakdown of the portfolio on score basis and reduce their reports down to the breakdown by towns and see them in comparison with the data of their competitors. Loan teams can compare their portfolio throughout the industry and with selected competitors through the reports presented by GeoMIS and examine the risk distribution and the scores on location basis. By means of GeoMIS - Map-Based Reporting Service,

- Standard Report containing the portfolio data of the institution pertaining to a particular period;
- Trend Report which allows examination of changes in the portfolio data of the institution within a certain period of time; and
- Benchmark Report by which the portfolio data of the institution are evaluated in comparison with the data of the industry, the TurkStat and the selected benchmarking group

can be obtained.

The GeoMIS service is provided by KKB through the map-based reporting platform via the database and application servers of Oracle. Positioning of the data on the map was done by means of a process called "Geo-Coding".

The institution of the user who enters the application is identified by the IP address used by it and the entire display is done based on that institution.

GeoMIS Personal

The GeoMIS application, which covers the inquiries done by the users of the Credit Reference System (CRS) from the second half of 2009 on, was put into service of the CRS-member institutions in July 2013.

The GeoMIS application, whose data set has been enriched with the data of personal loan portfolio which were added in 2014, continues to serve as GeoMIS Individual.

GeoMIS Corporate & Check

It is a product of GeoMIS family, to whose data set the KKB data prepared as special to small/medium/large enterprises and com-

mercial segment were added in August 2014, and which allows reporting of such data in detail on the basis of provinces and towns.

With the GeoMIS Corporate application, which allows evaluation of the limit, risk, Commercial Credit Rating (CCR) and bounced check data pertaining to the accounts contained in the Corporate Bureau (CB) and display of such data on the map on the basis of provinces and even towns, it is possible for the member institutions to view their own data, any change/development in such data, and to compare such data with the data of the industry or the data of competitors.

With the reports from the system, one can have access to the data of outstanding balances, number of accounts, average score, credit risk/bank branch office and number of loan-using firms/branch offices.

As in the other GeoMIS applications whose contents are continuously enriched, the GeoMIS Corporate application is renewing itself continuously. GeoMIS Corporate, which also added the data of the checks notified to KKB to its data set during the year it was launched, is a reporting application which a number of teams, from allocation teams to marketing teams, to risk management and collection teams, to lending policies teams can use for different purposes.

KKB Adres İşleme Hizmeti **Address Processing Service**

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

It is an application containing a control for updating of changed names of streets, towns, etc. by geocoding the customer address data with the bank, adding of the geocode data to the address data, and accurate definition of the newly added

addresses into the system.

Within the scope of the Address Processing Service,

- **Through Collective Processing of Customer Addresses:** Existing customer address data with the bank are formatted, changed names of streets, towns, etc. are updated with new ones and completed, and geographic coordinates are added to the address data (geocoding).
- **Through Sharing of Updated ADDRESS Database with the Members:** In order to ensure accurate entry of new addresses, the address database of Turkey is uploaded to the system of the member and integrated with the address entry screens. The service of assignment of coordinate via KKB for the entered address will be separately provided. In addition, the service of obtaining of the updated address based on the coordinates for use in cases such as change of name of a town (reverse geocoding) is provided as well.
- **Through the Mapping Service:** Through a function running via KKB, any data special to the member will be able to be shown on the map as desired.

KKB Krediler Analiz Portalı **Loans Analysis Portal**

The Loans Analysis Portal is an interactive reporting system which allows reporting of the data of the portfolio of any kind of installment loans, overdraft account and credit card products owned by natural persons and of the payment performance of them and comparison of them with the “benchmarking group” selected in the GeoMIS Individual application and with the “sector” as a whole.

- The Portal shows change of the loan portfolio of the institution on monthly basis and over a period of time.
- The Portal provides reporting information which will assist in taking of important strategic decisions in the light of information to be acquired regarding risk management and lending policies, marketing and campaign management, and collection practices.
- With its data content specially designed for the institution, The Portal provides ease of use via the Internet.

With different parameters and filtering options used on the reporting screens, approximately 175 million different report contents can be produced on the 2.5 billion lines of data. With its masterfully designed infrastructure, it allows very fast production of all these reports.

With the Loans Portfolio Analysis application, which is open to the use of KKB-member institutions which are users of the Credit Reference System (CRS), reporting can be done under 3 main headings as

- Analysis of newly opened accounts,
- Analysis of existing portfolio,
- Risk analysis.

In the Loans Portfolio Analysis Service, the reports are prepared with the data received from the monthly notifications of the members of the Credit Reference System (CRS). In the system, which contains data of 13 months in total retrospectively, the results are visualized with graphics besides the report products.

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With the application,

- The institution can track the updated state of its loan portfolio data and its development over the time series,
- The number, volume, overdue and collection in different portfolios of the institution can be compared with competitors,
- All such data can be used in the establishment and testing of the risk management policies of the institution.



Trade Registry Sharing System (TRSS)

In the busy pace of business life, it is not possible for financial institutions to see the up-to-date trade registry data of their customers or to become aware of any change to such data instantly.

The Trade Registry Sharing System offered by KKB is a product developed and made available from this need.

With the Trade Registry Sharing System, the data of changes published in the Trade Registry Gazette can be accessed daily with the selected method. In the application, single inquiry can be done and collective inquiry and proactive notification services can be used as well.

- With the Collective Inquiry, trade registry data of customers in certain number can be retrieved collectively. In this method, both the data pertaining to all types of advertisements can be obtained and it is possible to select advertisements in a certain category only.
- With the Proactive Notification, daily notification is done to each member for the selected types of advertisements concerning their customers in the Corporate Bureau and the newly established firms. The relevant notice file is sent to the FTP address.

The institutions using the proactive notification service have been furnished with the facility to determine the daily notifications by the criteria entered by them into the system.

Persons Banned from Tenders

For the data of persons banned from tenders, which is an important element in the risk assessments of the member institutions, with a project carried out in 2013, scanning of advertisements published in the Official Gazette every day by means of automatic character reading system and entering of them into the system has been enabled. Based on such data, different services are provided to the member institutions:

- A warning report is produced specially to the institution when a notice about banning from tenders is published in the Official Ga-

zette about a natural or legal person customer thereof. Thanks to this, the members can be informed of notices published about their customers without following the Official Gazette.

- If a customer inquired in the Corporate Bureau has a record of tender ban, this information, too, is returned at the time of the inquiry.
- One can make a search on customer basis via the web application called Tender-Banned Person Transactions and have access to all notices published during the year collectively.

Bounced Check Warning System

Within the scope of the Bounced Check Inquiry service, data of bounced checks based on the notifications made by the members are uploaded to the system every day.

KKB has enhanced this service more. In the course of uploading of the daily bounced check data into the system, the system which scans the issuers of these checks in both the Credit Reference System (CRS) and the Corporate Bureau System (CBS) produces a warning message special to the members which have these persons as customer and informs the members about the status of the bounced check.

In this way, it informs the members about any potential payment difficulty problems they may incur with the respective customer in the future and thus assumes the function of an early warning system.

Customer Objections Handling System (MIDES)

The Customer Objections Handling System (MIDES) is a system which allows one to readily communicate its 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
- 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, it is de-

termined that there is a problem with the shared data, necessary correction is done without request within a short time.

In respect of the transactions executed under MIDES, KKB is in the position of a center which has undertaken to manage and supervise the communication coordination between the consumer and the members.

Although MIDES, which has been built by KKB, has the characteristic of being the fastest system in the world in terms of “examination of and responding to consumer complaints” when compared with similar systems, a period of twenty-four hours has been allowed to the KKB-member banks to respond to the objections.

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

Average Duration of Response in MIDES

1 hour 40 minutes

KKB is also the party who has undertaken duties in the course of MIDES practices in issues such as opening of any findings involving SABAS to sharing in SABAS, evaluation of any findings regarding improvement of the data quality of the CRS, and improvement and renovation of both software and hardware infrastructure of MIDES in parallel with technological advancements.

It closely monitors the relationships of the consumers with KKB and the members, the tasks performed in this connection, and the incidents and problems encountered, develops new projects in this direction and works toward making MIDES a much more efficient system.

Security Systems

False Information/Document/Declaration/ Application Alarm System (SABAS)

Serving the finance industry for 10 years, SABAS is a system which enables sharing of any information about malicious attempts and of the risk element involving thereof among the members under a certain discipline and taking of necessary measures.

Thanks to the information sharing technique and platform, which has been developed by KKB and which makes SABAS different from the similar ones in the world, they have the means to share any facts, findings and evidence related with crimes such as forgery, fraudulence, identity theft, money laundering, etc. among themselves without any problem.

Thanks to the information sharing technique and platform, which has been developed by KKB and which makes SABAS different from the similar ones in the world, they have the means to share any facts, findings and evidence related with crimes such as forgery, fraudulence, identity theft, money laundering, etc. among themselves without any problem.

SABAS has three basic objectives:

- By preventing use of data, documents, goods and property of the citizens by others (identity thieves, money launderers, impostors, frauds, etc.), to protect them (consumers, customers of KKB members) from risks and victimizations;
- By informing any actual or potential risks arising from any attempts being the subject of SABAS to the members of KKB, to protect them from such risks or to enable them to close any victimization they incurred with minimum loss;
- By enabling the KKB members to exchange information among themselves in accordance with such standards and rules which free of “any personal comment, opinion and judgment”, to protect them against any legal victimization which has the potential to lead to much more destructive consequences than any loss which any attempt being the subject of SABAS may cause;
- While the members of KKB can minimize their risks thanks to SABAS, customers in natural and legal person status are protected from victimization arising from such attempts.

Internet Frauds Alarm System (IFAS)

Frauds who obtained user codes, passwords, etc. of bank customers for their Internet accounts steal moneys of the customers by entering the accounts of the customers and transferring the moneys therein to the accounts opened by them with fake documents in most of the cases. Although the banks use highly advanced security systems to prevent such attempts, malicious persons develop new methods to bypass such systems and continue their acts.

IFAS aims in the first instance establishment of communication between member institutions regarding frauds perpetrated via the Internet. Requests for blockage of an account in the case of money transfers for purposes of fraudulence are transmitted via IFAS. In this way, both the communication between the institutions is made more efficient and all kinds of information involving the transactions can be stored in the data processing medium.

Taking into account that money movements effected can become quite complex and for the purpose of making examination of the incidents easier, the system includes an automatic graphic drawing feature. With this option, flow charge of money movements can be obtained for each fraud perpetrated.

One other important feature of IFAS is that it runs in integration with SABAS. In the Internet frauds, in order to withdraw the moneys transferred from the customer accounts ultimately, deposit accounts are opened by using fake information in general. The data pertaining to such accounts are shared within SABAS and in this way opened to access by all concerned units of the member institutions. In this way, use of any data which were used previously for fraudulent purposes and detected by IFAS one more time is prevented definitely.

Data Verification System (DVS)

The Data Verification System (DVS) is a KKB system which allows the members

- To check accuracy of the information declared by a consumer who applied to it or
- to complete any missing information of existing customers or to update any outdated data of the customers, and

which is very intensively used by the members.

FiNDEKS



FINDEKS is a new financial service platform designed by KKB for consumers. It is a kind of mirror of how the finance industry sees individuals. By becoming a member of KKB, individuals can check their financial standing on the one hand and manage and protect their financial reputation on the other. Individuals can track and take control of their loan debts and limits with banks and other financial institutions and their credit rating, while firms can check their loan debts and limits with all banks and financial institutions.

Findeks offers a unique service with one of the most developed identity verification structures of the world. Identity data of the individuals are confirmed by such data which are known only by them and verified

by dual-component verification method through mobile phone numbers recorded with the banks.

With a secure service infrastructure which gives priority to confidentiality of the personal data, Findeks stores all data, including the data entered for membership and making payment, under password protection within Kredi Kayıt Bürosu A.Ş. which is audited by the Banking Regulation and Supervision Agency and independent audit companies.

Findeks products and services are increasingly expanding their place in the economy of Turkey day by day in parallel with the development of the efficient risk management understanding of the real sector. Improving

asset quality of the real sector through such services makes important contributions to both the Turkish financial life and the finance industry.

Besides the basic products, Risk Report and Check Report, which were launched by KKB in 2012, such services with added value as the Findeks Credit Rating, the Rating Consultancy, the Tracer which traces if any financial and identity data of any persons exist in any unwanted places on the Internet, and the Warning Service which emits alert when the financial conditions set by a person have occurred, have been launched in the Findeks platform.

In order to inform the consumers and to offer the products and services through the call center in addition to the web site, the Findeks Customer Communication Center has been launched. It is targeted to deliver all services needed for management of financial life at the Findeks Customer Communication Center at phone number 444 4 552 (44 44 KKB).

Findeks renders services to its customers through web site, mobile application, customer communication center and banks. The basic establishment target of Findeks is to make sure that all companies operating in Turkey and individuals have a healthy financial life.

Web Site Address:: www.findeks.com

Call Center: 444 4 552

Facebook Address:
www.facebook.com/Findeks

Twitter Address: twitter.com/Findeks



Findeks Credit Rating

Findeks Credit Rating is an important assessment rating which banks have been taking as reference when making a lending decision for many years. It consists of the past payment performance of all personal loans and credit card accounts used by individuals from banks. Although Findeks credit rating is a rating calculated in con-

nection with utilization of personal loans, it is intensively used in the risk assessment of especially small size firms.

Findeks Credit Rating is in nature of a summary of the Risk Report in the banking system, which is prepared regarding the loan repayment habits.

Banks and other financial institutions take into consideration the credit rating in the assessment of new applications for loan and in the management of their existing customer loan portfolio. By taking the past payment performance as reference, they make prediction for the future payment performance.

From commercial standpoint, Findeks Credit Rating is in nature of a strong decision support product which has been developed as a result of detailed statistical studies. Lending institutions can raise the level of automation in the decision process and thus reduce their operational costs and increase their profits.

Advantages of Findeks Credit Rating for the real sector:

- It is taken as reference for assessment of new loan applications;
- It supports and increases standardization of management of lending policies;
- It assists assignment of correct limits to customers who have used loans;
- It allows differentiation of customer limit management and collection policies;
- It establishes an early warning mechanism;
- It provides support for tracking of loans.

Firms take benefit from Findeks Credit Rating when determining the range and scope of the products they offer to consumers and establishing the payment conditions.



Rating Consultancy

Findeks Credit Rating provides the prediction needed by a person to be able to

manage his/her financial life on the one hand and ensures establishment of commercial relations on sounder foundations on the other. Hence the need for information in the matters of managing, raising or maintaining of the rating at high level has emerged. For this, Rating Consultancy service and necessary information are provided through Findeks Customer Communication Center.

Rating Consultancy covers

- Provision of information about what are the benefits of the Findeks Credit Rating to individuals, about what is the range of the rating according to the average across Turkey, and about importance of the rating in terms of credibility;
- Consultancy service special to person involving how the Findeks Credit Rating can be raised or how an already high rating can be managed.

Consultancy service is provided within Findeks project packages and rendered by appointment by phone through the Customer Communication Center.



Tracer

With the Tracer service, persons can get their identity, communication and credit card data scanned in the virtual medium, including the “dark web”, across the world and protected. If, as result of the scanning, any data transmitted by persons to the system, which they want to be protected, match with any data contained in the virtual environment and used without authorization, an information notice is concurrently sent to the person who uses the tracer product.

The tracer service is a product which aims to minimize potential identity theft. It provides real-time data tracing service to persons and entities via the Internet site. The tracer checks whether any personal and financial data of the subscribers of the service, such as

- Name,
- E-mail,
- Telephone number,
- Turkish ID number,
- Credit card number,
- Bank account number, etc.

are published on the web without their authorization, or not. The tracer service is not a protection service but a scanning and information service.



Warning Service

The Warning Service is a service which instantly notifies any changes to limits and debts pertaining to loan, credit card or overdraft deposit accounts of persons. Thanks to this service, persons can control their financial position efficiently and intervene it as necessary.

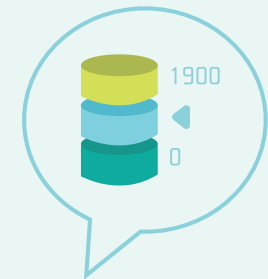
Such changes are tracked by the Findeks Warning Service in accordance with the criteria set by the person and notified by SMS or email.

With the Warning Service, warnings can be defined in the system as in the following examples:

- “If my Findeks Credit Rating decreases below scores,
- If my credit card debt exceeds TL
- If payment of my credit cards, checks, etc. delays,
- If an application for a credit product (loan and credit card) is made on my name,

I want to receive a warning message.”

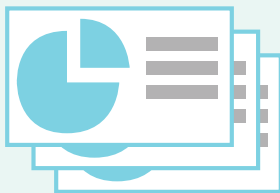
FINDEKS IN NUMBERS



Findeks Credit Rating
619.864



Findeks Risk Report
1.799.260



Findeks Total Inquiries
2.430.960



Findeks Check Report
11.836

ACTIVITIES PLANNED FOR 2015

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KKB has enable the members to update the data notified by them to the CRS with the CRS Urgent Updating application introduced in 2014 without waiting for the next months notification, development works involving the CRS are continuing.

Personal Bureau Daily Data Notification

While KKB has enable the members to update the data notified by them to the CRS with the CRS Urgent Updating application introduced in 2014 without waiting for the next months notification, development works involving the CRS are continuing.

In this scope, it is planned that the CRS notifications, which are currently done on monthly basis, will begin to be done on daily basis from April 1, 2015 on.

Thus, it is targeted that the information flow between the members be faster and more up-to-date and that any potential losses that the member may incur due to taking action based on noncurrent data are eliminated.



QR Code Check System

The QR Code Check System is a KKB service rendered via Findeks, by which holder of a check can get the QR code on the check read by smart devices and get the summary check report of the issuer. By virtue of QR code printed on checks, use of the check reports will grow and

QR code will become symbol of reliability of checks.

By using a QR code reader, access to data such as Turkish ID number / tax number of the check issuer, MICR code (bank code, branch office code, row number and account number) of the check, and optionally serial number of the check is possible. However, in order to get a Check Index, one must enter the Findeks application, and in order to get a report, one must use the QR code reader embedded in the application.

The last holder of a check can have access to the information regarding check use of the issuer of the check through a single inquiry in a very short time.

Thanks to the system, it is possible to have an idea about reliability of check in a short time on the one hand and a new step is taken toward mitigation of check fraud through identity confirmation on the other.



Collection Scores

With the Individual Credit Rating data shared with the members for a long time, KKB is able to predict the possibility of defaulting within one year of the customers of the members with high precision.

With the Personal Indebtedness Index developed recently, our members now have the facility to assess the risk of "going into excessive debt" in a longer period.

As an addition to high value added products created by supporting the data sharing service with analytical scoring models, KKB is going to introduce, during 2015, the "Collection Scores" service, which calculates the risk of further delay or default in payment of a debt, within

a short period, by a customer who has already delayed repayment of a loan. The Collection Scores service will be used for credit card product in the first instance and then will continue with other credit products during the year.



Fraud Attempt Detection and Prevention Service

With the loan application data fed by the member institutions, KKB aims to build a national database and provide a protection service to the industry.

The National Database and the Fraud Score offer a much safer operational environment compared to checking of fraud incidents by each institution separately. The objective of this project is to minimize the losses incurred by financial institutions as a result of application frauds.

Since this service will run as a cloud-based application via KKB, participation of an institution into the system will be easy and low cost. Since the licensing costs will be shared by all institutions, the service offers great advantage to the institutions. The system is being designed to process exclusive rules and data of the institutions as well as common rules and data. The service is planned to be launched during the second half of 2015.

The system will be activated for use by the lending institutions in the first instance and then will be expanded with the participation of different industries toward becoming a national information exchange platform.



Electronic Letter of Guarantee System

KKB will continue to realize its mission of offering high value added products to the finance industry with the "Electronic Letter of Guarantee Platform" in 2015.

Works on the project, which has been initiated with the goal of moving the letter of guarantee from the hardcopy environment to electronic

environment for concerns such as fake and lost letters of guarantee, tracking of maturity date, difficulty of physical handover, problem of physical archive, high costs and loss of time incurred, etc., are continuing.

With the Electronic Letter of Guarantee System, it is aimed to

- Prevent fraud,
- Allow traceability of transactions in electronic medium,
- Enable reconciliation in electronic medium,
- Enable reconciliation on the text and the holder,
- Ensure holder standardization,
- Relieve constraints of authorization through authorization on transaction basis,
- Solve archiving problem through electronic archive,
- Improve operational efficiency,
- Save from time, human resources, archive space and paper.



Inclination Scores

KKB's Inclination Scores seek to predict inclination 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 the members to reach correct prospects rapidly with correct strategies for product sales,
- Allow the members to see more comprehensive data via a single score with lesser operational burden,
- Save time thanks to easy identification of target masses on product basis,
- Accelerate sales through value added to sales and marketing operations,
- Provide more productive and more efficient management facilities in the making available of products.

KKB, which will begin to calculate inclination score for personal loans by modeling the loan and loan application data pertaining to the personal portfolio contained in the data warehouse by means of statistical methods and cal-

culations in 2015, plans to calculate inclination scores for all personal products in the periods to come.

Loyalty Score

They are scorecards to be built up with the aim of predicting the loyalty of the customer to the institution.

Centralization of Central Collection Tracking

With the Central Collection System, which is planned to be established with the aim that banks and real sector entities can manage their delayed collection operations from a single center, it is targeted that different instruments and external sources used in the delayed credit collection are provided via KKB with lower costs.

Institutions can use the system, which will be built in a modular structure, either in whole as a package solution or on module basis for use in their own collection flows as they wish.

The system to be built will be supported with analytical models and automatic decision system of KKB and will allow management of different collection strategies on institution basis. Thanks to this, it is aimed to improve collection performance on the one hand and to reduce operational costs and raise customer satisfaction on the other.

New Version Personal Credit Rating Implementation

Opened to use first in 2003, the Personal Credit Rating (PCR) is a KKB product which is used intensively by banks, lending institutions and

real sector in Turkey in their credit risk assessments.

4th version of the Personal Credit Rating (PCR), which is updated at certain intervals in order to maintain the performance at highest level, has been used since 2012.

Within the scope of development and updating works planned to be done for the purpose of enhancing the risk prediction power of both the financial sector and the non-financial sectors, the 5th version of the Personal Credit Rating will be put into use in 2015.

Central Invoice Recording System (CIRS)

This system has been established pursuant to article 42 of the Leasing, Factoring and Finance Companies Law (Law No. 6361) for the purpose of protecting the members of the Association of Financial Institutions from any loss arising from duplicate assigned receivables.

Within the scope of development and updating works planned to be done for the purpose of enhancing the risk prediction power of both the financial sector and the non-financial sectors, the 5th version of the Personal Credit Rating will be put into use in 2015.

DIRECTORS' REPORT OF 2014

DIRECTORS' REPORT OF 2014

AUDIT COMMITTEE

The committee carried out its works throughout 2014 so as to fulfill its basic objectives such as approval of the annual plan for internal audit of KKB Kredi Kayıt Bürosu A.Ş., evaluation of activities and their results concerning the internal audit and legal compliance activities, internal control activities and risk management activities, provision of preliminary information on these matters to the Board of Directors, evaluation of matters deemed important and bringing them to the agenda of the Board of Directors, and determination of scope and content of the issues brought to the agenda.

INFORMATION TECHNOLOGIES DEPARTMENT

The Project Management Unit of the Information Technologies Department realized total 31 new projects in 2014.

Personal System and Software Development Unit

Within the scope of the system performance improvement works, systems were continuously monitored and performance weaknesses of the existing products and implementations were identified through feedbacks from the operational units and changes were made to software architectures and actions were taken to improve the service quality during the year. In parallel with technological advancement, new technologies which can be used within the company were researched, POC and sample works were done, and the results were evaluated. Such technologies which are deemed appropriate are planned to be put into use during 2015.

The Software Development Process was continuously observed and necessary improvement and weakness points were identified and planning was done for action. Works for the testing automation infrastructure have been completed. Works were carried out on the necessary infrastructure and software improvements for the purpose of improvement of operational processes and support was given to the necessary purchases. Within the scope of COBIT compatibility, works carried out in previous years were continued and actions

were established for raising the maturity levels. Measurement of the Software Code Quality has been started. Scores have been assigned to software codes and works for raising the code quality scores have been commenced. Thanks to this, code standardization has been optimized. Existing software codes have been signed with time stamp and stored. In this way, it was targeted to protect the copyright and ownership rights of the software codes, which are one of the most important assets of the company.

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IT Infrastructure and Operation Unit

Works of KKB Ankara Data Center

- Works for establishment of a new Data Center to serve to the finance industry with the target for Uptime Tier III and LEED GOLD certificate have been commenced.
- Necessary "Due Diligence" works on the candidate lands in Ankara were completed.
- Appropriate land has been selected and purchasing process started.
- Necessary tender works for selection of the Project Management firm which will carry out the management of the project have been commenced.

Rendering of KKB services via the Extraordinary Situation Center throughout one day

- Pursuant to the rule of "rendering of all services via the Business Continuity Center for one whole day" required by the Banking Regulation and Supervision Agency, all system infrastructure works were completed.
- Both the Open Systems and the Mainframe environments were routed to the systems located in the Extraordinary Situation Center in İzmir.

- All KKB Services were rendered from the Extraordinary Situation Center throughout one day.
- All operations were carried out below the pre-established RTO and RPO values.

System Infrastructure Management works

- Infrastructure support for Mainframe Systems which were outsourced from IBM until May 2014 has been brought within KKB and all control has been taken by the technical team of KKB.
- IBM Mainframe systems were modernized, so the mainframe systems have been shifted to backup configuration.
- On the Open Systems side, with transition to Oracle Sun infrastructure, Business Critical systems have begun to run on systems with better performance.
- Backup environment of the Open Systems was modernized.
- Internet infrastructure has been shifted to BGP.

STRATEGIC PLANNING AND CORPORATE RELATIONS DEPARTMENT

Banks Line of Business Unit

After establishment of the targets and strategies of this recently established department, the team has been formed with newly recruited employees. In 2014, information and introduction visits were made to members in the first instance to the effect that one person in charge of the respective member has been appointed within the Credit Bureau. During the visits, our products and services were described collectively in outlines. Representatives of the business unit who were in charge of banks delivered detailed information and training courses about our products to concerned departments of the banks.

The team stepped in particularly at times when a member didn't receive the expected support and fulfilled the requirements of the member. Management of the working groups was taken over during the last quarter of the year and the actions required by the decisions taken at such meetings on the KKB and Risk Center side were followed up.

Budget and sales performance was regularly tracked and intensive activities were carried out toward further expansion of the use of the products. In line with the expectations and require-

ments of the members, correct prioritizations were done on both KKB and RM sides. Through regular visits and year-end evaluation survey, the members were given the message that they could send their evaluations on any matter to KKB and that correction and improvement actions would be taken in relation with them.

ERS & Real Sector Line of Business Unit

The process of development of the Findeks financial management platform as the component of the Credit Bureau services addressing to individuals and the real sector was carried out within the unit in 2014. Upon inclusion of the Findeks products actively into decision mechanisms of the real sector following the launching of Findeks, important collaborations have been established with the leading enterprises of the sector. In line with these developments and with the strategies of KKB, organizational structure of the unit was expanded and growth was achieved, and active visits and meetings were made with individuals and entities in order to introduce the products and services to them.

Project and Product Management Unit

The Project and Product Management Unit, which includes the Product Management, Product Development and Training & Documentation teams, by taking into account the recommendations received from both the members and the employees, put into use a number of new products and services with added value in 2014. During 2014, 14 new projects were launched and made available to the use by the members; meanwhile functions of the existing products were enhanced with more than 200 development requests.

Besides the product development activities, a number of innovative works that will contribute to rendering of faster and more quality service to the member institutions, such as evaluation of recommendations for improvement of products and processes, communication support, management of Internet sites, etc., were carried out.

In 2014, total 26 training courses, consisting of 12 new product introduction trainings, 17 inter-

nal trainings, 9 external trainings, were held. 10 product brochures and 25 manuals were prepared and made available to the members.

Corporate Communication Unit

Internal and external stakeholder communication of the company was carried out by the Corporate Communication Unit in 2014. Communication strategies of the company were established and activities were carried out in the areas of public relations, advertisement and digital communication in line with the communication targets of KKB ad Findeks. Findeks brand creation process has been completed. Activities were carried in many areas such as designing of the web site of Findeks, realization of advertisement campaigns, organization of the press launching, carrying out of media planning and purchasing process, establishment of the social media strategy and management of the social media accounts. Activities in connection with press relations, leader communication, social responsibility project management, internal and external communication, etc., were carried out on behalf of the company. With the communication activities carried out in connection with the Credit Bureau and Findeks, total 362 news appeared in the press, 1008 news published online, 17 news appeared in TV about the Credit Bureau. In the aftermath of the press launching in September, total 43 news appeared in the press, 239 news published online, and 12 news appeared in TV about Findeks throughout the year. Total 30 internal and external events, 15 sponsorships and Findeks press launchings were conducted throughout the year. Designing and implementation process of the activity report of the Credit Bureau was coordinated, and the printed and interactive report was launched in Turkish and English. Content and design development of 5 e-newsletters was done, and e-newsletters were sent to the stakeholders during 2014.

Data Analysis and Central Decision Support Systems Unit

Established in 2013 and grew and strengthened over the time, the unit predominantly developed its reporting infrastructure during the first year. In 2014, it concentrated its activities in five areas as Statistical Model Development, CRM Analytic, Data Quality, Central Decision Support Systems and Fraud Prevention. The Model Development team developed new models besides ensuring

continuity of the existing risk prediction (score) models and responding to member requirements. Personal Credit Rating, Personal Indebtedness Index, Check Index, Commercial Credit Rating, Personal Collection Scores and Personal Inclination Scores are some of the analytical models which are in use and whose development has been completed and which will be opened to use in 2015. The Central Decision Support Systems applications are not limited with banks and financial institutions only and they have been opened to the use of factoring companies and the real sector, and taking of risk-carrying decisions quicker, more consistently and more accurately has been enabled. A number of problem-preventing measures have been taken on the matter of Data Quality, and the works toward launching of an optimal and automatized Data Governance structure during 2015 are in progress. Launching of the first National Loan Application Fraud Prevention System of Turkey during 2015 has been planned.

Communication Center Unit

While the Communication Center served to the members and the customers of the Risk Center only in early 2014, it has begun to serve to the customers of Findeks since July. The organization structure has been renewed in order to meet the needs in changing service areas, to provide quality service and to ensure customer satisfaction. The infrastructures and applications necessary for installation of the Findeks Customer Communication Center have been prepared and made available to use. A special technical support team serving to the Factoring Invoice Pool project has been formed. For the purpose of raising the quality and level of the service offered, the Notification Management System, which will enable management of all communication activities in a single platform, has been projected for being put into service in 2015.

FINANCIAL REPORTING AND FINANCIAL AFFAIRS DEPARTMENT

Thanks to the efficient recording system besides the systematic budget and reporting activities, active role is assumed in the strategic decisions to be taken by doing prompt information presentation and reporting.

The Financial Reporting and Financial Affairs Department ensures monitoring and recording of the activity results in a systematic manner through planning

of the financial efficiency of the company in line with its strategic targets, conducts works for evaluation of the cash flows in a manner to ensure optimum benefit, reports the information needed by the management, and provides the required information, documents and reports in line with the regulations of the concerned public authorities. Besides the continuity of the existing duties in 2015, intensification of new ERP and budget software works is planned.

Budget and Reporting Unit

The unit assisted in the establishment of the financial strategy and prepared a budget, with which the financial management and control systems have been harmonized, in accord with the policies and targets established by the company. The budget applications for the year 2015 have been directed and checked. The principles which must be taken into account by the units included in the consolidated budget in the course of the budget preparation works were established and the budget preparation works were coordinated. The budgets prepared by the units were examined and their conformance to the financial plans was ensured. Additional and extraordinary requests received from the departments upon emergence of needs during the year were examined and year-end estimations were made, and a new budget was established for the ones which were found appropriate.

In 2014, a budget system (hyperion) was built in a manner to ensure storage of the existing financial data safely and making of a more consistent budget by providing a trend-indicating data set.

Financial Affairs Unit

It was ensured that the activity results were accounted for in accordance with the procedures and principles applicable to the relevant accounting standards. Financial reports were prepared in accordance with the regulations of the public authorities and submitted to the concerned units and to the information of the public. Expenses of maintenance and repair of the assets, expenses made for the projects and general administrative expenses and fiscal obligations arising from the laws were checked and paid pursuant to the provisions of the legislation and the contracts. Cash flows were planned and the plans regarding investing of the cash flows in a manner to provide optimum income were realized.

RISK MANAGEMENT DEPARTMENT

The risk management activities within Kredi Kayıt Bürosu (KKB) are carried out in accordance with the international corporate risk management standards (COSO ERM, ISO 31000) under strategic, operational, financial and reputation categories. As of April 2014, the Risk Management Department has been positioned as tied and reporting to the General Manager in terms of organization within the company. The risks and opportunities which must be managed by taking into account the purpose of existence of the company are managed in accordance with the Information Security Management (ISO 27001) and Business Continuity Management (ISO 22301) standards in addition to the corporate risk management standards.

KKB has achieved the certification targets regarding Information Security and Business Continuity as of August 2014, and it has been continuing its works as holder of the ISO 27001 and ISO 22301 certificates since then. In the scope of the information security, development works and investments involving the infrastructure systems continued during 2014, and in the scope of business continuity, the Business Continuity Recovery Plan tests were performed successfully with the participation of all members during August. The IT and business processes involving all activities within the company were established and operated in compliance with 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”.

The policy of KKB on the risk management system incorporates

- Establishment of basic activity targets of KKB,
- Identification of any threats which may impede achievement of these targets,
- Identification of any risks which give rise to such threats, and of potential effects and realization possibilities of such risks,
- Implementation of such risk management and controls as necessary for reducing of risk values to levels established by the top management,
- Establishment of the coordination and communication network necessary for management of risks within KKB,
- Assessment proactively of any new risks which may emerge toward the credit recording and information systems technology and

- establishment of recommendations for mitigation of potential risks,
- Receiving of regular trainings by KKB executives on the risk management and raising the awareness of the employees of KKB,
- Establishment and regular reviewing of key risk indicators for the purposes of measuring and monitoring of the current situation of the risks.

This policy is supported with the established written procedures and job definitions, the first-level checks of the risks identified at the company level by the units in the course of daily activities, and the periodic evaluation of the risk management activity results by the top management.

LEGAL COMPLIANCE AND INTERNAL AUDIT DEPARTMENT

The department subjected the IT and Business Processes and the support service activities to the risk assessment and carried out the Management's Statement works under 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, which was published by the Banking Regulation and Supervision Agency on December 4, 2013, and which is applicable to KKB.

Process audits and examinations planned based on the Information Technologies and Business Unit processes were carried out by the IT Audit Unit and the Legal Compliance and Business Units Audit Unit within the department in accordance with the COBIT principles, the statutory regulations and the KKB procedures and the audit of financial processes was performed based on the relevant risk matrix controls in 2014. The Internal Audit Unit of KKB has been carrying out its activities in compliance with the Risk Center Regulation and the Debit and Credit Cards Regulation besides the Communiqué. In 2014, the department conducted

In respect of the Internal Audit works,

- Management's Statement,
- Process Audits and Examinations of the Information Technologies and Business Processes,
- Coordination Works on the Audit Findings of the Banking Regulation and Supervision Agency and the Risk Center,
- Checks on the Financial Processes within the scope of the Financial Audit,

- Finding Follow-up and Review,

In respect of Legal Compliance works,

- Evaluation of legal compliance with the Consumer Protection Law and Relevant Regulations, Law on the Regulation of Electronic Commerce, and Law on the Regulation of Publications on the Internet and Fighting with Offences Perpetrated through Such Publications,
- Evaluation of business processes and project documents in terms of legal compliance,
- Evaluation and preparation of replies on behalf of KKB and the Risk Center to writs and courts and execution offices,
- Preparation and revision of new product service contracts,
- Giving opinion in the course of preparation of supplier contracts and additional protocols,
- Evaluation and preparation of notices,
- Evaluation of compliance of KKB with the new Turkish Commercial Code.

The Internal Audit Plan was prepared by taking into account such criteria as the processes and risk values of KKB, the expectations of the Information Technologies/Business unit, the degree of importance assigned by the auditor, the date of last audit of the process. Risky processes and their impact and importance degrees were identified in respect of such processes which may have an impact on the targets, activities and assets of KKB. The Legal Compliance Activities Plan was drawn up by taking into account the contracts required to be prepared as per the project calendar, the processes of compliance with the legislation, and the training need for legal processes.

Audits Carried out and Sanctions and Penalties Imposed during the Period

The independent audit activities for preparation of the financial statements in accordance with the Turkish Accounting Standards were carried out at quarterly periods in 2014. Various compliance audits were performed by the contracted independent audit company as per the relevant provisions of the Risk Center Service Agreement between KKB and TBB and the results of the audits were submitted to the Management of the Risk Center of TBB.

Lawsuit

An action for damages in the amount of TL 200,000 in total, consisting of TL 50,000 as pecuniary damages and TL 50,000 as damages for mental agony

for each claimed, was filed against KKB with the allegation of unjust competition on 28.11.2013.

Competition Status of the Executives of the Company

There isn't any transaction executed by any members of the Board of Directors with the Company on behalf of themselves or others, which falls into the scope of competition ban.

Financial Benefits Provided to the Members of the Board of Directors and the Top Level Executives

Financial benefits provided to the members of the board of directors and the top level executives amount to TL 6,841,242.43.

Dividend Distribution Proposal

It was resolved unanimously by the members present at the meeting that the proposal that the net profit remaining after setting aside of statutory obligations from the gross profit of the Company in 2014 be not distributed to shareholders, but retained in the Extraordinary Reserves Account and that the net amount remaining after setting aside of statutory obligations from the profits in 2012 and 2013, which were not distributed to the shareholders, but retained in the Extraordinary Reserves Account in 2012 and 2013, be distributed to the shareholders be made to the General Meeting in line with the meeting of 19.02.2015 and the resolution no. 2015/06 of the Board of Directors.

INTERNAL CONTROL DEPARTMENT

The Internal Control Department ensures establishment and coordination of a healthy internal control environment with Kredi Kayıt Bürosu and carrying out of the activities of the company efficiently and productively in accordance with the management strategy and policies and the laws and other relevant regulations. All findings are reported to concerned managers and employees on a timely manner and rectification of deficiencies through necessary interventions is ensured. Depending on the importance of control deficiencies, results of the internal control examinations and the relevant corrective actions are reported to the General Manager and the Board of Directors.

In 2014, following the risk assessment, 259 internal control activities for 35 processes were designed and implemented. In addition, pursuant to the ISO22301 and ISO27001 certification obliga-

tions, internal investigation works are carried out by the Internal Control Department annually.

RISK CENTER COORDINATION DEPARTMENT

The Risk Center Coordination Department launched a number of new value-added products and services offered by TBB Risk Center to its members in 2014.

In 2014, 12 new projects were realized and made available to the members. Over 100 additional developments were made on existing products and services, so the quality and content of the services used by the members were improved.

Statistical reports published on the Internet site of the TBB Risk Center were enhanced and additional reports were published monthly.

HUMAN RESOURCES DEPARTMENT

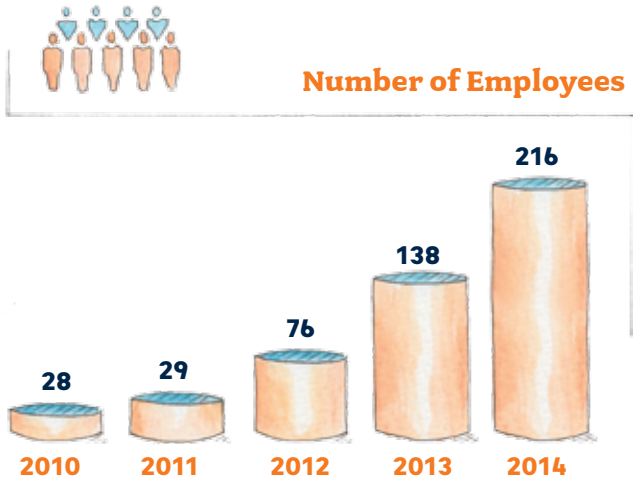
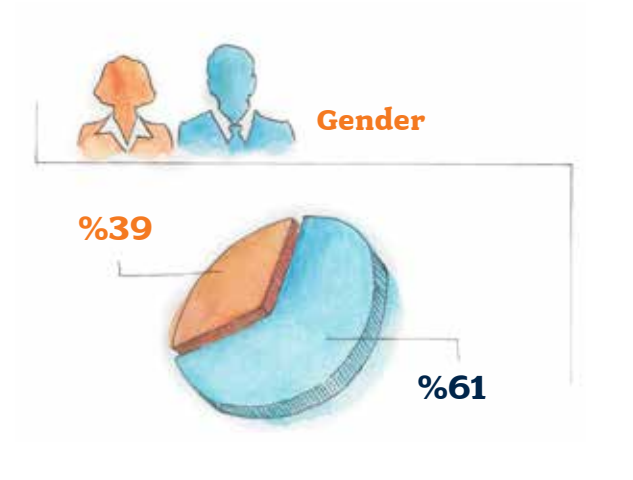
A number of human resources functions were included in the Oracle E-Business Suit project which was started across the company in 2014. The performance assessment system, which was introduced in 2013, was carried to online environment in 2014 within the scope of the project. Implementation of Bilin - Humanist application, the works for which started in 2013 for annual leave management, training management and employee data bank, was completed in 2014 and all data were transferred to online environment. Oracle - Hyperion project for annual personnel budget works was completed and works on the budget for 2015 were carried out on the system.

Organization structure of the company was changed in line with the emerging needs and the number of employees rose from 138 at the beginning of the year to 216 at the end of the year. 6,030 hours of training was delivered throughout the year and opportunity for training of 40 hours per employee was provided. Employee rotation rate was 4%, below the sector average, in 2014.

Number of Employees: 216

Personnel distributions:

- Average age: 35
- Gender: 61% male, 39% female
- Education: 61% university, 19% post-graduation, 18.6% high school, 1.4% doctorate degrees
- Marital status: 42% singles, 58% married
- Number of employees recruited in 2014: 81
- Average number of training days per employee in 2014: 5 days



CORPORATE
SOCIAL
RESPONSIBILITY

Hayal Edin Gerçekleştirelim



“YOU IMAGINE, WE REALIZE” SOCIAL RESPONSIBILITY PROJECT COMPETITION

In order to ensure that university students become conscious on the social responsibility issues, become aware of social needs and take action in these areas, the first period of the “You Imagine, We Realize” Social Responsibility Project Competition which is open to all university students across Turkey was started by KKB in January 2014.

The competition, to which students of two-year, undergraduate and post-graduate programs across Turkey applied with total 351 projects in theme categories of environment, education, health, sports, culture, arts, and community, brought forward original and creative social responsibility projects. The projects were evaluated by the jury members, including Betül Mardin, the doyen of public relations (represented by Canan Noyan), İbrahim Betil, the civil society volunteer, Okan Bayülgen, the famous TV broadcaster and presenter, Abbas Güçlü, the columnist of Daily Milliyet, Şelale Kadak, the columnist of Daily Sa-



bah, Kasım Akdeniz, the general manager of KKB, and Arzu Çekirge Paksoy, the founder partner of APRP. The “Grand Prix” was won by Orhan Genç from Sabancı University, who received the highest score from the jury for his project in the category of community, titled “From Society to Civil Society”.

During the award ceremony hosted by Kredi Kayıt Bürosu, which was attended by the jury members, students, representatives of universities and many invitees, Kasım Akdeniz, the general manager of Kredi Kayıt Bürosu, said that as Kredi Kayıt Bürosu, they held the “You Imagine, We Realize” competition in order to raise the social responsibility consciousness and sensitivity for social problems of university students and that the projects which came up at the end of the competition showed how a correct step was this.

DONATION CAMPAIGN

With e-mails sent to the employees and all external stakeholders of us, a campaign was organized for donation to some non-Governmental Organi-

zations, including Bir Dilek Tut, Altı Nokta Körler Vakfı, Tohum Otizm Vakfı, YGA, Toplum Gönüllüleri Vakfı (TOG), Parıltı Görmeyen Çocukları Destekleme Derneği, Türkiye Omurilik Felçlileri Derneği, and Barınak Gönüllüleri Derneği (BGD), with which KKB has established cooperation, as special to Eid and New-Year in 2014. As a result of preference of the persons to whom we communicated the donation campaign, total TL 40,000 was donated to Barınak Gönüllüleri Derneği, Toplum Gönüllüleri Vakfı, Parıltı Görmeyen Çocukları Destekleme Derneği, and Türkiye Omurilik Felçlileri Derneği.

INTERNAL SOCIAL RESPONSIBILITY

230 “Pink Bracelets” purchased within the framework of collaboration with Meme Vakfı were distributed within the company in order to create awareness about breast cancer.

DECLARATION OF THE BOARD OF DIRECTORS

DECLARATION OF CONFORMITY FOR THE ANNUAL REPORT

KKB KREDİ KAYIT BÜROSU A.Ş. ANNUAL REPORT OF 2014 DECLARATION OF CONFORMITY

We hereby declare that

We have examined the financial statements and footnotes and the Annual Report pertaining to the period of 1 January 2014 - 31 December 2014, which were prepared in accordance with the "Regulation Related to 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 of August 28, 2012, and approved by the resolution no. 2015/07 of February 19, 2015 of the Board of Directors;

Based on the information possessed by our Company within its duty and responsibility area, the financial statements and the Annual Report do not contain, within the framework established by the regulation, any untrue statement or any missing which may give rise to any misleading as of the date when the statement is made;

Based on the information possessed by our Company within its duty and responsibility area, the financial statements and the information about any other financial issues in the report reflect the financial position and the activity results of our Company accurately as of the period to which the report is related.

On behalf of AKBANK T.A.Ş.
OSMAN MEHMET SİNDEL
CHAIRMAN OF THE BOARD OF DIRECTORS



ON BEHALF OF T. GARANTİ BANKASI A.Ş.
ERHAN ADALI
MEMBER



VEYSEL SUNMAN
MEMBER



ON BEHALF OF DENİZBANK A.Ş.
İZZET OĞUZHAN ÖZARK
MEMBER



ABDURRAHMAN ÖZCİĞER
MEMBER



MEHMET EMİN KARAAĞAÇ
MEMBER



ERTUĞRUL BOZGEDİK
VICE CHAIRMAN OF THE BOARD OF DIRECTORS



MEHMET GÖKMEN UÇAR
MEMBER



MEHMET SEBAHATTİN BULUT
MEMBER



KASIM AKDENİZ
MEMBER



AGENDA OF THE ORDINARY GENERAL ASSEMBLY

KKB KREDİ KAYIT BÜROSU ANONİM ŞİRKETİ NOTICE TO SHAREHOLDERS FOR ORDINARY GENERAL ASSEMBLY TO BE HELD ON MARCH 26, 2015

Ordinary General Assembly of our Company will be held at the head office of the Company at the address of Barbaros Mah. Ardiç Sokak, Varyap Meridian, F Blok, Batı Ataşehir, İstanbul at 13:00 hours on Thursday, March 26, 2015, to examine the activities in 2014 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 February 27, 2015 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

On behalf of AKBANK T.A.Ş.
OSMAN MEHMET SİNDEL
CHAIRMAN OF THE BOARD OF DIRECTORS

ERTUĞRUL BOZGEDİK
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, etc. of the members of the Board of Directors;
- 9) If any vacancy occurred in the Board of Directors and any person has been appointed to the vacant seat during the year, approval of the appointment by the general meeting;
- 10) Election of members to the Board of Directors and determination of office period of them;
- 11) Election of the auditor;
- 12) 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;
- 13) Wishes and requests;
- 14) Closing.

Form of Proxy

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 13:00 hours on 26.03.2015.

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

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

INDEPENDENT

AUDIT

REPORT

2014

KKB Kredi Kayıt Bürosu A.Ş.

Financial statements and independent audit report for the account period of
January 1 - December 31, 2014

KKB Kredi Kayıt Bürosu A.Ş

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INDEPENDENT AUDIT REPORT

To the Board of Directors of Kredi Kayıt Bürosu A.Ş.: Report on the Financial Statements

We have examined the financial position statement as of December 31, 2014 and the statement of profit or loss and other comprehensive income, the statement of changes in shareholder's equity and the cash flow statement for the account period ending at the same date, and the financial statements attached hereto, which comprise the footnotes summarizing the important accounting policies and other explanatory notes, of Kredi Kayıt Bürosu A.Ş.

Responsibility of the Management for the Financial Statements

The management of the Company is responsible for preparation of the financial statements in accordance with the Turkish Accounting Standards and the other regulations, communiqués and circulars issued by the Banking Regulation and Supervision Agency (BRSA) concerning the accounting and financial reporting principles, and the clarifications made by the Banking Regulation and Supervision Agency (BRSA), for presentation of the same truly, and for the internal control it deems necessary in order ensure preparation of the financial statements as free of any material error caused by a mistake or falsification.

Responsibility of the Independent Auditor

Our responsibility is to provide an opinion about these financial statements based on the audit we have carried out. Our independent audit has been done in compliance with the Independent Audit Standards, which is a part of the Turkish Audit Standards published by the Public Supervision, Accounting and Audit Standards Institution and the Regulation on the Authorization and Activities of Firms Carrying Out Independent Audits at Banks, which was issued in the Official Gazette no. 26333 of November 1, 2006, and the international audit standards. These standards require that ethical rules are complied with and that independent audit be planned and carried out to achieve reasonable assurance to the effect that the financial statements do not contain any material inaccuracy.

Independent audit includes application of such audit procedures in order to obtain the proof of audit about the amounts and explanations in the financial statements. Selection of such procedures, including assessment of the risk of any "material inaccuracy" resulting from an error or falsification, is based on the professional judgment of the auditor. When doing the risk assessments, the independent auditor evaluates the internal control on the preparation of the financial statements of an enterprise and on the presentation of the same truly¹ for the purpose of designing of the audit procedures suiting to the conditions, but this evaluation does not intend to provide opinion about the efficiency of the internal control of the enterprise. Any independent audit includes an evaluation of the appropriateness of the accounting policies used by the management of a company and of whether the accounting predictions made are reasonable or not, as well as the evaluation of the presentation of the financial statements as a whole.

We believe that the proofs of independent audit we have obtained in the course of the independent audit make an adequate and appropriate basis for building of our opinion.

Opinion

We have the opinion that the financial statements reflect the financial position of Kredi Kayıt Bürosu A.Ş. as of December 31, 2014 and its financial performance and cash flows during the account period ending at the same date in accordance with the Turkish Accounting Standards, and the other regulations, clarifications and circulars issued by BRSA concerning the accounting and financial reporting principles.

Other Issues

The financial statements of the Company as of December 31, 2013, which were issued in accordance with the Turkish Accounting Standards, and the other regulations, communiqués, circulars and clarifications issued by the Banking Regulation and Supervision Agency concerning accounting and financial reporting principles were audited by another audit firm. That independent audit firm state in their independent audit report of February 19, 2014 that a material fact to the effect the financial statements as of December 31, 2013 of the Company do not reflect the financial position, the activity results, and the cash flows of the Company in accordance with the Turkish Accounting Standards, and the other regulations, communiqués, circulars and clarifications issued by the Banking Regulation and Supervision Agency concerning the accounting and financial reporting principles has not been found, and has given a positive opinion regarding the financial statements as of December 31, 2013.

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



Damla Harman, SMMM
Responsible Auditor

February 27, 2015
İstanbul, Turkey

KKB Kredi Kayıt Bürosu A.Ş

Financial Position Statement
as of December 31, 2014
(amounts are stated in Turkish Lira (“TL”), unless otherwise stated)

		Current Period	Previous Period
		Independently Audited	Independently Audited
	References to Footnotes	December 31, 2014	December 31, 2013
Assets			
Current assets		54,681,098	48,063,872
Cash and cash equivalent assets	3	37,134,668	35,426,625
Trade receivables		14,890,842	11,057,567
- Trade receivables from related parties	4,6	1,462,707	4,135,691
- Trade receivables from non-related parties	4	13,428,135	6,921,876
Other receivables	5	59,224	21,997
Prepaid expenses	11	2,588,270	1,557,683
Other current assets	12	8,094	-
Non-current assets		60,559,125	52,349,573
Tangible non-current assets	7	48,637,944	46,932,585
Intangible non-current assets	8	10,815,941	5,193,938
Prepaid expenses		136,443	205,819
Other non-current assets	12	8,381	17,231
Current Period taxes	19	960,416	-
Total Assets		115,240,223	100,413,445

Footnotes attached hereto form an integral part of the financial statements.

KKB Kredi Kayıt Bürosu A.Ş

Financial Position Statement
as of December 31, 2014
(amounts are stated in Turkish Lira (“TL”), unless otherwise stated)

		Current Period	Previous Period
		Independently Audited	Independently Audited
	References to Footnotes	December 31, 2014	December 31, 2013
Liabilities			
Short term liabilities		19,659,641	14,477,016
Trade payables		9,327,128	6,198,263
- Trade payables to related parties	4, 6	270,368	147,841
- Trade payables to non-related parties	4	9,056,760	6,050,422
Other payables		1,939,250	3,049,652
-Payables to non-related parties	5	1,939,250	3,049,652
Payables within the scope of benefits provided to the employees	10	452,373	250,945
Provisions for benefits provided to the employees	10	5,826,940	3,604,656
Tax obligation on the profit in the period	19	-	230,199
Deferred incomes	11	685,740	146,330
Other Short Term Liabilities	12	1,428,210	996,971
Long term liabilities		3,983,430	2,494,660
Deferred tax obligation	19	2,142,215	1,497,741
Provisions for benefits provided to the employees	10	1,641,215	796,919
Other long term liabilities	9	200,000	200,000
Total liabilities		23,643,071	16,971,676
Shareholder's equity			
Paid-up capital	13	7,425,000	7,425,000
Capital adjustment differences		2,574,025	2,574,025
Other comprehensive incomes and expenses which will not be re-classified in profit or loss		(141,329)	-
-Other earnings / losses		(141,329)	-
Reserves on retained earnings		8,779,550	7,316,675
Profits in previous years		51,126,070	33,460,785
Net (loss) / profit in the period		21,833,836	32,665,284
Total shareholder's equity		91,597,152	83,441,769
Total liabilities and shareholder's equity		115,240,223	100,413,445

Footnotes attached hereto form an integral part of the financial statements.

KKB Kredi Kayıt Bürosu A.Ş

Comprehensive Income Statement for the Account Period
Ending on December 31, 2014
(amounts are stated in Turkish Lira (“TL”), unless otherwise stated)

	Current Period		Previous Period
	Independently Audited		Independently Audited
	References to Footnotes	December 31, 2014	December 31, 2013
Real operating incomes			
Sales income	14	107,987,855	88,474,623
Cost of sales	14	(21,580,941)	(16,237,699)
Gross real operating profit		86,406,914	72,236,924
Marketing, sales and distribution expenses	15	(10,747,822)	(902,539)
Administrative expenses	15	(53,019,229)	(33,232,225)
Other operating incomes	16	228,592	654,144
Other operating expenses	16	(185,630)	(220,269)
Operating profit		22,682,825	38,536,035
Financial incomes	17	5,274,750	2,815,860
Financial expenses	18	(883,730)	(218,570)
Pre-tax (loss) / profit		27,073,845	41,133,325
- Current tax expense	19	(4,560,203)	(7,670,512)
- Deferred tax income / (expense)	19	(679,806)	(797,529)
Net (loss) / profit in the period		21,833,836	32,665,284
Items which will not be re-classified in profit or loss			
- Earnings / losses from re-measurement of defined benefit plans	10	(176,661)	-
- Deferred tax income/(expense) pertaining to other comprehensive income which will not be re-classified in profit or loss		35,332	-
Other comprehensive income		(141,329)	-
Total comprehensive (Expense)/income		21,692,507	32,665,284

Footnotes attached hereto form an integral part of the financial statements.

KKB Kredi Kayıt Bürosu A.Ş

Statement of Change in Shareholder's Equity for the Period
Ending on December 31, 2014
(amounts are stated in Turkish Lira (“TL”), unless otherwise stated)

	Paid-up Capital	Capital Adjustment Differences	Reserves on retained earnings	Incomes in other scope not reclassified in profit or loss	Profits/ (losses) in previous years	Net profit / (loss) in the period	Total shareholder's equity
January 1, 2013	7,425,000	2,574,025	5,649,371	-	18,617,557	33,183,570	67,449,523
Transfer to profits in previous years	-	-	-	-	33,183,570	(33,183,570)	-
Transfer to reserves	-	-	1,667,304	-	(1,667,304)	-	-
Dividend payment	-	-	-	-	(16,673,038)	-	(16,673,038)
Total comprehensive income	-	-	-	-	-	32,665,284	32,665,284
December 31, 2013	7,425,000	2,574,025	7,316,675	-	33,460,785	32,665,284	83,441,769
January 1, 2014	7,425,000	2,574,025	7,316,675	-	33,460,785	32,665,284	83,441,769
Transfer to profits in previous years	-	-	-	-	32,665,284	(32,665,284)	-
Transfers to reserves	-	-	1,462,875	-	(1,462,875)	-	-
Dividend payment	-	-	-	-	(13,537,124)	-	(13,537,124)
Total comprehensive income	-	-	-	(141,329)	-	21,833,836	21,692,507
December 31, 2014	7,425,000	2,574,025	8,779,550	(141,329)	51,126,070	21,833,836	91,597,152

Footnotes attached hereto form an integral part of the financial statements.

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Cash Flow Statement for the Account Period
Ending on December 31, 2014
(amounts stated in Turkish Lira (“TL”), unless otherwise stated)

		Current Period	Previous Period
		Independently Audited	Independently Audited
	References to Footnotes	December 31, 2014	December 31, 2013
Operating activities:			
Net (loss) / profit in the period		21,692,507	32,665,284
Adjustments necessary for reconciliation of profit in the period and net cash from operating activities			
Deferred tax income / expense		644,474	797,529
Tax expense		4,560,203	7,670,512
Provision for premiums to personnel	10	5,826,940	3,604,656
Depreciation and redemption allowances	15	6,180,395	3,548,264
Provision for severance pay		362,754	82,507
Profit from sale of tangible non-current assets		(88)	(72,809)
Profit from sale of intangible non-current assets		-	(1,425)
Provision for lawsuits (withdrawals) / expense		-	(203,733)
Compensation in lieu of leave		363,590	254,944
Interest income		(4,246,457)	(2,545,897)
Net cash from operating activities before change in operating assets and liabilities		35,384,318	45,799,832
Changes in assets and funds:			
Trade receivables		(3,833,275)	(700,161)
Trade payables		3,128,865	(245,002)
Other receivables		(37,227)	254,715
Other payables		(1,423,996)	2,571,489
Other non-current and current assets		755	3,912,725
Other short term liabilities		1,627,001	384,351
Change in prepaid expenses		(961,211)	(1,291,228)
Compensation in lieu of leave paid		41,593	(31,165)
Severance pay paid		(64,970)	-
Corporation tax paid		(5,750,817)	(8,860,044)
Personnel premiums paid		(3,604,656)	(1,560,949)
Cash Flows from Activities		24,506,380	40,234,563
Investment activities:			
Purchases of tangible non-current assets	7	(5,082,061)	(5,404,831)
Purchases of intangible non-current assets	8	(8,445,350)	(5,122,721)
Sales of tangible non-current assets		19,742	95,032
Sales of intangible non-current assets		-	7,625
Interest received		4,274,188	2,419,631
Net cash (used) in investment activities		(9,233,481)	(8,005,264)
Financial activities:			
Dividend paid		(13,537,124)	(16,673,038)
Net Increase (Decrease) in Cash and Cash equivalent Assets Before Effect of Foreign Currency Conversion Differences		1,735,775	15,556,261
Net increase / (decrease) in cash and cash equivalent assets		1,735,775	15,556,261
Balance of cash and cash equivalent assets at the beginning of the period		35,262,737	19,706,476
Balance of cash and cash equivalent assets at the end of the period		36,998,512	35,262,737

Footnotes attached hereto form an integral part of the financial statements.

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Explanatory footnotes to the financial statements
for the account period ending on December 31, 2014
(amounts are stated in Turkish Lira (“TL”), unless otherwise stated)

2. Principles Applicable to Presentation of the Financial Statements

A. BASIC PRINCIPLES APPLICABLE TO THE PRESENTATION

Applied Accounting Standards

Financial statements of the Company have been prepared in accordance with the relevant provisions of the “Regulation on the Procedures and Principles Applicable to Accounting Practices and Maintenance of Documents of Banks”, which was issued in the Official Gazette no, 26333 of November 1, 2006, and in compliance with the Turkish Accounting Standards / Turkish Financial Reporting Standards (“TAS”), which have been put into effect by the Public Supervision, Accounting and Audit Standards Institution (“KGK”), and with such addenda and commences related with the same,

The Company keeps its statutory books and statutory financial statements in Turkish Lira (“TL”) in accordance with the accounting principles set out in the Turkish Commercial Code (“TCC”) and the tax legislation,

In the preparation of the financial statements in accordance with the TAS, the Company is required to make assumptions and predictions regarding the assets and liabilities in the balance sheet and any contingent issues as of the date of the balance sheet, Such assumptions and predictions are regularly reviewed, necessary adjustments are done, and effect of such adjustments is reflected to the profit or loss and the statement of other comprehensive income,

Classifications done in the financial statements as of December 31, 2013

The Company has made the following classifications as of December 31, 2013 in order to ensure compliance with the Turkish Accounting Standards issued by KGK,

Statement of financial position	Issued December 31, 2013	Classification	Re-issued December 31, 2014
Marketing, sales and distribution expenses (note 15a)	-	902,539	902,539
Administrative expenses (note 15b)	34,134,764	(902,539)	33,232,225

Statement of Compliance with TAS

The financial statements attached hereto have been prepared in accordance with the Turkish Accounting Standards (“TAS”) put into effect by the Public Supervision Accounting and Audit Standards Institution (“KGK”) and such addenda and interpretations related therewith,

The financial statements and footnotes are presented in accordance with the “financial statement specimens and use guide” issued with the principle decision of May 20, 2013 of the KGK,

Netting / Offsetting

Financial assets and liabilities are stated as net in the case that one has the required legal right, that one intends to value such assets and liabilities as net, or that acquisition of assets and fulfillment of liabilities follows one another,

Footnotes attached hereto form an integral part of the financial statements.

New and revised standards and interpretations

The accounting policies used in the preparation of the financial statements for the account period ending on December 31, 2014 were applied in consistent with the ones used in the previous year with the exception of such new and revised TFRS standards and TFRYK interpretations which have become valid as of January 1, 2014, Effects of such standards and interpretations on the financial position and performance of the Company are explained in relevant paragraphs,

2. Principles applicable to presentation of financial statements (continue)

i) New standards, revisions and interpretation which are valid since January 1, 2014

TAS 32 Financial Instruments: Presentation - Netting of Financial Assets and Liabilities (Amendment)

The amendment clarifies the meaning of the phrase “in the case that one has a valid legal right to net the amounts accounted for” and clarifies the application of the TAS 32 netting principle in such settlement systems where accounts are not settled simultaneously and payments are made gross (such as clearing offices), This standard didn’t have any material impact on the financial position or performance of the Company,

TFRS Interpretation 21 Tax and Tax Equivalent Obligations

This interpretation clarifies that any tax and tax equivalent obligation is required to be recorded by the company immediately upon execution of the transaction that gives rise to payment in accordance with the relevant laws, This interpretation also clarifies that any tax and tax equivalent obligations can be accrued in stages only if a transaction which gives rise to payment as per the relevant laws is executed in stages over a period, A tax and tax equivalent obligation which occurs if a minimum threshold is exceeded shall not be recorded as an obligation unless the minimum threshold has been exceeded, This interpretation does not apply to the Company and didn’t have any impact on the financial position or performance of the Company,

TAS 36 Devaluation of Assets - Disclosure of recoverable value for non-financial assets (Amendment)

After the change made to the TFRS 13 ‘Fair value measurements’, certain provisions of the TAS 36 Devaluation of assets standard concerning the disclosure of recoverable values of any assets whose value has decreased have been amended, The amendment has introduced some additional disclosure provisions concerning measurement of the recoverable value as fair value net of costs of disposal, This standard didn’t have a material impact on the financial position or performance of the Company,

TAS 39 Financial Instruments: Accounting and Measurement - Transfer of derivative products and continuity of hedge accounting (Amendment)

The amendment made to the standard has introduced a narrow exclusion to the provision which requires cessation of the hedge accounting upon transfer of a financial hedging instrument to a central counterparty pursuant to the law or as a result of regulations, This standard didn’t have any impact on the financial position or performance of the Company,

TFRS 10 Consolidated Financial Statements (Amendment)

The standard TFRS 10 has been amended to introduce an exclusion regarding exemption of the companies answering to the description of the investment company from the provisions of consolidation, With the exclusion introduced to the consolidation provisions, investment companies are required to account for their affiliates based on the fair value pursuant to the provisions of the TFRS 9 Financial Instruments standard, This amendment didn’t any impact on the financial position and performance of the Company,

ii) Standards issued but have not come into effect and have not been put into practice early

New standards, interpretations and amendments which have been issued as of the date of approval of the financial statements but have yet not come into effect and have not been put into practice by the Company early for the current reporting period are as follows, Unless otherwise stated, the Company will make the necessary revisions which may affect the financial statements and the footnotes after coming of the new standards and interpretations into effect,

2. Principles applicable to presentation of financial statements (continue)

TFRS 9 Financial Instruments - Classification and Explanation

With the amendment made in December 2012, the new standard will become applicable for annual account periods commencing on January 1, 2015 and thereafter, The first phase of the TFRS 9 Financial Instruments standard introduces new provisions regarding measurement and classification of financial assets and liabilities, The amendments made to TFRS 9 will affect primarily the classification and measurement of financial assets and the measurement of such financial liabilities classified as the ones being measured by reflecting the fair value difference to the profit or the loss, and require the portion of any fair value changes of such financial liabilities which is related with the credit risk be presented in the statement of other comprehensive income, The Company will evaluate the impacts of the standard on the financial position and performance of the Company after the other phases of the standard have been adopted by the KGK,

TAS 19 – Defined Benefit Plans: Employee Contributions (Amendment)

In the accounting for of any defined benefit plans, contributions of the employees or any third persons must be taken into account pursuant to TAS 19, The amendment clarifies that if the amount of contribution is independent of the year of service, companies can account for such contributions by deducting them from the cost of the service in the year when the service was rendered, instead of spreading the contributions to the service periods, The amendment will be applied retrospectively for the annual account periods commencing on July 1, 2014 and thereafter, This amendment will not have any impact on the financial position and performance of the Company,

TFRS 11 – Acquisition of Shares in Joint Activities (Amendments)

TFRS 11 has been amended to provide a guidance regarding accounting for the acquisition of partnership shares in joint activities which constitute an enterprise, This amendment requires that a company which has acquired a partnership share in a joint activity which constitutes an enterprise as specified in TFRS3 Company Mergers apply all principles applicable to accounting for of company mergers covered by TFRS 3 and other TFRSs, except for those which are in contradiction with the guidance provided in this TFRS, In addition to this, the acquiring company must disclose such information required by TFRS 3 and other TFRSs related with the company mergers, The amendments will be applied prospectively for the annual account periods commencing on January 1, 2016 and thereafter, Early application is permissible, This amendment will not have any impact on the financial position and performance of the Company,

TAS 16 and TAS 38 – Clarification of Acceptable Depreciation and Redemption Methods (Amendments to TAS 16 and TAS 38)

Amendments to TAS 16 and TAS 38 prohibit the use of revenue-based depreciation method for tangible non-current assets and restrict to a considerable extent the use of revenue-based depreciation method for intangible non-current assets, The amendments will be applied prospectively for the annual account periods commencing on January 1, 2016 and thereafter, Early application is permissible, This amendment will not have any impact on the financial position and performance of the Company,

TAS 16 Tangible Non-Current Assets and UMS 41 Agricultural Activities: Carrier Plants (Amendments)

An amendment concerning accounting for of “carrier plants” has been done to TAS 16, In the issued amendments, it is stated that carrier plants in the class of biological asset, such as grape vine, rubber tree, date tree, etc,, yield produce for more than one period after they have become ripe and that they are held by enterprises throughout their life of yielding produce, However, for the reason that carrier plants do not undergo any significant biological transformation after they have become ripe and that their function is similar to that of manufacturing, the amendment provides that carrier plants must be accounted for under TAS 16, instead of TAS 41 and allows valuation of them by the “cost method” or the “revaluation method”, The produce on the carrier plant, on the other hand, will be accounted for by the method of fair value less

costs of sales as provided under TAS 41, The amendments will be applied prospectively for the annual account periods commencing on January 1, 2016 and thereafter, Early application is permissible, The amendment is not applicable to the Company and will not have any effect on the financial position or performance of the Company,

2. Principles applicable to presentation of financial statements (continue)

Annual Improvements to TAS/TFRSs

KGK issued the following standard amendments in relation with ‘Annual Improvements Pertaining to the 2010-2012 Cycle’ and ‘Annual Improvements Pertaining to the 2011-2013 Cycle’ in September 2014, The amendments are applicable for the annual account periods commencing on July 1, 2014,

Annual Improvements - the 2010-2012 Cycle

TFRS 2 Share-Based Payments:

Definitions relevant with the progress payment conditions have been revised, and the performance condition and the service condition have been defined in order to solve the problems, The amendment will be applied prospectively,

TFRS 3 Company Mergers

A contingent sum which is not classified as shareholder’s equity in a company merger is measured based on its fair value, whether it be included in the TFRS 9 Financial Instruments or not, and recognized in profit or loss in later periods, The amendment will be applied prospectively in respect of company mergers,

TFRS 8 Operating Segments

Amendments are as follows: i) Operating segments can be unified/ consolidated in consistent with the main principles of the standard; ii) Reconciliation of activity assets with total assets must be disclosed if this reconciliation is reported to the decision-making officer of the company, The amendments will be applied retrospectively,

TAS 16 Tangible Non-Current Assets and TAS 38 Intangible Non-Current Assets

Amendment to TAS 16,35(a) and TAS 38,80(a) clarifies that revaluation can be done in the following manner: i) Gross book value of the asset is adjusted to be equal to the market value of it or ii) market value of the net book value of the asset is determined and the gross book value of the asset is adjusted proportionally so that the net book value of the asset becomes equal to its market value, The amendment will be applied retrospectively,

TAS 24 Related Party Disclosures

The amendment clarifies that a management company providing key management personnel service is a related party who is subject to the requirement of related party disclosures, The amendment will be applied retrospectively,

Annual Improvements - the 2011-2013 Cycle

TFRS 3 Company Mergers

The amendment clarifies that i) not only the business partnerships but also the joint agreements are not within the scope of TFRS 3 and that ii) this scope exclusion is applicable only to the accounting for of the joint agreement in the financial statements, The amendment will be applied prospectively,

TFRS 13 Fair Value Measurement Reasons for Decision

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It is explained that the portfolio exemption under TFRS 13 is applicable not only to financial assets and financial liabilities but also to other agreements under TAS 39, The amendment will be applied prospectively,

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Explanatory footnotes to the financial statements
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2. Principles applicable to presentation of financial statements (continue)

TAS 40 Investment Property

Reciprocal relationship between TFRS 3 and TAS 40 in the classification of a property as investment property and as property used by its owner is clarified, The amendment will be applied prospectively, The amendments are not expected to have a significant impact on the financial position or performance of the Company,

New and reformed standards and interpretations issued by the International Accounting Standards Board (IASB) but not issued by KGK

The below listed new standards, interpretations and amendments to existing IFRS standards have been issued by IASB but have not yet come into effect for the current reporting period, However, these new standards, interpretations and amendments have not yet been adopted by KGK to TFRS, and therefore are not a part of TFRS, The Company will make the necessary revisions to its financial statements and footnotes after these standards and interpretations have come into effect under TFRS,

Annual Improvements - 2010-2012 Cycle

TFRS 13 Fair Value Measurement

As stated in the reasoning of the decision, short term trade receivables and payables on which interest rate is not specified can be indicated on the amount of the invoice when the discount effect is insignificant, The amendments will be applied immediately,

Annual Improvements - 2011-2013 Cycle

IFRS 15 - Revenue from Contracts with Customers

IASB issued IFRS 15 Revenue from Contracts with Customers standard in May 2014, The new five-stage model in the standard explains the requirements regarding accounting for and measurement of the revenue, The standard is applicable to the revenue from contracts with customers and sets a model for accounting for and measurement of sales of some non-financial assets which are not related with the ordinary activities of an entity (for example, tangible non-current asset disposals), IFRS 15 will be applied for the annual account periods beginning on January 1, 2017 and thereafter, Early application is permissible, Two alternative applications are offered for transition to IFRS 15: full retrospective application or modified retrospective application, When the modified retrospective application is preferred, previous periods will not be re-adjusted, but comparative numeric information will be provided in the footnotes to the financial statements, Effects of this amendment on the financial position and performance of the Company are being evaluated,

IFRS 9 Financial Instruments - Final Standard (2014)

IASB issued the final IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement and consists of classification and measurement, devaluation and financial hedge accounting stages in July 2014, IFRS 9 is based on a rational, single classification and measurement approach which reflects the business model within which the financial assets are managed and the cash flow characteristics, Upon this, a single model which is applicable to all financial instruments which are subject to devaluation accounting with a prospective expected credit loss model which will allow more timely recognition of credit losses has been built, In addition to this, IFRS 9 addresses the so-called “own credit risk” which results in recording as revenue in the profit or loss statement due to decrease in the fair value of the financial debt depending on the decrease in their own creditworthiness when banks and other entities have selected the option to measure their financial payables with the fair value, The standard also includes a financial hedge model developed in order to better correlate the risk management economy with the accounting applications,

2. Principles applicable to presentation of financial statements (continue)

IFRS 9 is applicable to annual account periods beginning on 1 January 2018 and thereafter, but early application is permissible, Furthermore, early application of the amendments pertaining to the ‘own credit risk’ without changing the accounting of financial instruments is permissible, The Company has been evaluating the impacts of the standard on its financial position and performance,

IAS 27 - Equity Method in Separate Financial Statements (Amendment to IAS 27)

In August 2014, IASB made amendment to IAS 27 to re-offer the option to use the equity method for recognition of investments in affiliates and subsidiaries for the separate financial statements of entities, Accordingly, entities are required to account for such investments

- with their cost value
 - as per IFRS 9 (or IAS 39)
- or
- by using the shareholder’s equity method,

Entities are required to apply the same recognition to each investment category, This amendment is applicable to annual reporting periods beginning on 1 January 2016 and thereafter and must be applied retrospectively, Early application is permissible and early application must be disclosed, This amendment is not applicable to the Company and will not have any effect on the financial position or performance of the Company,

IFRS Annual Improvements, 2012-2014 Cycle

IASB issued the annual improvements to IFRSs, “IFRS Annual Improvements, 2012-2014 Cycle”, in September 2014, The document makes five amendments to four standards, except for the standards which were amended as a result of the amendments and the relevant Reasons, The affected standards and the subjects of the amendments are as follows:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - amendment to disposal methods
- IFRS 7 Financial Instruments: Disclosures - service contracts; applicability of amendments to IFRS 7 interim summary financial statements
- IAS 19 Employee Benefits - regional market issue related with discount rate
- IAS 34 Interim Financial Reporting - Disclosure of information “elsewhere in the interim financial report”

This amendment is applicable for the annual reporting periods beginning on 1 January 2016 and thereafter and early application is permissible, Effects of these amendments on the financial position and performance of the Company are being evaluated,

IFRS 10 and IAS 28: Sales or Contributions of Assets between an Investor and Its Associate/Joint Venture -Amendments

IASB made amendment to IFRS 10 and IAS 28 in September 2014 in order to remedy the inconsistency between the requirements in the addressing of the loss of control of an affiliate handed over to an associate or a joint venture, With this amendment, it has been clarified that all of the earnings or losses arising from sale or contribution of assets constituting an entity in its form as defined in IFRS 3 between an investor and an associate or joint venture must be accounted for by the investor, Earnings or losses arising from re-measurement of the investment held in the former affiliate based on the fair value must be accounted for only to the extent of the shares owned by the unrelated investor in that former affiliate, Entities are required to apply this amendment prospectively for the annual reporting periods beginning on 1 January 2016 or thereafter, Early application is permissible, The amendments are not applicable to the Company and will not have any effect on the financial position or performance of the Company,

2. Principles applicable to presentation of financial statements (continue)

IFRS 10, IFRS 12 and IAS 28: Investment Entities: Application of the consolidation exception (Amendment to IFRS 10 and IAS 28)

IASB made amendments to IFRS 10, IFRS 12 and IAS 28 in December 2014 in order to address such issues that come up in the course of application of the investment entities exception in IFRS 10 Consolidated Financial Statements standard, The amendments are applicable for the annual reporting periods beginning on 1 January 2016 or thereafter, Early application is permissible, The amendments are not applicable to the Company and will not have an effect on the financial position or performance of the Company,

IAS 1: Disclosure Initiative (Amendment to IAS 1)

IASB made amendment to IAS 1 in December 2014, These amendments contain narrow-focus improvements in the areas of Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income arising from equity accounted investments, These amendments are applicable for the annual reporting periods beginning on 1 January 2016 or thereafter, Early application is permissible, The amendments are not expected to have an effect on the footnotes to the financial statements of the Company,

C. SUMMARY OF ACCOUNTING POLICIES

Financial instruments

Financial assets

Any financial assets other than the ones classified as financial assets at fair value through profit or loss and which are recorded at their fair value are accounted for on the basis of the total sum of the expenditures directly associated with the purchase at the fair market value, As a result of purchase or sale of such financial assets under a contract which contains the condition of delivery of the investment instruments in accordance with the period defined by the respective market, the respective assets are recorded or deleted from the record at the date of the transaction,

Financial assets are classified as “financial assets at fair value through profit or loss”, “held-to-maturity investments”, “available-for-sale” and “loans and receivables”, The classification is determined at the time of first recording according to the purpose of acquisition and characteristic of the financial asset,

Effective interest method

The effective interest method is a method for valuation of a borrowing instrument based on its redeemed cost and for distribution of the respective interest income to the period to which it relates, The effective interest rate is the rate that reduces the estimated total cash to be collected over the expected life of the financial instrument or, where appropriate, over a shorter period of time to the exact net current value of the respective financial asset,

Incomes associated with financial assets other than the ones classified as financial assets at fair value through profit or loss are calculated by using the effective interest method,

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Explanatory footnotes to the financial statements
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2. Principles applicable to the presentation of financial statements (continue)

Loans and receivables

Trade receivables arising from credit sales of goods or services directly to a debtor have been valued based on the discounted costs by using the effective interest method (Footnote 4),

If there is a situation which indicates that the Company cannot collect the due amounts, a receivables risk provision is set aside for trade receivables, The amount of this provision is the difference between the recorded value of the receivable and the collectible amount of the receivable, The collectible amount is the value of all cash inflows, including amounts recoverable from bonds and securities, discounted with the resulting trade receivable based on the original effective interest rate, If the amount of loss due to decline in value decreases due to a situation occurred after its recognition, that amount is reflected to other incomes in the current period,

Loss due to decline in value of financial assets

Financial assets or financial asset groups other than the financial assets at fair value through profit or loss are subjected to an evaluation at each balance sheet date as to whether there is any indicator that they have incurred any declining value or not, If one or more incidents occurred after recognition of a financial asset and if there is an impartial indicator that the financial asset has incurred a loss due to decline in value due to adverse impact of that incident on the future cash inflows of the financial asset which are predicted with confidence, the declining value has occurred,

When fair value of available-for-sale equity instruments decreases materially and continuously below the cost value, it is considered an objective indicator of declining value,

In respect of any financial assets accounted for based on their redeemed value, the declining value is the difference between the current value of them as calculated by discounting the future estimated cash inflows based on the effective interest rate and the book value of them,

In respect of any financial assets accounted for based on the cost value, the declining value is the difference between the current value of them as calculated by discounting the prospective estimated cash inflows based on the current interest rates for a similar financial asset and the book value of them, This type of declining value cannot be cancelled in later periods,

Except for trade receivables whose book value is lessened through use of a provision account, in respect of all financial assets, any declining value is directly deducted from the recorded value of the respective financial asset, In the event that the trade receivable cannot be collected, that amount is reversed by deducting it from the provision account, Changes in the provision account are recognized in the income statement,

An increase in the fair value of available-for-sale equity instruments, which occurs after the declining value, is accounted for directly in the equities,

In respect of any financial assets recognized based on their redeemed value, if the loss due to decline in value decreases in subsequent periods and such decrease is attributed to an event which occurred after recognition of the loss due to decline in value, the loss due to decline in value accounted previously is reversed in income statement up to an amount which does not exceed the redeemed cost value which the investment would have reached at the date of reversal of the loss due to decline in value had the loss due to decline in value never been accounted for,

Footnotes attached hereto form an integral part of the financial statements.

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2. Principles applicable to the presentation of financial statements (continue)

In respect of available-for-sale equity instruments, any declining value accounted for under the loss/profit account in previous periods may not be reversed in profit or loss, An increase in the fair value as a result of declining value is accounted for under the other comprehensive income account and gathered under the item of provision for revaluation of investments, In respect of available-for-sale borrowing instruments, the loss due to decline in value is reversed in profit or loss in subsequent periods in the cases that the increase in the fair value of the investment is attributable to an event which occurred after the recognition of the loss due to decline in value,

Cash and cash equivalent assets

Items of cash and cash equivalent assets are cash money, demand deposits and other short term investments with original maturity 3 months or less from the date of purchase, which can be readily convertible into cash, which do not pose a change of value in significant amount, which have high liquidity, Cash and cash equivalent assets of the Company are classified in the category of ‘Loans and Receivables’,

Derecognition of financial assets

In the event that the rights of the Company arising from a contract pertaining to cash inflows from a financial asset terminate or that the Company transfers the financial asset in question, together with al risks and earnings arising from the ownership of the asset, to another party, the Company derecognizes that asset, In the cases that all risks and earnings arising from the ownership of the asset are not transferred to another party and the control of the asset is retained by the Company, the Company continues to recognize its share remained in the asset and the obligations arising from the asset, which are payable by the Company, In the event that the Company retains all risks and earnings arising from the ownership of an asset, the Company continues to account for the financial asset, and also an amount of debt which is guaranteed in consideration of the financial asset transferred for the incomes earned from it is accounted for,

Tangible non-current assets

Initial records of tangible non-current assets were made based on their cost value calculated by adding the acquisition amounts and the other direct expenses necessarily incurred for making the asset usable, Tangible non-current assets have been valued based on the amounts remaining after deduction of accumulated depreciation costs and accumulated loss due to decline in value, if any, from their cost values in the period following their recording,

The tangible non-current assets are reflected to the financial statements based on their adjusted acquisition cost which is expressed by the purchase power of TL as of 31 December 2004 for the items acquired before 1 January 2005 and based on their net value occurred after deduction of accumulated depreciation costs and permanent loss due to decline in value, if any, from their acquisition costs for the items acquired after 1 January 2005, Depreciation is calculated by the straight-line method of depreciation at such rates reflecting the economic life of the non-current assets,

Depreciation is calculated on the costs of tangible non-current assets by using the straight-line method of depreciation based on the estimated useful lifespan of the tangible non-current assets, The annual depreciation rates used and the respective useful lifespans are as follows:

Earnings and losses arising from disposal of tangible non-current assets are established by deducting the net book value of the respective tangible non-current asset from the sales proceeds of it,

As of the date of the balance sheet, scrap values and useful lifespans of the assets are examined and necessary adjustments are done when necessary,

Normal maintenance and repair expenses incurred for a tangible non-current asset are accounted for as expenditure, Any investment expenses in nature that expands the capacity of a tangible non-current asset and increments the benefit to be obtained from it in the future are added to the cost of the tangible non-current asset, Investment expenses consist of cost items such as expenses which extend the useful lifespan of the asset, increment the service capacity of the asset or improve the quality or reduce the cost of a manufactured product or a service (Footnote 7),

Footnotes attached hereto form an integral part of the financial statements.

2. Principles applicable to the presentation of financial statements (continue)

Intangible non-current assets

Of the purchased intangible non-current assets, the ones with a limited lifespan are carried at the amounts remaining after deduction of accumulated redemption allowances and accumulated declining value from their cost values, Such assets are amortized by using the straight-line method of depreciation according to their expected useful lifespan, The expected useful lifespan and the depreciation method are reviewed each year in order to identify the potential impacts of any changes in the predictions and the changes in the predictions are accounted for prospectively, Of the purchased intangible non-current assets, the ones with unlimited lifespan are carried at the amounts remaining after deduction of the accumulated declining values from their cost values,

Licenses

Purchased licenses are carried at their historical costs, Licenses have limited useful lifespan and are carried at the amounts remaining after deduction of accumulated depreciation costs from their cost values, Purchased licenses are amortized by using the straight-line method of depreciation according to their expected useful lifespan (15 years),

Computer software

Purchased computer software programs are capitalized based on the costs occurred at the time of purchasing and during the period until they become ready for use, Such costs are amortized according to the useful lifespan of the software programs (5 to 10 years),

Costs associated with development and maintenance of computer software programs are recognized in the income statement in the period they occurred, Expenses which are directly linked with identifiable and idiosyncratic software products, the control of which is in possession of the Company, and which will provide an economic benefit above its cost are considered intangible non-current asset, Costs include the cost of the employees who developed the software and a portion of the general manufacturing expenses,

Declining value of intangible non-current assets other than tangible non-current assets and goodwill

In order to determine if there is any declining value in its assets at each reporting date, the Company examines the book value of its tangible and intangible non-current assets, If there is any declining value in the assets, recoverable amount of the assets, if any, is measured in order to be able to determine the amount of the declining value, Where the recoverable amount of an asset cannot be measured, the Company measures the recoverable amount of the unit which generates cash linked with the asset, If a reasonable and consistent allocation basis has been determined, the company distributes the assets to the cash generating units, Where it is not possible, the Company distributes the assets to the smallest cash generating units for determination of a reasonable and consistent allocation basis,

Any intangible non-current assets which have an indefinite economic lifespan and which are not ready for use are subjected to declining value test at least once a year or when there is an indicator of declining value, Recoverable amount is higher of the fair value, minus sales costs, and the value in use of an asset or a cash generating unit, The value in use is the present value of the future cash flows expected to be derived from an asset or a cash generating unit, In the calculation of the value in use, the pre-tax discount rate which reflects the value in use of money according the market evaluation in the current period and the risks specific to the asset which are not taken into account in the future cash flow projections is used,

Where recoverable amount of an asset (or a cash-generating unit) is less than the book value, the book value of the asset (or the cash-generating unit) is reduced to the recoverable amount, In the cases that such asset cannot be measured by the revalued amount, the loss due to decline in value is recognized directly in profit or loss, In this case, the loss due to decline in value is taken into account as revaluation decline in value,

2. Principles applicable to the presentation of financial statements (continued)

When the loss due to decline in value is reversed in subsequent periods, the book value of the asset (or the respective cash generating unit) is increased to be equal to the estimated amount re-updated for the recoverable amount, The increased book value must not exceed the book value to be reached if no loss due to decline in value has been recognized for the asset (or the respective cash generating unit) in the previous periods, Unless that the asset is carried at a revalued amount, the reversal of loss due to decline in value is recognized directly in profit or loss, The reversal of loss due to decline in value of a revalued asset is taken into account as revaluation increase,

Provisions for employee benefits

Severance pay

Pursuant to the laws and the provisions of collective labor agreements in effect in Turkey, severance pay is paid upon retirement or dismissal, As per the updated TAS 19 Employee Benefits Standard (“TAS 19”), this type of payments is characterized as defined retirement benefit plans,

The severance pay obligation recognized in balance sheet has been calculated and reflected to the financial statements based on the net present value of the amounts of obligation expected to arise in future due to retirement of all employees, Since the calculated actuarial earnings and losses are below the materiality level, they have not been accounted for as other comprehensive income/expense in the current period,

Profit share and bonus payments

The Company records, after some adjustments, the profit share and bonus, which is calculated based on a method that takes into account the profit belonging to the shareholders, as liability and expense, The Company sets aside a provision in the cases when there is a past practice which creates a contractual requirement or an implied obligation,

Contingent liabilities and assets

Provisions are reflected to the financial statements in the case that the Company has a legal or constructive liability which is ongoing as of the account period, that there is a payment potential for fulfillment of this liability, and that a reliable estimation can be made about the amount,

Such liabilities and assets which arise from past incidents and which can be confirmed with occurrence or non-occurrence of one or more uncertain future incidents, the existence of which is not in full control of the entity, are not included in the financial statements and are considered as contingent liabilities and assets,

Recognition of income and expense

Incomes and expenses are accounted for on accrual basis, Income includes invoiced value of service sales, Sales are recorded on accrual basis on the reasonable value of the charge which is received or becomes receivable when the service has been rendered, the risk and benefits of the product have been transferred, the amount of income has become determinable reliably, and flowing of economic benefits of the transaction to members has become possible, The Income (Revenue) is carried as net of VAT, returns, rebates and discounts,

Incomes from KRS, LKS, PMP and Check report fees are recorded on accrual basis by invoicing them per effective inquiry based on the membership agreement in consideration of services to member banks or financial institutions,

KKB Kredi Kayıt Bürosu A.Ş

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2. Principles applicable to the presentation of financial statements (continued)

Pursuant to the agreement of 19 December 2012 between Kredi Kayıt Bürosu A,Ş, and Türkiye Bankalar Birliği A,Ş,, all expenses made and will be made by Kredi Kayıt Bürosu A,Ş, for carrying out of the system operation of the Risk Center, together with a profit margin added to them, are invoiced periodically to Türkiye Bankalar Birliği A,Ş, and transactions of the Risk Center as recorded as service income,

Interest income and expense

Interest incomes and expenses are accounted for on accrual basis in the comprehensive income statement in the relevant period (Footnotes 17 & 18),

Foreign currency transactions

Transactions denominated in foreign currency are converted into Turkish Lira based on the exchange rate prevailing at the time of execution of the transaction, Balances in foreign currency are valued based on the exchange rates prevailing at the end of the period, As of 31 December 2014, the end of period exchange rate used for the transactions in US dollar is TL 2,3189 and end of period exchange rate used for the transactions in Euro is TL 2,8207 (31 December 2013: USD 1,00 = TL 2,1343, Euro 1,00 = TL 2,9365) (Footnote 20),

Taxes calculated on the earning of the entity

The income tax expense consists of the total sum of the current tax and the deferred tax expense,

Current tax

The current year tax obligation is calculated on the taxable portion of the profit in the period, The taxable profit is different from the profit shown on the income statement for the reason that the former excludes such items which can be taxed in other years or which can be deducted from tax and such items which cannot be taxed or deducted from tax, The present tax obligation of the Company has been calculated by using the tax rate legalized or substantially legalized as of the date of the balance sheet,

Deferred tax

Deferred tax obligation or asset is determined by calculating the tax effects of the temporary differences between the amounts of the assets and the liabilities shown on the financial statements and the amounts of them taken into account in the calculation of the legal tax base by the balance sheet method at the legalized tax rates, While the deferred tax obligations are calculated for all of the taxable temporary differences, the deferred tax assets consisting of the deductible temporary differences are calculated on condition that it is strongly possible to benefit from such differences by earning a taxable profit in the future, If the assets and liabilities in question arise from recording of any temporary difference, goodwill or other assets and liabilities pertaining to a transaction which doesn’t affect the trade or financial profit/loss on the financial statements first time ever (except for entity mergers), they are not accounted for,

Deferred tax obligations are calculated for all of the taxable temporary differences which are related with investments in affiliates and subsidiaries and with shares in joint ventures, except for the cases where the Company can control elimination of the temporary differences and where the possibility of elimination of such difference in the near future is low, Any deferred tax assets arising from taxable temporary differences linked with such investments and shares are calculated on conditions that benefiting from such differences by earning adequate taxable profit in near future is strongly possible and that extinction of the respective differences in the future is possible,

Footnotes attached hereto form an integral part of the financial statements.

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2. Principles applicable to the presentation of financial statements (continued)

The carrying value of the deferred tax asset is reviewed at each balance sheet date, The carrying value of the deferred tax asset is decreased to the extent that earning of a financial profit at a level which will allow gaining of benefit from some part or whole of it is not possible,

The deferred tax assets and liabilities are calculated at the tax rates (tax regulations) which are expected to be applied in the period when the assets will be realized or the liabilities settled and which are legalized or substantially legalized at the balance sheet date, In the calculation of the deferred tax assets and liabilities, tax consequences of the methods predicted by the Company for recovery of the book value of the assets or for settlement of the liabilities as at the balance sheet date are taken into account,

Deferred tax assets and liabilities are set off if there is legal right of setting of the current tax liabilities with the current tax assets or when such assets and liabilities are linked with the income tax collected by the same tax authority or when the Company is willing to pay by netting the current tax assets and liabilities,

Current and deferred tax in the period

The current tax and the deferred tax for the period, except for the ones which are linked with such items recognized as credit or debit directly in equity (in which case also any deferred tax linked with the respective items is recognized directly in equity) or which have arisen from initial recognition of merger of entities, are recognized as expense or income in the income statement, In respect of entity mergers, in the calculation of goodwill or in the determination of the portion of the shares acquired by the acquirer in the identifiable assets, liabilities and contingent payables of the acquired affiliate at their fair value which exceeds the acquisition cost, tax effect is taken into consideration,

Capital and dividends

Common shares are classified as capital, Dividends paid on the common shares are recognized in the period when they are declared, Any indispensable and unavoidable direct expenses related with capital rise are classified within the paid-up capital, Dividend distributed to the shareholders is recognized as debit in the financial statements of the Company within the period when it is approved by the shareholders,

Cash flow statement

In the cash flow statement, the cash flows pertaining to the period are classified and reported based on the main, investment and finance operations,

Cash flows arising from the main operations show the cash flows arising from the service sale operations of the Company,

Cash flows linked with investment operations show cash flows used and obtained by the Company in the investment operations (fixed investments and financial investments),

Cash flows linked with finance operations show the funds used by the Company in the finance operations and the repayments of such funds,

Liquid assets are cash money, demand deposit and other short term investments with a maturity period of 3 months or less since the date of purchase, which can be readily liquidated, which do not bear the risk of value change in significant amount,

Footnotes attached hereto form an integral part of the financial statements.

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Explanatory footnotes to the financial statements
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2. Principles applicable to the presentation of financial statements (continued)

Related parties

A related party is a natural or legal person who is related with the Company which issues the financial statements (‘reporting Company’),

(a) A person or a member of immediate family of that person is deemed related with the reporting Company in the following cases:

If that person

- (i) has control or common controlling power on the reporting Company;
- (ii) has significant influence on the reporting Company;
- (iii) is a member of key management staff of the reporting Company or of the parent company of the reporting Company,

(b) A company is deemed related with the reporting Company if any of the following conditions exists:

- (i) If that company and the reporting Company are members of the same group (that is, each parent company, affiliate and other affiliates are related with others),
- (ii) If the Company is a subsidiary or joint venture of the other entity (or a member of a group in which the other entity is a member),
- (iii) If both of the Companies are an association of a third company,
- (iv) If one of the Companies is an associate of a third company and the other Company is a subsidiary of that third company,
- (v) If the Company has post-employment benefits scheme for employees of the reporting Company or another company which is related with the reporting Company, If the reporting Company has such a scheme, the sponsor employers, too, are related with the reporting Company,
- (vi) If the Company is controlled by or under common control of a person defined in item (a),
- (vii) If a person defined in paragraph (i) of item (a) has a significant influence on the Company or is a member of key management staff of that Company (or of the parent company of the Company),

D. IMPORTANT ACCOUNTING EVALUATIONS, PREDICTIONS AND ASSUMPTIONS

Preparation of financial statements requires making of predictions and assumptions which affect the amounts of the assets and liabilities or of any disclosed contingent assets and liabilities and the amounts of the incomes and expenses reported as occurred during the respective period, Although such predictions are based on the best opinion and knowledge of the management, actual results may differ from the predictions, Predictions and decisions are continuously evaluated, Apart from the predictions, the management also takes some decisions regarding the application process of the accounting principles, The decisions having a material impact on the amounts in the financial statements and the predictions which may require significant adjustment in the assets and liabilities which are carried forward to the next fiscal year are as follows:

Recognition of deferred tax asset: Deferred tax assets can be carried to the extent that such tax benefit is possible, Amount of the future taxable profits and the future potential tax benefit is based on the medium term business plan issued by the Company and the predictions deduced thereafter, The business plan is based on the expectations deemed reasonable in the circumstances,

Useful lifespan of tangible assets: Useful economic lifespans of the assets of the Company are determined by the management of the Company at the date of acquisition of the asset and reviewed in terms of their appropriateness regularly, The Company determines the useful lifespan of an asset by taking into consideration the predicted benefit of that asset, This evaluation is based on the experience of the Company with similar assets,

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Explanatory footnotes to the financial statements
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3. Cash and cash equivalent assets

	31 December 2014	31 December 2013
Banks		
Time deposit	36,755,495	34,460,634
Demand deposit	379,173	965,991
Cash and cash equivalent assets	37,134,668	35,426,625

The range of interest rates of the time deposits of the Entity amounting to TL 36,004,895 as of 31 December 2014 is 0.25% to 11.50% (31 December 2013: 5% to 9.52%), and the amount of time deposit in foreign exchange is USD 323,620 (31 December 2013: None).

Details of the time deposits are as follows:

Maturity	Currency	Gross interest rate (%)	31 December 2014
02/01/2015	TRY	10,30%	10,868,896
16/01/2015	TRY	10,85%	10,000,000
30/01/2015	TRY	11,50%	5,000,000
06/01/2015	TRY	10,50%	10,000,000
02/01/2015	USD	0,25%	750,443
			36,619,339
Interest rediscunts equivalent of cash and cash equivalent assets			136,156
			36,755,495

Cash and cash equivalent assets in the financial statements of the Company as of 31 December 2014 and 31 December 2013 are shown as net of interest accruals on liquid assets.

	31 December 2014	31 December 2013
Cash and cash equivalent assets	37,134,668	35,426,625
Interest accruals	(136,156)	(163,888)
Cash and cash equivalent assets in cash flow statement	36,998,512	35,262,737

Footnotes attached hereto are an integral part of the financial statements.

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4. Trade receivables and payables

	31 December 2014	December 2013
Trade receivables		
-Trade receivables from related parties (Note 6)	1,462,707	4,135,691
-Other trade receivables	13,428,135	6,921,876
	14,890,842	11,057,567

Average duration between trade date and settlement date is 10 days for trade receivables (2013: 10 days)
There isn’t any receivable past due date and incurred decline in value as of the balance sheet date (31 December 2013: None).

	31 December 2014	December 2013
Trade payables		
-Trade payables to related parties (Note 6)	270,368	147,841
-Other trade payables	9,056,760	6,050,422
	9,327,128	6,198,263

Average duration between trade date and settlement date for trade payables is 10 days (2013: 10 days)

5. Other receivables and payables

	31 December 2014	December 2013
Other Receivables	59,224	21,997
-Receivables from other parties	59,224	21,997
Other payables	1,939,250	3,049,652
VAT payable	908,145	2,514,894
Other taxes and obligations payable	658,585	447,694
Other payables	372,520	87,064

6. Transactions and outstanding balances with related parties

Outstanding balances and material transactions with related parties are as follows:

Receivables from related parties

	31 December 2014	December 2013
T.Halk Bankası A.S.	237,841	684,570
T.C Ziraat Bankası A.S	212,580	1,011,201
T.İş Bankası A.S	209,197	1,004,062
T.Garanti Bankası A.S.	169,886	2,394,232
T.Vakıflar Bankası T.A.O.	161,746	872,806
Denizbank A.S.	135,939	1,148,925
Yapı ve Kredi Bankası A.S.	133,357	1,590,538
Sekerbank T.A.S.	70,184	157,720
Akbank T.A.S.	61,834	1,501,573
Receivables from other related parties	70,143	170,222
Accrued accretion expenses (*)	-	(6,400,158)
Total	1,462,707	4,135,691

Footnotes attached hereto are an integral part of the financial statements.

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(*) Purchases classified under service purchases from related companies consist of the sums remaining after netting of the data of the clients of the financial institutions who joined the portfolio.

Footnotes attached hereto are an integral part of the financial statements.

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6. Transactions and outstanding balances with related parties (continued)

Payables to related parties

	31 December 2014	31 December 2013
Anadolu Anonim Türk Sigorta Şti.	180,914	84,464
Aksigorta A.Ş.	76,521	53,589
Anadolu Hayat Emeklilik A.Ş (Ferdî Kaza)	10,903	6,665
Hedef Medya Tanıtım İnt. Med. Paz. A.Ş.	2,030	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	3,123
Total	270,368	147,841

7. Tangible non-current assets

Movements of tangible non-current assets during the account period of 1 January - 31 December 2014 are as follows:

	1 January 2014			31 December 2014
	Opening	Additions	Withdrawals	Closing
Cost				
Buildings	42,009,617	76,213	-	42,085,830
Machinery, installations, fixtures	7,308,314	4,096,611	(19,129)	11,385,796
Vehicles	211,086	-	-	211,086
Fixtures	2,277,956	909,237	(2,115)	3,185,078
	51,806,973	5,082,061	(21,244)	56,867,790
Accumulated depreciation				
Buildings	(2,161,605)	(897,042)	-	(3,058,647)
Machinery, installations, fixtures	(1,783,444)	(1,981,345)	-	(3,764,789)
Vehicles	(130,170)	(42,217)	-	(172,387)
Fixtures	(799,169)	(436,444)	1,590	(1,234,023)
	(4,874,388)	(3,357,048)	1,590	(8,229,846)
Net book value	46,932,585	1,725,013	(19,654)	48,637,944

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7. Tangible non-current assets (continued)

Movements of tangible non-current assets during the account period of 1 January - 31 December 2013 are as follows:

	1 January 2013				31 December 2013
	Opening	Additions	Withdrawals	Transfers	Closing
Cost					
Buildings	41,646,007	363,610	-	-	42,009,617
Machinery, installations, fixtures	3,260,838	4,496,156	(384,238)	(64,442)	7,308,314
Vehicles	327,256	-	(116,170)	-	211,086
Fixtures	1,849,806	545,065	(95,267)	(21,648)	2,277,956
	47,083,907	5,404,831	(595,675)	(86,090)	51,806,973
Accumulated depreciation					
Buildings	(1,332,555)	(893,531)	-	64,481	(2,161,605)
Machinery, installations, fixtures	(974,122)	(1,006,539)	368,466	(171,249)	(1,783,444)
Vehicles	(190,153)	(56,689)	116,170	502	(130,170)
Fixtures	(588,514)	(305,044)	88,816	5,573	(799,169)
	(3,085,344)	(2,261,803)	573,452	(100,693)	(4,874,388)
Net book value	43,998,563	3,143,028	(22,223)	(186,783)	46,932,585

8. Intangible non-current assets

Movements of intangible non-current assets during the account period of 1 January - 31 December 2014:

	1 January 2014			31 December 2014
	Opening	Additions		Closing
Cost				
Computer software	8,268,639	8,108,810		16,377,449
Rights	51,315	215,177		266,492
Other intangible non-current assets	218,058	121,363		339,421
	8,538,012	8,445,350		16,983,362
Accumulated depreciation				
Computer software	(3.303.486)	(2.717.194)		(6.020.680)
Rights	(2.585)	(3.526)		(6.111)
Other intangible non-current assets	(38.003)	(102.627)		(140.630)
	(3.344.074)	(2.823.347)		(6.167.421)
Net book value	5.193.938	5.622.003		10.815.941

Footnotes attached hereto are an integral part of the financial statements.

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8. Intangible non-current assets (continued)

Movements of intangible non-current assets during the account period of 1 January - 31 December 2013 are as follows:

	1 January 2013				31 December 2013
	Opening	Additions	Withdrawals	Transfers	Closing
Cost					
Computer software	3,422,731	4,877,627	(7,440)	(24,279)	8,268,639
Rights	-	29,800	-	21,515	51,315
Other Intangible Non-current Assets	-	215,294		2,764	218,058
	3,422,731	5,122,721	(7,440)	-	8,538,012
Accumulated depreciation					
Computer software	(2,058,853)	(1,246,085)	1,240	212	(3,303,486)
Rights	-	(2,465)	-	(120)	(2,585)
Other Intangible non-Current Assets	-	(37,911)	-	(92)	(38,003)
	(2,058,853)	(1,286,461)	1,240	-	(3,344,074)
Net book value	1,363,878	3,836,260	(6,200)	-	5,193,938

There isn’t any mortgage on any intangible non-current assets of the Company (31 December 2013: None).

9. Provisions, contingent assets and liabilities

a) Letters of guarantee given:

	31 December 2014	31 December 2013
Letters of guarantee given	19,207	56,059
	19,207	56,059
b) Letters of guarantee received:		
	31 December 2014	31 December 2013
Letters of guarantee received	-	18,860
	-	18,860
Provisions:		
	31 December 2014	31 December 2013
Provisions for Lawsuits	200,000	200,000
	200,000	200,000

Footnotes attached hereto form an integral part of the financial statements.

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10. Employee benefits

Employee benefits within the scope of payables

	31 December 2014	31 December 2013
Payables to personnel	10,826	1,388
Social security deductions payable	441,547	249,557
	452,373	250,945

Short term provisions for employee benefits

	31 December 2014	31 December 2013
Provision for employee premium	5,826,940	3,604,656
	5,826,940	3,604,656

Movement of provision for employee premium is as follows

	31 December 2014	31 December 2013
Balance at the beginning of the period	3,604,656	1,560,949
Increase during the period	5,826,940	3,604,656
Paid during the period (-)	(3,604,656)	(1,560,949)
	5,826,940	3,604,656

Long term provisions for employee benefits

	31 December 2014	31 December 2013
Provision for unused vacation	893,381	488,198
Provision for severance pay	747,834	308,721
	1,641,215	796,919

Movements of provision for severance pay are as follows:

	31 December 2014	31 December 2013
Balance at the beginning of the period	308,721	226,214
Cost of service	315,139	135,721
Cost of interest	27,785	4,869
Reversal of provision	(15,502)	(44,715)
Actuarial loss/gain	176,661	(13,368)
Paid during the period (-)	(64,970)	-
	747,834	308,721

Footnotes attached hereto form an integral part of the financial statements.

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10. Employee benefits (continued)

Provision for severance pay is set aside as detailed below.

Pursuant to the Turkish Labor Law, the Company is obligated to pay severance pay to employees who completed one year of service at the Company when they are laid off, retired, entitled to retirement upon completion of 25 years of service by male employees and 20 years of service by female employees, conscripted, and deceased.

Amount of the severance pay is equal to one month’s salary for each service year, and this amount has been limited with TL 3,541.37 as of 31 December 2014 (31 December 2013: TL 3,438.22). The severance pay obligation is not subject to any funding legally and there isn’t any funding requirement. Provision for severance pay is calculated by estimating the value of the potential obligation payable upon retirement of the employees in accordance with actuarial predictions.

TFRS requires development of actuarial valuation methods in order to estimate the long term severance pay provision of the Company. Accordingly, the following actuarial predictions have been used in the calculation of the total obligation:

	31 December 2014	31 December 2013
Annual discount rate (%)	9.00%	10.00%
Expected salary / limit rise rates (inflation rate) (%)	9.00%	7.40%

11. Prepaid expenses and deferred charges

	31 December 2014	31 December 2013
Prepaid expenses (*)	2.588.270	1.557.683
	2.588.270	1.557.683

(*) They consist of pre-paid insurance, maintenance and dues expenses as of 31 December 2014 and 2013.

	31 December 2014	31 December 2013
Deferred charges (**)	685.740	146.330
	685.740	146.330

(**) They consist of pre-collected service charges as of 31 December 2014 and 2013.

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Explanatory footnotes to the financial statements
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12. Other assets and liabilities

a) Other current assets:

	31 December 2014	31 December 2013
Receivables from personnel	1,555	-
Advances and guarantees given	6,539	-
	8,094	

b) Other non-current assets

	31 December 2014	31 December 2013
Deposits and guarantees given	8,381	17,231
	8,381	17,231

c) Other short term liabilities:

	31 December 2014	31 December 2013
Provision for bureau score expense	835,604	543,331
Provision for invoice expense	592,606	446,327
Other liabilities	-	7,313
	1,428,210	996,971

Footnotes attached hereto form an integral part of the financial statements.

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13. Equity

Approved and issued capital of the Company has been divided into 7,425,000 registered shares at par value of TL 1.00 each (31 December 2013: TL 7,425,000).

Voting right of the shareholders present at the Annual and Extraordinary General Meetings is 1 per share.

Shareholders of the Company and their shares in the capital as of 31 December 2014 and 31 December 2013 by historical values are as follows:

	31 December 2014		31 December 2013	
Shareholders:	Share rate (%)	Share amount (TL)	Share rate (%)	Share amount (TL)
Yapı ve Kredi Bankası A.Ş.	18,182	1,350,000	18,182	1,350,000
Türkiye Halk Bankası A.Ş.	18,182	1,350,000	18,182	1,350,000
Akbank T.A.Ş.	9,091	675,000	9,091	675,000
Türkiye Garanti Bankası A.Ş.	9,091	675,000	9,091	675,000
Şekerbank T.A.Ş.	9,091	675,000	9,091	675,000
Türkiye İş Bankası A.Ş.	9,091	675,000	9,091	675,000
Denizbank A.Ş.	9,091	675,000	9,091	675,000
T. Vakıflar Bankası T.A.O.	9,091	675,000	9,091	675,000
T.C. Ziraat Bankası A.Ş.	9,091	675,000	9,091	675,000
Paid-up Capital	100	7,425,000	100	7,425,000

Pursuant to the Turkish Commercial Code, statutory reserves are divided into two as first and second series statutory reserves. Pursuant to the Turkish Commercial Code, the first series statutory reserve is set aside at 5% of the statutory net profit until it reaches 20% of the paid-up capital. The second series statutory reserve is 10% of the distributed profit exceeding 5% of the paid-up capital. Pursuant to the Turkish Commercial Code, statutory reserves can be used to net the losses only so long as they do not exceed 50% of the paid-up capital. Apart from this, they may not be used for any purpose.

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Explanatory footnotes to the financial statements
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14. Sales and cost of sales

	31 December 2014	31 December 2013
KRS Inquiry Incomes	75,750,692	121,092,011
Risk Center Service Incomes	9,471,033	15,361,573
Check Report Inquiry Incomes	7,230,477	5,043,781
LKS Inquiry Incomes	6,475,333	3,519,873
Individual Indebtedness Index Inquiry Incomes	5,556,311	-
ERS Inquiry Incomes	3,298,110	185,116
Risk Report Inquiry Incomes	2,754,809	1,780,718
PMP Inquiry Incomes	2,453,950	38,188,760
KRM Inquiry Incomes	2,244,550	-
Geomis Subscription Incomes	750,000	110,000
Household Database Inquiry Incomes	469,159	-
Other Service Incomes	234,955	111,320
Subscription Incomes	232,086	-
Trade Registry Change Sharing	194,000	-
Other Membership Incomes	166,660	-
Tardes Subscription Incomes	160,000	10,018
MKDS Incomes	85,598	-
Tardes Use Incomes	48,699	-
Bounced check inquiry incomes	-	2,159,878
Corporate inquiry incomes	-	2,723,584
Membership establishment incomes	-	627,581
Pecuniary sanction incomes	-	11,900
Sales returns	(545,534)	(404,373)
Accretion incomes (*)	(9,043,033)	(102,047,117)
Net sales	107,987,855	88,474,623
Service generation cost	(21,580,941)	(16,237,699)
Gross main activity profit	86,406,914	72,236,924

(*) Accretion incomes: If any information obtained from each inquiry by members in the existing database has been provided from another member, an income is generated in favor of the institution from which the information has been provided. In this way, the system runs bi-directionally and when members used the system of KKB, they at the same time earn income from the system for the information they provided to the system. This income is called accretion.

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15. Marketing, sales and distribution expenses, general administrative expenses

	31 December 2014	31 December 2013
a) Marketing, sales and distribution expenses:		
Advertisement, trade fair and promotion expenses	10,747,822	902,539
	10,747,822	902,539
b) General administrative expenses:		
	31 December 2014	31 December 2013
Personnel expenses	36,593,346	22,484,142
Depreciation and amortization expenses	6,180,395	3,588,940
Maintenance repair expense	3,819,495	1,377,832
Consultancy expenses	2,605,529	2,050,491
Communication expenses	1,363,621	637,902
Travel expenses	559,252	564,518
Non-deductible expenses	541,942	1,278,430
Utility expenses	504,725	456,209
Tax and other obligations	281,453	188,625
Insurance expenses	233,071	115,401
Other	336,400	489,735
	53,019,229	33,232,225

16. Incomes / expenses from other operations / expenses

a) Other operating incomes:		
	31 December 2014	31 December 2013
Incomes and profit in the previous period (*)	21,549	98,095
Non-operating incomes	183,816	12,460
Service Incomes	4,831	4,464
Fixed Asset Sales Incomes	88	74,234
Provisions No Longer Required	-	448,448
Security Sales Profit	18,308	16,443
	228,592	654,144
b) Other operating expenses:		
	31 December 2014	31 December 2013
Expenses in the previous period	185,630	-
Other operating expenses	-	20,269
Provision for Lawsuit Expense	-	200,000
	185,630	220,269

Footnotes attached hereto form an integral part of the financial statements.

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17. Financial incomes

	31 December 2014	31 December 2013
Interest incomes	4,246,457	2,545,897
Exchange rate incomes	1,028,293	269,963
	5,274,750	2,815,860

18. Financial expenses

	31 December 2014	31 December 2013
Exchange rate difference expenses	883,730	218,570
	883,730	218,570

19. Tax assets and liabilities

	31 December 2014	31 December 2013
Provision for corporation tax	4,560,203	7,670,512
Pre-paid corporation tax	(5,520,619)	(7,440,313)
Tax asset/(liability) in the current period, net	(960,416)	230,199

The rate of corporation tax in Turkey is 20% for 2014 (2013: 20%). This rate is applied to the tax base which is calculated by adding such expenses which are non-deductible pursuant to the law to and deducting such exemptions (such as affiliation privilege) and allowances (such as investment allowance) from the trade earnings of corporations. Unless profit is distributed, no other tax is paid.

Withholding tax is not deducted from profit shares (dividends) paid to corporations which earn income through a workplace or a permanent representative of them in Turkey and to corporations based in Turkey. Dividend payments made to corporations other than the aforesaid ones are subject to withholding tax at the rate of 15%, with the provisions of bilateral treaties are reserved. Addition of the profit to the capital is not deemed profit distribution and is not subject to withholding tax.

Pursuant to the Turkish tax legislation, financial losses stated on the tax return can be deducted from the earnings of the corporation in the period, provided that it does not exceed 5 years. However, financial losses may not be set off against profits in the previous year.

There isn’t a practice in Turkey such as making reconciliation with tax authority regarding the taxes payable. Corporation tax return is submitted to the relevant tax office by the evening of 25th day of the fourth month following the closure of the account period. However, authorities authorized to do tax inspection may inspect the accounting entries and if any erroneous transaction is detected, amounts of taxes payable may change.

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19. Tax assets and liabilities (continued)

Reconciliation of the tax expense pertaining to the period of nine months ending on 31 December 2014 and 31 December 2013 is as follows:

	1 January -31 December 2014	1 January -31 December 2013
Pre-tax (loss) / profit	27,073,845	41,133,325
Tax calculated on the pre-tax profit	(5,414,769)	(8,226,665)
Non-deductible expenses	(1,419,239)	(319,606)
Allowances	2,273,805	875,759
Total tax expense	(4,560,203)	(7,670,512)

Deferred tax

The Company calculates its deferred tax assets and liabilities on the temporary differences occurred between the values of the assets and liabilities carried in the balance sheet and the tax values of them by using the tax rates legalized at the balance sheet date. The rate applied for deferred tax assets and liabilities calculated by the liability method on the temporary differences to occur in the future periods is 20% (2013: 20%).

Breakdown of the accumulated temporary differences and the deferred tax assets and liabilities as calculated by using the tax rates in effect at the balance sheet date as of 31 December 2014 and 31 December 2013 is as follows:

	Taxable temporary differences		Deferred tax asset/ (liability)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Depreciation adjustment of tangible non-current and intangible non-current assets	12,395,862	7,613,434	2,479,172	1,522,687
Provision for severance pay	(747,834)	(308,720)	(149,567)	(61,744)
Provision for unused vacation pay	(893,381)	(488,200)	(178,676)	(97,640)
Deferred Charges	(685,740)	-	(137,147)	-
Capitalized building	642,167	672,190	128,433	134,438
Deferred tax liabilities- net	10,711,074	7,488,704	2,142,215	1,497,741

Footnotes attached hereto form an integral part of the financial statements.

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Explanatory footnotes to the financial statements
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20. Nature and extent of risks arising from financial instruments

The Company is exposed to market risk comprising exchange rate, cash flow and interest rate risks, to capital risk, to credit risk, and to liquidity risk because of its activities. The risk management policy of the Company is focused on any unexpected changes in the financial markets.

The policy for management of financial risks is established by the top management and the finance department of the Company in accordance with the policies and strategies adopted by the Board of Directors. The Board of Directors adopts principles and policies with a general scope for management of especially exchange rate, interest and capital risks and closely monitors the financial and operating risks.

a) Credit risk:

The credit risk arises from deposits in banks, receivables from related parties and other trade receivables and includes the risk of holding financial assets and the risk of counterparty’s failure to fulfill the requirements of the contract. The management of the Company confronts such risks by limiting the average risk posed by the counterparty under each contract. Trade receivables are evaluated by taking into consideration the past experiences and the present economic situation and shown on the balance sheet as net after the provision for bad debt has been set aside. An analysis of the credit risk posed by the financial instruments as of 31 December 2014 and 31 December 2013 is as follows:

31 December 2014	Receivables			
	Trade receivables	Other receivables	Deposits in banks	Total
Maximum credit risk exposed to as of the reporting date (A+B+C+D+E) (2)	14,890,842	59,224	37,134,668	52,084,734
- Part of the maximum risk secured with bonds, etc.				
A. Net book value of financial assets which are not overdue or have not declined in value (3)	14,890,842	59,224	37,134,668	52,084,734
B. Book value of financial assets whose conditions have been re-negotiated, or which are deemed overdue or incurred decline in value (3, 4)	-	-	-	-
C. Net book value of financial assets which are overdue but not incurred decline in value (5)	-	-	-	-
- The part secured with bond, etc.	-	-	-	-
D. Net book value of financial assets which have incurred decline in value				
- Overdue (gross book value)	-	-	-	-
- Declined in value (-)	-	-	-	-
- Part of the net value secured with bond, etc.	-	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Decline in value (-)	-	-	-	-
- Part of the net value security with bond, etc.	-	-	-	-
E. Off-balance sheet items posing credit risk	-	-	-	-
31 December 2013:	Receivables			
	Trade receivables	Other receivables	Deposits in banks	Total
Maximum credit risk exposed to as of the reporting date (A+B+C+D+E) (2)	11,057,567	21,997	35,426,625	46,506,189
- Part of the maximum risk secured with bond, etc.	-	-	-	-
A. Net book value of financial assets which are not overdue or have not incurred decline in value (3)	11,057,567	21,997	35,426,625	46,506,189
B. Book value of financial assets whose conditions have been re-negotiated, or which are deemed overdue or have incurred decline in value (3, 4)	-	-	-	-
C. Net book value of financial assets which are overdue but not have incurred decline in value (5)	-	-	-	-
- Part of them secured with bond, etc.	-	-	-	-
D. Net book value of financial assets which have incurred decline in value	-	-	-	-
- Overdue (gross book value)	-	-	-	-
- Decline in value (-)	-	-	-	-
- Part of the net value secured with bond, etc.	-	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Decline in value (-)	-	-	-	-
- Part of the net value security with bond, etc.	-	-	-	-
E. Off-balance sheet items posing credit risk	-	-	-	-

Footnotes attached hereto form an integral part of the financial statements.

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Explanatory footnotes to the financial statements
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20. Nature and extent of risks arising from financial instruments (continued)

b) Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and securities, the availability of funding from adequate credit facilities, and ability to close out market positions.

Risk of funding the present and future potential loan requirements, is managed by maintaining the ability of the Company to have access to adequate number of lenders and maintaining the fund created from the operations in adequate amounts. The management of the Company pursues collection of receivables from the clients at due dates in order to ensure continuous liquidation, endeavors that any delay in collections does not cause a financial burden on the Company, and establishes cash and non-cash credit limits ready for use when needed by the Company as a result of studies conducted with banks. Analysis of the liquidity risk exposed to by the financial liabilities as of 31 December 2014 and 31 December 2013 is as follows:

31 December 2014:

Due dates as per contract	Book value	Total cash outflows as per contract (=I+II+III)	Shorter than 3 months (I)	Between 3 and 12 months (II)	Between 1 and 5 years (III)
Non-derivative financial liabilities					
Trade payables	9,327,128	9,327,128	9,327,128	-	-
Other payables	1,939,250	1,939,250	1,939,250	-	-
	11,266,378	11,266,378	11,266,378	-	-

31 December 2013:

Due dates as per contract	Book value	Total cash outflows as per contract (=I+II+III)	Shorter than 3 months (I)	Between 3 and 12 months (II)	Between 1 and 5 years (III)
Non-derivative financial liabilities					
Trade payables	6,198,263	6,198,263	6,198,263	-	-
Other payables	3,049,652	3,049,652	3,049,652		
	9,247,915	9,247,915	9,247,915	-	-

Footnotes attached hereto form an integral part of the financial statements.

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20. Nature and extent of risks arising from financial instruments (continued)

c) Exchange rate risk:

Statement of foreign currency position

	31 December 2014			31 December 2013		
	TL equivalent	Euro	US Dollar	TL equivalent	Euro	US Dollar
1. Trade receivables	-	-	-	-	-	-
2a. Monetary financial assets (Cash, Bank accounts including)	750,447	-	323,622	-	-	-
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current assets (1+2+3)	750,447	-	323,622	-	-	-
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-	-
9. Total assets (4+8)	750,447	-	323,622	-	-	-
10. Trade payables	995,067	7,885	419,710	553,221	-	259,205
11. Financial liabilities	-	-	-	-	-	-
12a. Other monetary liabilities	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13. Short term liabilities (10+11+12)	995,067	7,885	419,710	553,221	-	259,205
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Other non-monetary liabilities	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-
17. Long term liabilities 15+16+17)	-	-	-	-	-	-
18. Total liabilities (13+17)	995,067	7,885	419,710	553,221	-	259,205
19. Net asset / (liability) position of off-balance sheet derivative instruments (19a-19b)				-	-	-
19a. Total amount of assets hedged				-	-	-
19b. Total amount of liabilities hedged				-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(244,620)	(7,885)	(96,088)	(553,221)	-	(259,205)
21. Monetary items net foreign currency asset / (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	-	-	-	-	-	-
22. Total fair value of financial instruments used for Foreign Exchange Hedge	-	-	-	-	-	-
23. Exports	-	-	-	-	-	-
24. Imports	-	-	-	-	-	-

Footnotes attached hereto form an integral part of the financial statements.

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Explanatory footnotes to the financial statements
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20. Nature and extent of risks arising from financial instruments (continued)

Statement of exchange rate sensitivity analysis

	31 December 2014		31 December 2013	
	Profit/Loss		Profit/Loss	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
If US Dollar is appreciated by 10% against TL:	(22,282)	22,282	(55,322)	55,322
1- Net asset / liability in US Dollar	-	-	-	-
2- Part protected from US Dollar risk (-)	(22,282)	22,282	(55,322)	55,322
3- Net effect of US Dollar (1+2)				
If Euro is appreciated by 10% against TL:				
4- Net asset / liability in Euro	(2,224)	2,224	-	-
5- Part protected from Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	(2,224)	2,224	-	-
Total (3+6+9)	(24,506)	24,506	(55,322)	55,322

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20. Nature and extent of risks arising from financial instruments (continued)

d) Capital management

The Company manages its capital by maintaining continuity of its operations on the one hand and by using its liability and equity balance optimally on the other and by examining the due dates of cash and trade receivables and financial and trade payables arising from its operations. The capital cost of the Company, along with the risks linked with each capital class, are evaluated by the top management of the Company and the issues which require resolution of the Board of Directors are submitted to the evaluation of the Board of Directors. The Company aims for keeping the capital structure in balance through dividend payments as much as through acquisition of a new loan or repayment of an existing loan in line with the evaluations of the top managemet and the Board of Directors.

The Company monitors the capital by using the liability/equity ratio. This ratio is calculated by dividing the net liability by the total equity belonging to the parent company. The net liability is calculated by deducting the cash and cash equivalent assets from the total liability (which includes the financial liabilities, trade and other payables, and short and long term liabilities as shown on the balance sheet).

	31 December 2014	31 December 2013
Total liabilities	23,643,071	16,971,676
Less: Cash and cash equivalent assets	(37,134,668)	(35,426,625)
Net liability	(13,491,597)	(18,454,949)
Equities	91,597,152	50,776,485
Liability/equity ratio	(15%)	(36%)

21. Events occurred after the balance sheet date

None.

22. Other matters which materially affect the financial statements or which must be disclosed in order to make the financial statements clear, interpretable and understandable.

None.

