

KKB

ANNUAL

REPORT

2016



**WE OFFER A SECURE FUTURE
FOR THE FINANCIAL INDUSTRY,
REAL SECTOR AND INDIVIDUALS
THROUGH VALUE ADDED
PRODUCTS AND SERVICES.**

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WHO ARE WE?

**"WE PROVIDE SERVICES
TO IMPROVE THE RISK
MANAGEMENT CAPABILITIES
OF THE FINANCIAL INDUSTRY
AND THE REAL SECTOR."**

KKB
KREDİ KAYIT BÜROSU

01. ABOUT KKB

Accounting Period of Report
01.01.2016 – 31.12.2016

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
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Fax Number
+90 216 455 45 36

Website
www.kkb.com.tr

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

Kredi Kayıt Bürosu (KKB), Turkey's first and the only credit bureau was founded on April 11, 1995 as a partnership between nine leading banks. As of year-end 2016, KKB, a highly regarded financial institution, had 153 members: 44 banks, 62 factoring, 22 leasing, four insurance, 13 consumer finance, six asset management companies and two other types of companies. As required by Banking Law No: 5411 (Article 73/4), KKB was established by at least five banks to facilitate the exchange of information and documents between financial institutions. Under the same article, corporate members have been sharing customers' credit information since April 1999.

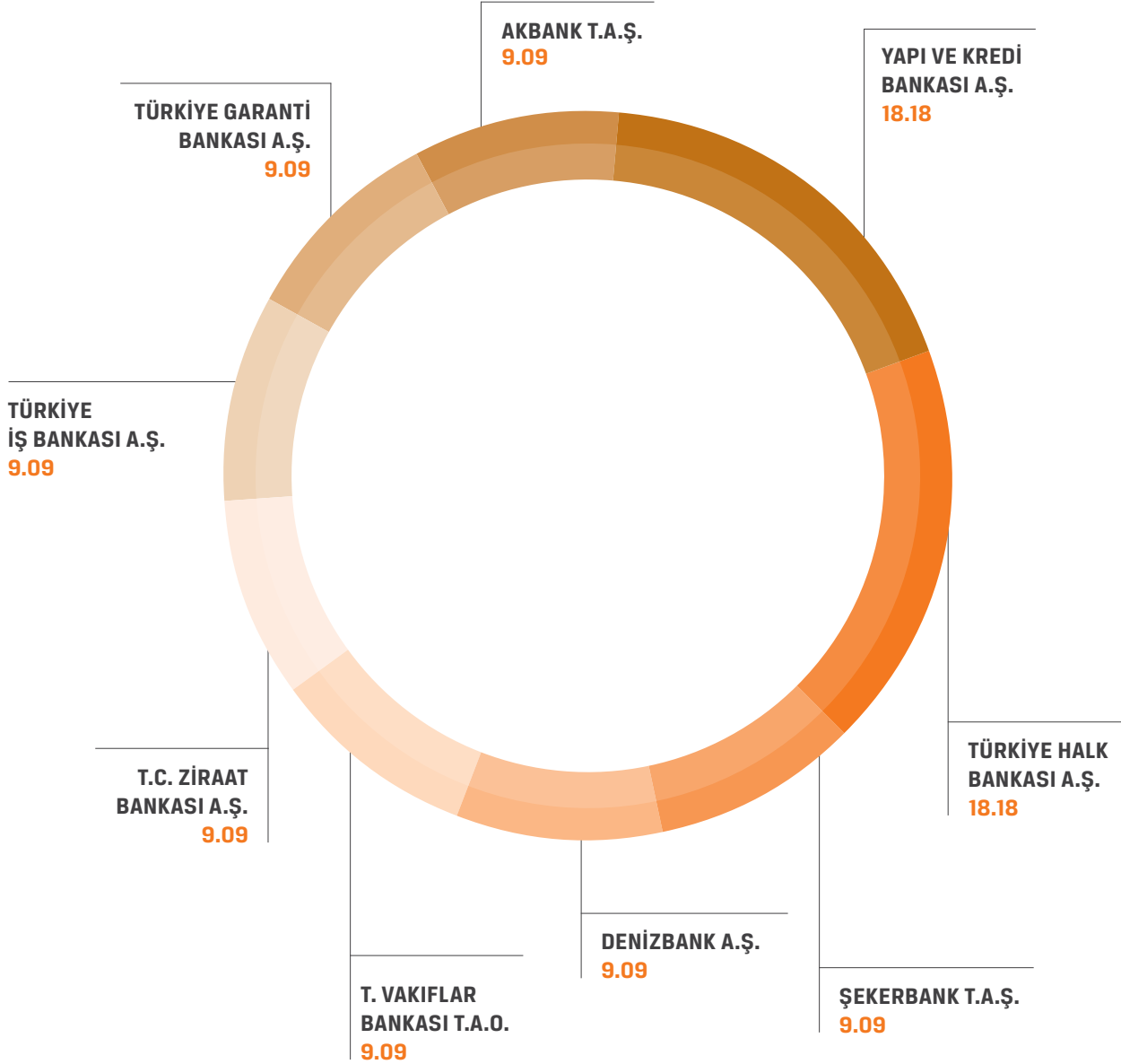
With Law No. 6111 issued on February 25, 2011, Additional Article 1 and Provisional Article 28 were added to Banking Law No. 5411. Pursuant to Additional Article 1, a Risk Center has been established within the organization of the Banks Association of Turkey (TBB) to collect the risk data of customers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

Risk Centralization Center within the organization of the Central Bank of Turkey, the Risk Center of the Banks Association of Turkey started up operations on 28 June 2013. KKB conducted all operational and technical activities through its own organization as an agency of the Risk Center of TBB and providing data collection and sharing services to 180 financial institutions which are members of the Risk Center.

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

WE CONTINUE TO CREATE ADDED VALUE

02. SHAREHOLDING STRUCTURE



Turkey's first and only credit bureau, Kredi Kayıt Bürosu (KKB) was established on April 11, 1995 with the participation of nine leading banks.

03. VISION, MISSION AND STRATEGIES

Vision

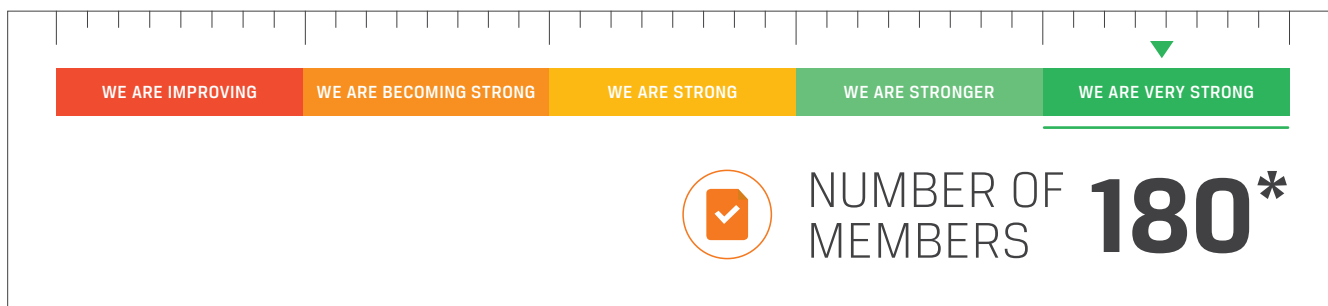
TO BECOME AN EXEMPLARY, LEADING CREDIT BUREAU IN THE WORLD AND A GROWING ASSET FOR TURKEY, BY EXCEEDING EXPECTATIONS WITH INNOVATIVE PRODUCTS AND SERVICES.

Mission

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

Strategies

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



* KKB has 153 members, including members served through the Risk Center.

04. MILESTONES

IN 2016, KKB LAUNCHED A NEW ERA FOR THE REAL SECTOR WITH THE INTRODUCTION OF THE QR CODE CHEQUE SYSTEM, WHICH WAS INITIATED IN JUNE 2015.

1995

- › Turkey's first and only credit bureau, KKB was established on April 11.

1999

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

2000

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

2001

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

2002

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

2004

- › Individual Credit Score (ICS) was introduced.

2005

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

2006

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

2007

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

2008

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

2009

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

2012

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

2013

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

2014

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

2015

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

2016

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

05. FINANCIAL AND OPERATIONAL INDICATORS

IN ADDITION TO DEVELOPING NEW PRODUCTS AND SERVICES IN 2016, KKB CONTINUED TO CREATE ADDED VALUE FOR THE BANKING-FINANCE INDUSTRY PRIMARILY, AS WELL AS THE REAL SECTOR, THROUGH PARTNERSHIPS ACROSS DIFFERENT INDUSTRIES.



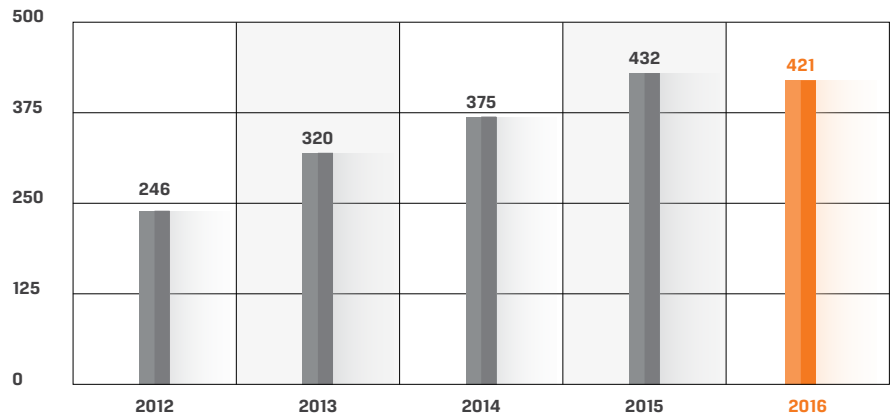
Key Operational Indicators	2012	2013	2014	2015	2016
CRS Inquiries (million)	246	320	375	432	421
Corporate Bureau Inquiries (million)	2	6	12	24	18
Retail Credit Ratings	208	279	317	366	365
Inquiry Records/month (million)	26	32	46	52	45
Objections on MIDES	230	279	221	303	267
LCS Inquiries (million)	33	37	99	136	140
Produced Cheque Reports (million)	1	5	12	21	30
Produced Risk Reports (million)	0.1	2	6	11	13

*The number of KKB members is 153 and this figure defines the members who are served via the Risk Center.

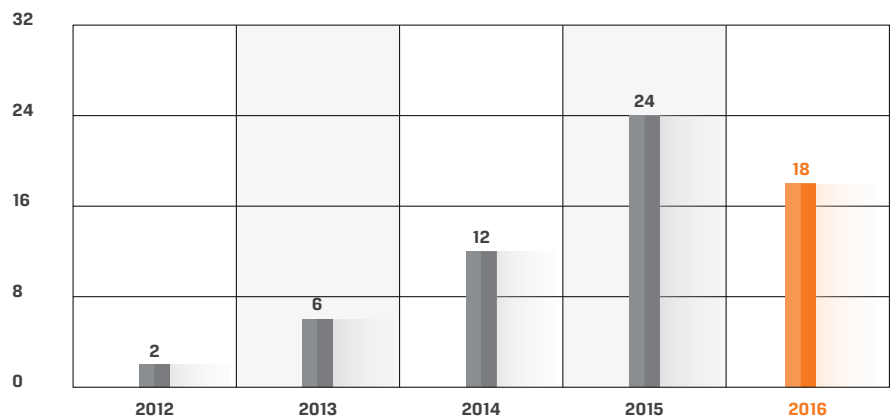
AT THE FOREFRONT WITH A ROBUST TECHNOLOGICAL INFRASTRUCTURE THAT DELIVERS SPEED AND QUALITY, KKB RECORDED 421 MILLION INDIVIDUAL BUREAU INQUIRIES AS OF YEAR-END 2016.

Total number of annual transactions Over 1 billion

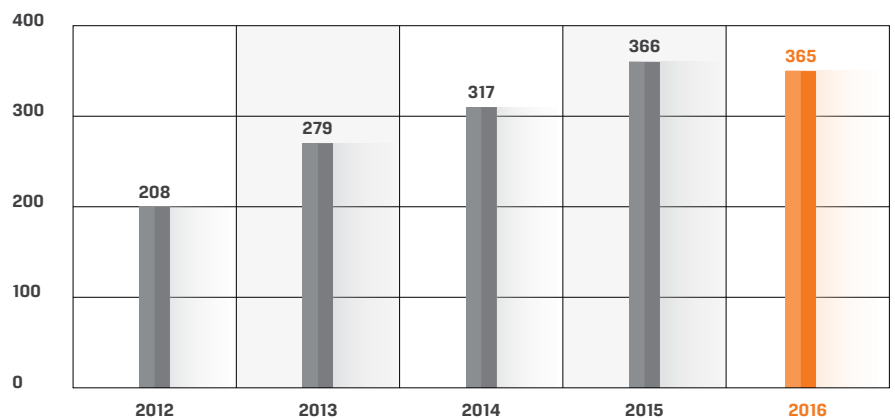
CRS INQUIRIES (MILLION UNITS)



CORPORATE BUREAU INQUIRIES (MILLION UNITS)



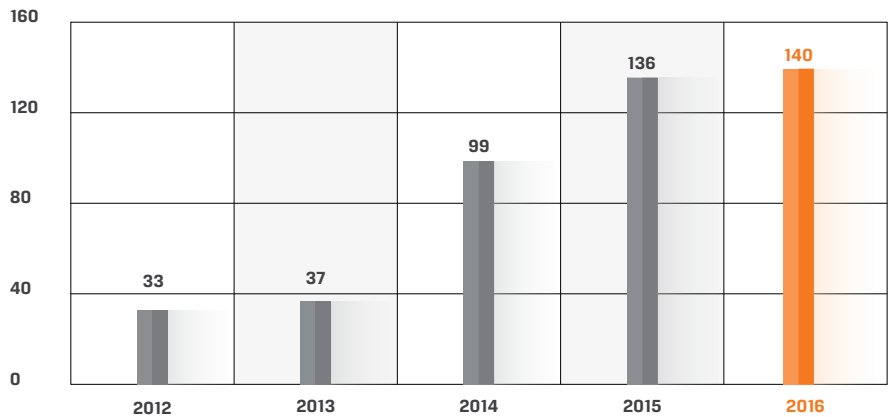
RETAIL CREDIT RATINGS (MILLION UNITS)



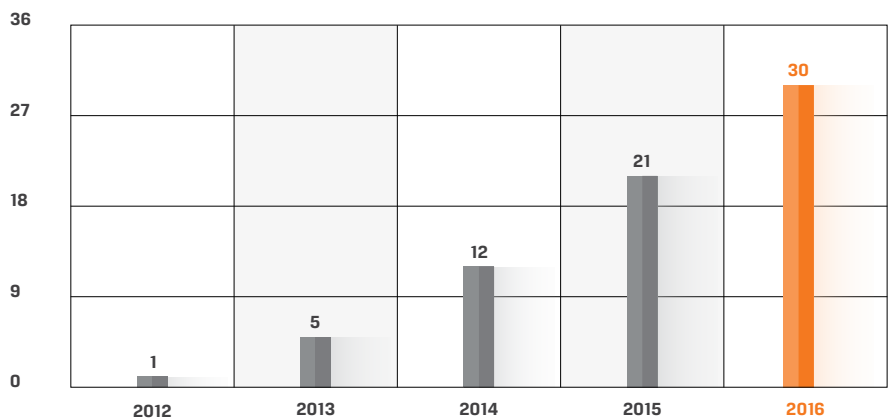
05. FINANCIAL AND OPERATIONAL INDICATORS

KKB, BOASTING A RICH PRODUCT AND SERVICE PORTFOLIO, INCREASED THE NUMBER OF ITS LCS INQUIRIES TO 140 MILLION BY YEAR-END 2016.

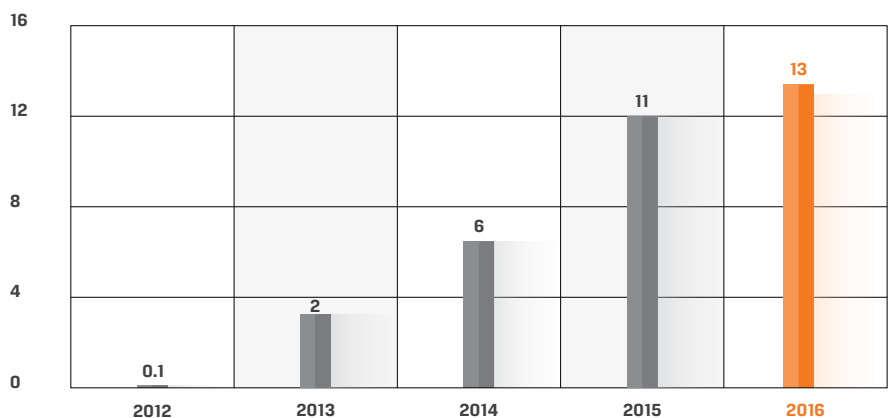
LCS INQUIRIES (MILLION UNITS)



PRODUCED CHEQUE REPORTS (MILLION UNITS)

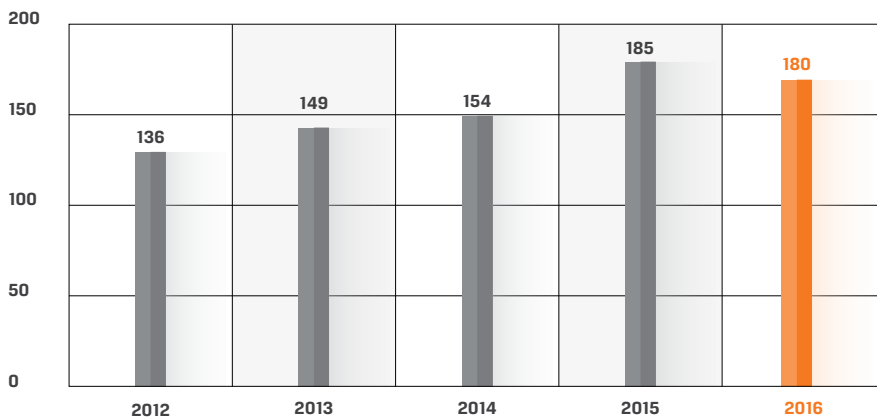


PRODUCED RISK REPORTS (MILLION UNITS)

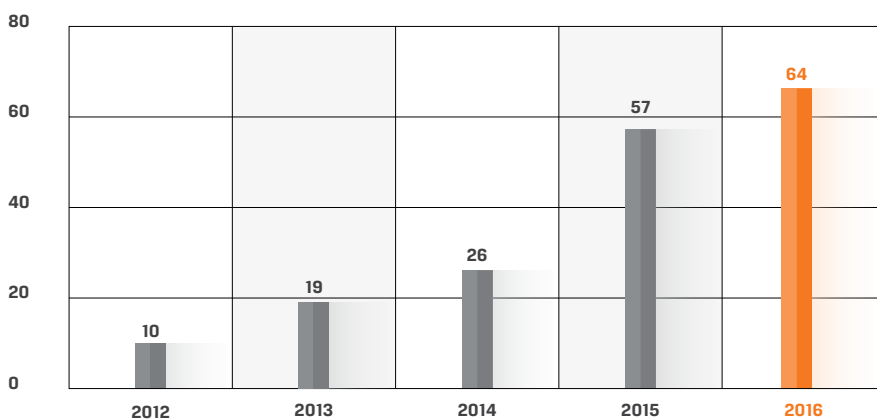


KKB, WHICH HAD 180 MEMBERS AT END-OF-YEAR 2016, PRODUCED 30 MILLION CHECK REPORTS AND 13 MILLION RISK REPORTS.

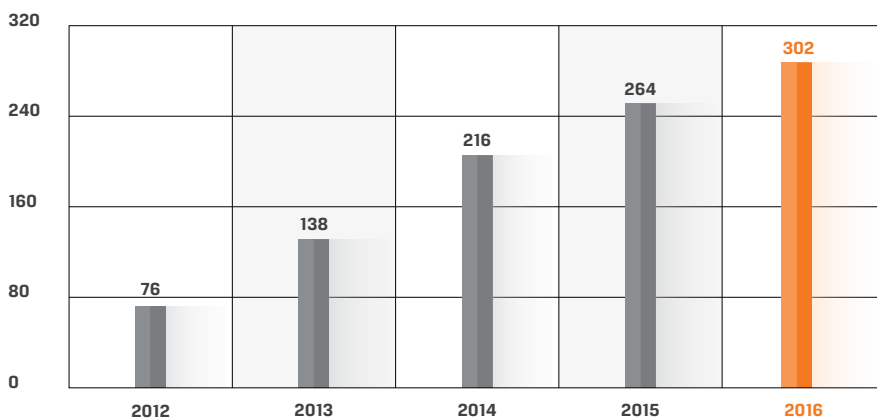
MEMBERS (ITEM)



NUMBER OF PRODUCTS (ITEM)




NUMBER OF EMPLOYEES





MANAGEMENT

A black and white portrait of Demir Karaaslan, a man with glasses, wearing a dark suit, white shirt, and dark tie. He is looking directly at the camera with a slight smile. A large, semi-transparent orange circle is overlaid on the lower half of the image, containing white text.

**2016 WAS A YEAR WHEN
WE OFFERED VALUE ADDED
PRODUCTS TO THE INDUSTRY
AND INTRODUCED NUMEROUS
INNOVATIONS.**

DEMİR KARAASLAN
CHAIRMAN OF THE BOARD

06. LETTER FROM THE CHAIRMAN

Dear Stakeholders,

In the first half of 2016, the global economy continued to feel the effects of the previous year. Low oil and commodity prices caused economic contraction in exporter countries. As commodity prices started to rise in the second half of the year, inflation in the EU and the US ticked up. After declining in value since the expected interest rate hikes did not materialize in 2016, the dollar is now on the rise as well. The US currency is expected to appreciate in value until the end of the coming year.

Having recorded 5% growth on average for the last 27 quarters, the Turkish economy is forecast to demonstrate a similar performance in 2017 as it did in 2016. Reforms are expected to accelerate despite the Medium Term Plan (MTP), which was revised downward due to the developments experienced during the year. The fact that economic growth in Turkey stems largely from domestic consumption poses a problem for the future. Turkey's economy needs to become more export- and investment-driven to achieve sustainable growth. However, investments are projected to gain pace starting in the fourth quarter, boosted by the structural reform steps taken by the government and the announced incentive packages.

BANKING INDUSTRY CLOSES THE YEAR WITH HIGH PROFIT

2016 was quite a difficult year both for Turkey and globally. However, we see that the Turkish economy performed relatively well during this challenging period. The banking system remained financially strong and the Turkish real sector is well accustomed to navigating through crises. The banking industry closed 2016 with higher profitability than the prior year. As a member of the banking sector, KKB also steered through the volatility with success in 2016.

2017 will be a better year for both the real sector and for individuals, as well as for the world and Turkey.

WE WILL CONTINUE TO CREATE VALUE FOR TURKEY

Kredi Kayıt Bürosu continued to pursue its vision of creating added value and decreasing costs. Our products and services for the financial industry help it to manage risks more effectively. Meanwhile, our improved tools and information enable the real sector to manage its risks.

Undoubtedly, the most exciting development for us in the recent period was the legal regulation enacted in 2016 regarding checks – one of the cornerstones of commerce. The application of the QR Code Cheque System became mandatory as of January 1, 2017. This new environment will help SMEs to manage risks properly while accelerating our economy by ensuring a more secure business climate. KKB continued to fulfill the responsibilities placed upon us as a key player in this important area.

For the coming period, we will continue providing new products and services for both the financial industry and the real sector at the same pace. In addition, we will continue delivering innovative solutions that will benefit all our stakeholders on all fronts. I believe 2017 will be an even more successful year for KKB.

Yours respectfully,



DEMİR KARAASLAN
Chairman of the Board

EFFECTIVE RISK MANAGEMENT AND CREATING VALUE IN THE INDUSTRY

A black and white portrait of Kasim Akdeniz, a middle-aged man with glasses, wearing a dark suit, white shirt, and patterned tie. The portrait is centered and occupies most of the frame. Overlaid on the lower half of the portrait is a large, semi-transparent orange circle containing white text.

**AS THE FIRST INSTITUTION TO
COME TO MIND WHEN THE TERM
"SECURE COMMERCE" IS STATED
IN TURKEY, KKB IS CLEARLY ON
THE RIGHT TRACK.**

KASIM AKDENİZ
BOARD MEMBER AND GENERAL MANAGER

07. LETTER FROM THE GENERAL MANAGER

Dear Stakeholders,

2016 was a very tough year due to the effects of various developments in our country and worldwide. As the year closes, general expectations are that the negative impact of the previous year will diminish in 2017. The global economy is forecast to perform better in the coming year than in 2016. Similarly, Turkey's economy is projected to rebound in 2017, and partially compensate for its setbacks thanks to structural reforms and incentive packages that the government has introduced.

WE CONTINUE TO PAVE THE WAY FOR SECURE COMMERCE

Kredi Kayıt Bürosu (KKB) has taken firm and courageous steps since its inception. Our value added products and services for the financial industry and the real sector help companies to manage risk. We also develop products and services that will facilitate the access of individuals to financing. During the year, we posted more than 1 billion transactions – a record high. The check report, credit note and risk report products for commercial customers through Findeks went up 29% compared to the previous year. This increase indicates the widespread use of Findeks products by the real sector.

We completed the systems infrastructure development of the QR Code Cheque, which became mandatory to be given by banks to customers as of January 1, 2017. This innovation enables the check to serve as a reliable payment instrument in commerce. The QR Code Cheque aims to minimize collection risks stemming from checks, a frequently used means of payment by businesses. This effort is also designed to improve the financial literacy of enterprises, especially SMEs. As a result, it will expand SME access to credit facilities by helping them to soundly manage their financial resources. We plan to enhance the use of the QR Code Cheque report in 2017.

In 2016, we initiated research studies to transfer letters of guarantee to the electronic medium, providing added value both for the financial industry and the real sector. With the use of the electronic letter of guarantee, we aim to prevent victimization caused by counterfeit guarantee letters; enable beneficiaries to instantaneously track their guarantee letters; eliminate archiving costs for both the beneficiary and payer; and make the process of letter of guarantee more effective in general.

OUR SOCIAL RESPONSIBILITY PROJECTS BENEFIT SOCIETY

KKB continues to execute initiatives that are driven by the goal of being a socially responsible institution while benefitting society and the younger generation. We organized the social responsibility project idea competition "You Imagine, We Realize" for the third time this year. Under this competition, which is still held with the same excitement as the first edition, a total of 1,253 students delivered 920 projects, each as valuable as the next. The "Audio Question Bank" initiative, which we launched this year, and selected as first in the "Education" category, was one of the most exciting activities for us in 2016. We made significant progress in a short period of time with the support of our employees for the Audio Question Bank project. This effort aims to send the updated sources regarding the Higher Education Exam ("YGS" in Turkish) and the Undergraduate Placement Exam ("LYS" in Turkish) to libraries that serve visually impaired persons. To date, 10 YGS trial tests were vocalized – a total of 1,600 questions – during the completed first phase of the project. We are pleased that more than 2 thousand visually impaired students will be prepared for the university exams with these audio resources.

VALUE CREATING PROJECTS THAT BENEFIT SOCIETY

07. LETTER FROM THE GENERAL MANAGER

KKB PLANS TO CONTINUE PROVIDING SUPPORT TO TURKEY'S BANKING AND FINANCIAL INDUSTRY AS WELL AS THE REAL SECTOR AT AN EVER-ACCELERATING PACE. OUR CUSTOMER, PRODUCTIVITY AND TECHNOLOGY FOCUSED APPROACH COUPLED WITH OUR HIGHLY QUALIFIED HUMAN CAPITAL ENSURE THAT WE LOOK FORWARD TO THE FUTURE WITH HOPE.

As in every year, we continued the social responsibility projects that we carried out with the cooperation of non-governmental organizations as well as the participation of our employees. We plan to continue our efforts in this key area in the coming year.

WE CONTINUE TO PROVIDE ADDED VALUE IN RISK MANAGEMENT

In 2016, we demonstrated a strong performance in line with our corporate objectives, while meeting the risk management needs of both our members and the real sector with our innovative products and services. KKB plans to continue providing support to Turkey's banking and financial industry as well as the real sector at an ever-accelerating pace. Our customer, productivity and technology focused approach, coupled with our highly qualified human capital, ensure that we look forward to the future with hope. I believe that our corporate culture and tradition of excellence will help us achieve this goal and create new value.

The dedication of our employees, the trust of our members, the support of our Board of Directors and our shareholders all give us the strength and motivation to reach our ambitious goals. I hereby give thanks to our Board of Directors and shareholders, our members and employees.

Yours respectfully,



KASIM AKDENİZ
Board Member and General Manager

In 2016, we demonstrated a strong performance in line with our corporate objectives, while meeting the risk management needs of both of our members and the real sector with our innovative products and services.



INDIVIDUAL BUREAU
NUMBER OF INQUIRIES

421 MILLION

NUMBER OF CORPORATE
BUREAU INQUIRIES

18 MILLION

08. BOARD OF DIRECTORS

DEMİR KARAASLAN

Chairman of the Board of Directors and Audit Committee Member

Yapı ve Kredi Bankası A.Ş.

*Deputy General Manager – Retail Loans
Deputy General Manager*

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

MEHMET SEBAHATTİN BULUT

Vice Chairman of the Board of Directors Türkiye Halk Bankası A.Ş.

*Deputy General Manager – Loan Policies
and Risk Monitoring*

Mehmet Sebahattin Bulut was born in Erzurum in 1965 and graduated from Uludağ University, Faculty of Economics and Administrative Sciences, Department of Econometrics. After working in the private sector for a time, he joined Türkiye Vakıflar Bankası T.A.O. as an Assistant Financial Analysis Specialist in 1994. He later served, respectively, as Inspector, Supervisor Manager, Commercial/Project Loans Manager, Branch Manager and Department Head at the same bank. Serving as a member of the

Board of Directors and Audit Committee in various subsidiaries of Türkiye Vakıflar Bankası T.A.O., Mr. Bulut was appointed the Deputy General Manager responsible for the Loan Policies and Risk Monitoring at Türkiye Halk Bankası A.Ş. as of July 10, 2014. Mr. Bulut has been a member of KKB Board of Directors since 2014.

EGE GÜLTEKİN

Member of the Board of Directors Akbank T.A.Ş.

Executive Vice President, Credit Monitoring and Follow Up

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

İZZET OĞUZHAN ÖZARK

Member of the Board of Directors Denizbank A.Ş.

*Deputy General Manager, Retail Banking
Sales Group*

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

GÖKHAN ERTÜRK

Member of the Board of Directors and the Audit Committee

Şekerbank T.A.Ş.

Deputy General Manager, Retail Banking

Gökhan Ertürk was born in 1970 and graduated from Boğaziçi University with a double major in Political Science, International Relations and Business Administration and Electronic Programming. He began his banking career at İktisat Bank in 1996. In 1997, he set up the Cash Management Department at Türk Ekonomi Bank and served as Director of the department. From 2002 to 2006, Mr. Ertürk worked as Head of SME Banking at Akbank. Subsequently, he served as Vice President of SME and Agricultural Banking (2006), and Vice President of Retail Banking (2009) at DenizBank and Board Member at Deniz Pension and Life. Mr. Ertürk has served as Senior Vice President of Retail Banking Marketing at Şekerbank and Board Member at Şeker Factoring since April 2014. He has been a member of the Board of Directors at KKB since March 2015.

ŞÜKRÜ ALPER EKER

Board Member

T. Garanti Bankası A.Ş.

*Coordinator – Individual and SME Loans
Risk Management*

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

08. BOARD OF DIRECTORS



BACK ROW (LEFT TO RIGHT): Şükrü Alper Eker, İzzet Oğuzhan Özark, Gökhan Ertürk, Ertuğrul Bozgedik, Mehmet Emin Karaağaç, Mehmet Sebahattin Bulut, Demir Karaaslan
FRONT ROW (LEFT TO RIGHT): Veysel Sunman, Ege Gültekin, Kasım Akdeniz



September 2015, he has served as the Coordinator of Garanti Bankası Individual and SME Loans Risk Management Department. Since March 2016, he has been a member of KKB Board of Directors.

ERTUĞRUL BOZGEDİK

Chairman of the Board of Directors

T. İş Bankası A.Ş.

Deputy General Manager, Loans

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

VEYSEL SUNMAN

Member of the Board of Directors and the Audit Committee

T.C. Ziraat Bankası A.Ş.

Head, Credit Risk Monitoring Department

Veysel Sunman was born in Sakarya in 1967 and graduated from Marmara University, Higher School of Press and Media, Department of Journalism and Public Relations. He worked as Specialist in the Credit Risk Monitoring Department at Pamukbank T.A.Ş. from 1988 to 1994. Mr. Sunman went on to work as Manager of the Credit Monitoring Department at Osmanlı Bankası A.Ş. between 1994 and

2001. Subsequently, he served as Head of the Credit Risk Monitoring Department at T. Halk Bankası A.Ş. from 2002 until 2005 and as Head of the Internal Control and Monitoring Center at MNG Bank from 2005 to 2007. Mr. Sunman has served as Head of the Credit Risk Monitoring Department at T.C. Ziraat Bankası A.Ş. since 2007.

MEHMET EMİN KARAAĞAÇ

Member of the Board of Directors

Türkiye Vakıflar Bankası T.A.O.

Executive Vice President, Legal Affairs & Loan Monitoring

Mehmet Emin Karaağaç was born in Konya in 1963 and graduated from Istanbul University, Faculty of Law. He began his professional career in 1989 as an Attorney at Türkiye İş Bankası A.Ş. Until January 2, 2012, he served as Associate Counsel and Legal Counsel in various units of Türkiye İş Bankası A.Ş. As of January 3, 2012, he started work as the Chief Legal Consultant at the Türkiye Vakıflar Bankası T.A.O. Legal Consultancy. On October 25, 2013, he was appointed Executive Vice President responsible for Legal, Loan Monitoring and Supervision Affairs; he currently holds this post.

KASIM AKDENİZ

Member of the Board of Directors and General Manager

Having about 30 years of experience in the banking industry, Kasım Akdeniz started his professional career at Yapı Kredi on the Inspection Board in 1987. Between 1996 and 2011, he held managerial responsibilities, working as manager, director, and group president primarily for the generation of loan products and processes, establishment and management of the loan allocation and monitoring systems, formulation of loan policies

as well as compliance. During this period, he served as a member of working groups within the Banks Association of Turkey in regards to the preparation of the Banking Law and its sub-regulations, and within KKB in regards to the establishment of the Corporate Bureau, Intermediary Costs on Loans, and Loans and Provisions. He also served as the Chairman of the Credit Guarantee Fund (CGF) Working Group and the Risk Center Working Group. In 2007, he was the Chairman of the Board of Directors of KKB Kredi Kayıt Bürosu A.Ş., and a Board Member between 2005 and 2011. Kasım Akdeniz was appointed General Manager of KKB Kredi Kayıt Bürosu A.Ş. as of October 2011; he continues to hold this position.

09. SENIOR MANAGEMENT



KASIM AKDENİZ



ABDULLAH BİLGİN



KORAY KAYA



İNCİ KESİCİ



ORKUN DENİZ



ALİ KEMAL CENK



GÜRKAN PLATİN



SERDAR ÇOLAK



HAZAR TUNA



HAKAN GÜMÜŞ



BAHATTİN ÇELİK

KASIM AKDENİZ

Member of the Board of Directors and General Manager

Having about 30 years of experience in the banking industry, Kasım Akdeniz started his professional career at Yapı Kredi in the Inspection Board in 1987. Between 1996 and 2011, he held managerial responsibilities, working as manager, director, and group president primarily for the generation of the loan products and processes, establishment and management of the loan allocation and monitoring systems, formulation of loan policies as well as compliance. During this period, he served as a member of working groups within TBB in regards to the preparation of the Banking Law and its sub-regulations, and within KKB in regards to the establishment of the Corporate Bureau, Intermediary Costs on Loans, and Loans and Provisions. He also served as the Chairman of the Credit Guarantee Fund (CGF) Working Group and the Risk Center Working Group. In 2007, he was the Chairman of the Board of Directors of KKB Kredi Kayıt Bürosu A.Ş., and a Board Member between 2005 and 2011. Kasım Akdeniz was appointed General Manager of KKB Kredi Kayıt Bürosu A.Ş. as of October 2011; he continues to hold this position.

ABDULLAH BİLGİN

Information Technologies

Deputy General Manager

Abdullah Bilgin has 31 years of professional experience. He graduated from Middle East Technical University, Department of Computer Engineering in 1985. Mr. Bilgin received his Master's degree from İstanbul University, Department of International Relations in 2002. Starting his career at Bilpa A.Ş. in 1986, Mr. Bilgin later worked as System Manager at John Deere in the USA. Subsequently, he served as Director in charge of System and Network Management in the Information Technologies Department at Yapı Kredi Bankası and as Group Manager of Self-Service Banking in the Alternative Distribution Channels Department until 2012. Mr. Bilgin has served as Deputy General Manager in charge of Information Technologies at KKB since November 2012.

KORAY KAYA

Strategic Planning and Corporate Relations

Deputy General Manager

Koray Kaya has 21 years of experience in the banking industry. He graduated from Yıldız Technical University, Faculty of Engineering, Department of Civil Engineering. After completing his MBA studies in the United States between 1991 and 1994, Mr. Kaya started his career at Garanti Bankası in 1995. He played a key role in the establishment of one of the first personal loans scoring systems in Turkey. During his tenure at Garanti Bankası, Mr. Kaya designed credit automation systems for consumer loans, credit cards and small enterprise loan applications. In 2004, he started work as a Consultant at Experian.

Mr. Kaya went on to serve as a Consultant on projects pertaining to automation of credit cards at almost all banks in Turkey. He created the good/bad definition at the customer level used in the scorecard infrastructure of KKB. Subsequently, Mr. Kaya served as Director of the Personal Loans Allocation Department at TEB from 2005 until 2009. During that period, he pioneered the modernization of the personal loans approval platform of TEB in accordance with the environment at that time. After starting work as Head of the Personal Loans Monitoring and Collection Department at Akbank in 2009, Mr. Kaya joined the Board of Directors at Kredi Kayıt Bürosu. He was appointed Head of the Personal Loans Allocation Department at the same organization in January 2012. Mr. Kaya has worked as Deputy General Manager in charge of Strategic Planning and Corporate Relations at KKB since May 2012.

İNCI TÜMAY KESİCİ

Financial Reporting and Financial Affairs

Deputy General Manager

İnci Tümay Kesici has 21 years of professional experience. She graduated from Boğaziçi University, Department of Business Administration in 1995. She started her career at Ernst & Young Denetim in 1995. She achieved the title Public Accountant and Financial Advisor in 1998. After she resigned as Manager from Ernst & Young Denetim in 2000, Ms. Kesici worked as Deputy General Manager in charge of Financial Affairs, Administrative Affairs, Budget Reporting and Operations at Yapı Kredi Leasing from 2000 to 2012. İnci Kesici joined KKB in May 2012, and she has served as Deputy General Manager of Financial Reporting and Financial Affairs since October 2014.

ORKUN DENİZ

Risk Center Coordination

Deputy General Manager

Orkun Deniz graduated from Boğaziçi University, Department of Computer Engineering in 1995. He continued his academic

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

ALİ KEMAL CENK

Internal Audit

Deputy General Manager

Ali Kemal Cenk has 16 years of professional experience. He graduated from Middle East Technical University, Department of Business Administration. Between 2000 and 2012, Mr. Cenk held various positions at the Banking Regulation and Supervision Agency, including Sworn-in Bank Auditor, Group Head, 2011 FSAP Coordinator, and Vice President of the Audit Department. He took key roles in the Working Group for the Risk-Focused Supervision Project, through which the BRSA has reestablished its audit system. He also took part in a one-month program geared towards the Risk-Focused Supervision Project involving Federal Reserve audits, and carried out FDIC-related studies. Mr. Cenk earned a dual MBA/MSF degree from Boston College between 2007 and 2009. In addition to BRSA audits concerning a range of legal issues, internal systems, and information management, he also conducted various audits in the Netherlands and Germany. Mr. Cenk attended a series of training courses on Risk Management in the USA, Basel II-III, internal control and banking; he also participated in training courses and has certificates of completion on COBIT, TFRS, International Accounting Standards, Oliver & Wyman Risk Management, and European Central Bank Eurosystem Macro-Micro Financial Audit. Mr. Cenk was appointed Deputy General Manager of Legal Compliance and Internal Audit in April 2012, and he currently serves as Deputy General Manager of Internal Audit.

GÜRKAN PLATİN

Sales and Operations Department

Manager

Gürkan Platin was born in Ankara in 1972 and graduated from Hacettepe University, Department of Public Administration, where he completed his undergraduate studies in Marketing, Management and Organization. He started his professional career at Mensan Group of Companies in the food sector in Ankara, where he worked between 1994 and 1996. In 1996, he joined Citibank Turkey in the area of Payment Systems Products; he worked, respectively, as Sales Representative, Sales Team Leader and Sales Force Training Manager, in the same group. During this time, Mr. Platin worked on web based solutions regarding reporting and monitoring systems, in addition to providing training and management of the human resources of direct sales organizations.

After establishing Demirbank Ankara Direct Sales Organization as the Regional Sales Manager in 2000, he started work as Direct Sales Director for Garanti Payment Systems at the end of the same year. He became responsible for card sales starting in 2001 with a sales force directly under his management and only through the Direct Sales Team. Mr. Platin's responsibility later expanded to include all sales channels, with the establishment of Telesales teams, development of card sales processes for the branches of Garanti Bank, management of card sales projects of member merchants, and the execution of portfolio sales activities. Ultimately, while serving as the Group Manager responsible for all card sales channels of both individual cards and commercial cards at Garanti Payment Systems, he resigned from Garanti Bankası in January 2008. Subsequently, Mr. Platin became the General Manager of Telegami Sales Services, which he founded, and a member of the Board of Directors of 12İm Group of Companies. Having joined KKB in 2014, Mr. Platin is the Sales and Operations Department Manager.

SERDAR ÇOLAK

Risk Management

Manager

Serdar Çolak has 10 years of professional experience. He graduated from Robert College and from İstanbul Technical University and State University of New York, Department of Economics, respectively, as the highest ranking student. He received his Master's degree from Boğaziçi University, Department of Management Information Systems. Mr. Çolak started his professional career as SAP Consultant in New York City (USA) in 2006. After gaining experience there, he went on to work in the İstanbul office of PwC Turkey, where he served as Manager of the Risk, Process and Technology Services Department. Having broad experience in the finance industry, Mr. Çolak's areas of expertise include corporate risk management, information systems governance, information security, business continuity, SOX IT, organizational and process structuring of companies in the finance sector, and Banking Regulation and Supervision Agency information systems audits. At PwC Turkey, Mr. Çolak also served as Manager in charge of teams engaged in projects involving audit and consultancy services at various financial institutions such as banks, insurance providers, leasing companies, factoring companies and capital market intermediary firms. He submitted reports to the BRSA as independent auditor in charge of BRSA information systems audits conducted at many banks and their invested companies in Turkey, Germany, Greece and Portugal. Having the titles of Information Systems Auditor (CISA), ISO 27001 Information Security Management System and ISO 22301 Business Continuity Management System Chief Auditor, Mr. Çolak has served as Risk Management Manager at Kredi Kayıt Bürosu since April 2014. He is the Senior Management Representative in charge of the Information Security, Corporate Risk Management and Process Management teams.

HAZAR TUNA

Internal Control and Legal Compliance

Manager

Hazar Tuna has 10 years of professional experience. After completing his studies at Üsküdar American High School, he graduated from Purdue University, Department of Computer Engineering in 2005. He completed his Executive MBA at Boğaziçi University in 2012. Mr. Tuna started his career in the Corporate Risk Services Department at Deloitte Denetim in 2006. He took part in independent information systems audits at banks and information systems risk security and Sarbanes-Oxley audit related work in the real sector. Mr. Tuna continued his career in the Information Technologies Audit Department at Yapı Kredi Bankası from 2008 to 2013. In addition, he conducted pilot installation work of the audit workflow software program, which was designed for use in the entire UniCredit Group, playing a key role in shaping the final version thereof. Mr. Tuna has served as Internal Control Manager at Kredi Kayıt Bürosu since April 2013. Having served as the Information Systems Auditor (CISA), ISO 27001 Information Security Management System and ISO 22301 Business Continuity Management System Chief Auditor, Mr. Tuna has been the Internal Control and Legal Compliance Manager at KKB since April 2013.

HAKAN GÜMÜŞ

Human Resources Department

Manager

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

BAHATTİN ÇELİK

Legal Consultancy Department

Legal Counsel

Bahattin Çelik graduated from Dokuz Eylül University, Faculty of Law in 1985. Following his law internship and judge candidacy, he served as a lawyer, associate counsel and legal counsel at Yapı Kredi Bank between January 1, 1989 and May 31, 2006. Between June 1, 2006 and January 3, 2015, Mr. Çelik worked as Legal Counsel/Group Manager and Consultant at ING Bank. He has been the Legal Counsel at KKB since February 15, 2015. Mr. Çelik is a Lawyer-Mediator registered with the Union of Turkish Bar Association as 19357 and with the Mediator Registry as 1524.

10. MEMBERS

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

Products	2011	2012	2013	2014	2015	2016
Banking	35	38	39	42	53	52
Factoring	55	72	77	76	69	62
Financial Leasing	4	16	16	20	29	26
Consumer Finance	8	9	13	12	12	14
Asset Management Company	-	-	-	-	12	15
Insurance and Other	-	1	4	4	10	11
Total	102	136	149	154	185	180*

MEMBER BANKS

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

CONSUMER FINANCE COMPANIES

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

*KKB has 153 members, defining members as those served via the Risk Center.

FACTORING COMPANIES

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

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

INSURANCE COMPANIES

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

ASSET MANAGEMENT COMPANIES

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

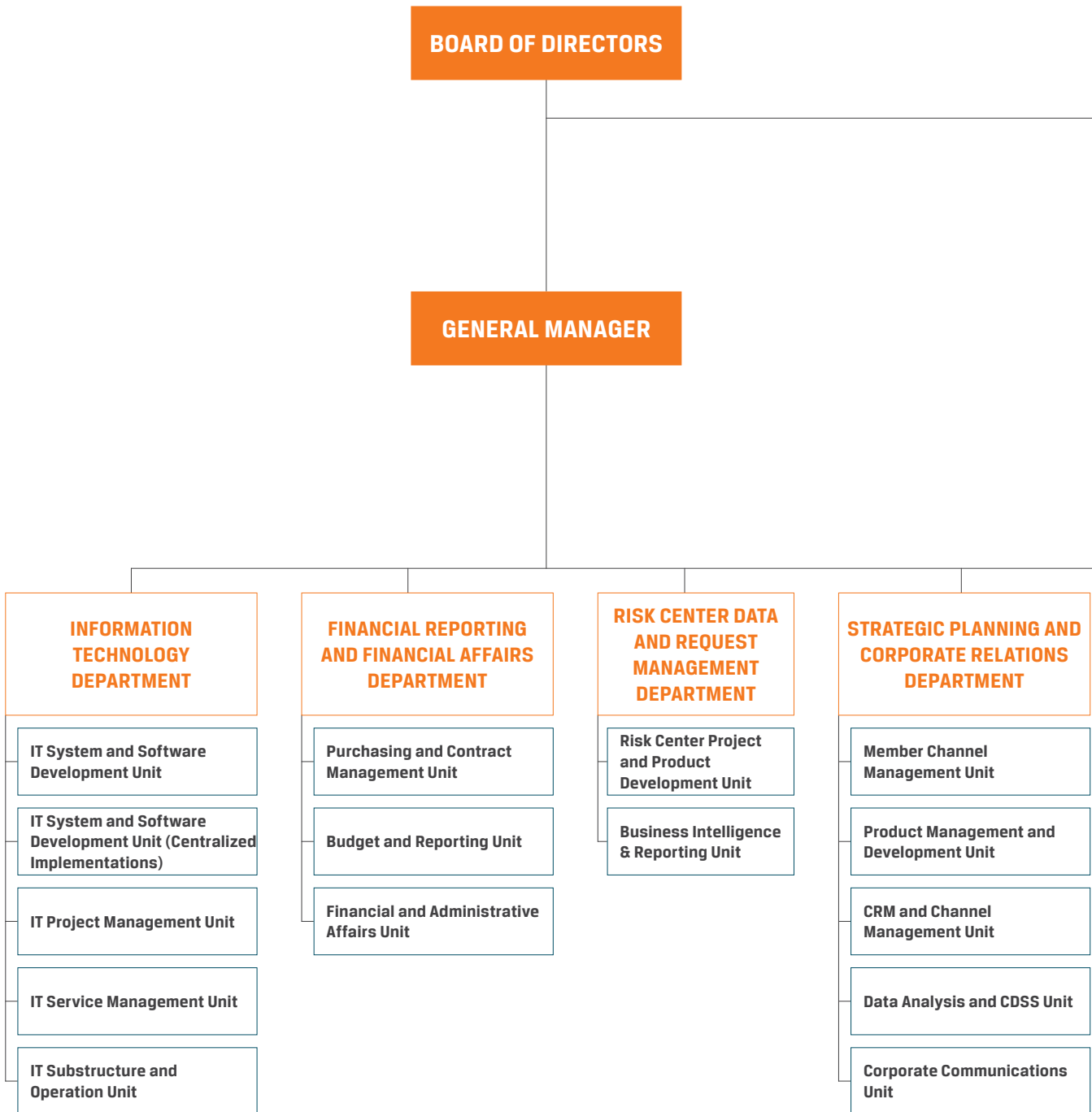
OTHER

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

FINANCIAL LEASING

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

11. ORGANIZATIONAL CHART



AUDIT COMMITTEE

**INTERNAL
AUDIT DEPARTMENT**

IT Audit Unit

Finance and Business Units
Audit Unit

Member Audit Analysis and
Coordination Unit

**INTERNAL CONTROL AND
LEGAL COMPLIANCE
DEPARTMENT**

Information Systems
Control Unit

Business Units and Financial
Control Unit

Legal Compliance Unit

**RISK MANAGEMENT
DEPARTMENT**

Information Security
Management Unit

Corporate Risk
Management Unit

Process Management
Unit

**SALES AND
OPERATION
DEPARTMENT**

Sales Management
Unit

Communications
Center

Operations Center

**HUMAN RESOURCES
DEPARTMENT**

**LEGAL CONSULTANCY
DEPARTMENT**



BUSINESS UNITS

12. BUSINESS UNITS

IN 2016, KKB BUSINESS UNITS AIMED TO DEEPEN IN EXISTING PRODUCTS AND SERVICES WHILE IMPROVING SERVICE QUALITY.

AUDIT COMMITTEE

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

The Audit Committee successfully performed its duties in 2016 in the direction of the main functions defined above.

INFORMATION TECHNOLOGIES DEPARTMENT

Personal System and Software Development Unit (Distribution Channels)

Software development activities continued throughout 2016 in accordance with the processes, while adhering to quality and security improvement goals. In addition to participating in the development of new projects, important tasks were also undertaken in the modification, maintenance and support efforts of existing products. As well as providing services to units other than IT, it has also taken part in software development activities to improve the IT systems infrastructure and architecture.

The Digital Platforms Unit was established in 2015. The Unit continued to develop the

current KKB corporate website in 2016, reducing its dependence on an external agency. Additionally, the Unit developed its own Content Management System to facilitate management of website content. An automated, end-to-end Continuous Delivery Pipeline was created, including unit tests and integration tests used while making the content live. In website development efforts, the Unit started using the Test Driven Software Development (TSD) methodology, which is a quality software development technique. The Anadolu Data Center website, the revisions of the "You Imagine, We Realize" website, KKB Meydan, and Findeks.com are completed studies and The efforts on KKB's new website continues rapidly.

In 2016, the responsibilities within the CRM Siebel and Oracle EBS systems development process were also included in the System and Software Development Unit. The necessary processes for both systems were established and disseminated throughout the organization. The Unit has carried out development of the Siebel platform with internal resources. Similarly, it is targeted to reach the same level on the Oracle EBS platform in 2017.

The mobile application KKB Pulse was launched in order to provide the traceability of applications and the inflow and outflow of data within the Company. In parallel with technological developments in web-based developments, APIs such as angularJS and reactJS started to be used. Additionally, pilot studies are being conducted for the technologies planned for use in the future.

HIGHLIGHTS

➤ During 2016, KKB prioritized quality and security enhancement issues in its software development activities.

➤ Research studies regarding KKB's corporate website, where products and services are offered to stakeholders, and the member website, which targets the needs of KKB members, rapidly continue.

WEB-BASED DEVELOPMENT STARTED USING THE TEST-DRIVEN SOFTWARE DEVELOPMENT (TDD) TECHNIQUE FROM THE PRINCIPLES OF QUALITY SOFTWARE DEVELOPMENT.

IT System and Software Development Unit (Central Applications)

Due to KKB's increasing workload in 2016 and its critical position in the industry, the Unit prioritized system performance and architectural improvement activities and Unit focused its efforts in this area. The system architecture and the organizational improvements were carried out with the below functions gathered within the Central Applications Unit:

> IT Basic Bureau Applications

This function, which is responsible for the LCS (Limit Control System) and the score software, as well as Bureau Applications, KKB's main operational area and systems, continued working to meet industry needs while aiming to achieve a sustainable rise of the service level and business continuity in light of the increased workload. In 2016, permanent work related to daily data sharing was undertaken to restructure the Corporate Bureau. The results of these efforts, scheduled for completion at the start of 2017, will be reflected across the entire industry.

> IT Data Warehouse and Business Intelligence Applications

This function relates to realizing all kinds of system and software development studies that support analytical and reporting activities. In 2016, it focused on "Big Data" studies and prioritized R&D efforts in this area in line with technological developments. Preliminary analyses, on which areas these

studies can be actualized, were completed taking into account various possible scenarios. They were planned to be included in the scope of two projects.

Furthermore, infrastructure work was carried out to be able to monitor trends in data quality studies and report the problematic data. In addition, studies on the Credit Reference System (CRS), Corporate Bureau System (CBS) and combined data were completed during the year.

> IT Risk Center Practices

This function is responsible for providing software and maintenance support to the Risk Center (RC) operations. In 2016, it continued system software development activities for the increased workload and sharing new data received from the public. Priority was also given to improvement and infrastructure disaggregation efforts, considering the needs and performance. Additionally, the service technology infrastructure was raised by one notch, creating more balanced environment, particularly through APM integrations. These efforts are scheduled to expand in 2017.

In 2016, the software architecture was organized, while SDLC studies were managed and processed. Design studies for the centralization and standardization of audit trails are underway; they are planned to be opened for internal users in 2017.

The IT System and Software Development Unit focused on "Big Data" studies in 2016 and prioritized R&D efforts in this area.



**WE ARE AN EXEMPLARY
INSTITUTION THAT HAS ADVANCED
TECHNOLOGY, INFRASTRUCTURE AND
HARDWARE. WE PROVIDE ADDED
VALUE, INNOVATIVE PRODUCTS AND
SERVICES TO THE INDUSTRY.**

ABDULLAH BİLGİN

12. BUSINESS UNITS

> IT Access and Payment Applications

Through this function, the Risk Center (RC) and KKB carry out access and user management as well as software and maintenance efforts for accounting and card payment systems. In 2016, secure access studies based on OWASP criteria were completed, providing two factor validation continuity. Efforts continued to integrate the user management processes specific for members to new applications. The access, authorization, and user management modules of the application, which is positioned within the audit management of the Risk Center members, were realized as required by the Risk Center agreement.

Preliminary analysis and new integrations towards the centralization of the card payment infrastructure were also completed in 2016.

Quality measures for all software development and maintenance activities continued into 2016 and are reflected in annual targets on a functional basis. The efforts were guided by a continuously increasing quality approach with new software evaluated within this framework. Quality certification research continued to be undertaken parallel to the quality measurement studies. As the next step, automated measurement of software codes is targeted on a daily basis.

IT Service Management Unit

The availability reports of Risk Center and KKB products and services continued to be shared with related persons on a weekly basis; meanwhile, the same reports were shared on the Risk Center side for 15-day and monthly periods. The KKB product/

service catalog was updated and new services started to be reported to the related units and the management. The product/service catalog updates made on the Risk Center side were concluded, mutually agreeing with TBB Risk Center. The availability reports continued to be shared through the updated product/service catalog. A catalog for internal services was created on the KKB side.

Service Management and Event/Problem Management processes were reviewed, updates were realized at points where deemed necessary, and shared with process management.

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

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

Manage Engine request records on the KKBSY, (Mi4biz) weekly closed registrations on the KKBNM, and weekly reports belonging to all open registrations were delivered to the relevant persons on Mondays and Wednesdays.

On the Event Management side, the daily reports received through KKBNM (Mi4biz) continued to be shared with the relevant department managers.

On the Problem Management side, the weekly reports received through KKBNM (Mi4biz) continued to be shared with the relevant department managers.

IT Project Management Unit

Using the PMI methodology, the IT Project Management Unit focuses on planning the projects submitted by all business units. As of year-end 2016, the Unit had successfully completed 25 projects; additionally, the Unit continued to work on 18 projects initiated in 2016. Having been submitted to the IT Project Management Unit by business units following feasibility studies, the scope of these projects have already been determined and their legal and regulatory compliance have been evaluated. The IT Project Management Unit then planned, implemented and coordinated these projects in accordance with PMI methodology and KKB standards.

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

STRONG INFRASTRUCTURE

SUPERIOR TECHNOLOGY

12. BUSINESS UNITS

THE SYSTEMS INFRASTRUCTURE OF ALL APPLICATIONS WITHIN KKB, RUNNING ON THE MAINFRAME INFRASTRUCTURE, WERE TRANSMITTED TO THE ARCHITECTURES THAT WILL BE OPERATIONAL 24/7.

"Cloud Native"

In addition to the infrastructure related studies that will support the vision set for the use of cloud technologies, KKB started development of the "Cloud Native" application.

Management Unit provided analysis and testing support to all project and software change requests submitted during the year by taking into consideration the current functional and technical business requirements; screen requirements and operations; their impact on other systems; authorization structure; information that needs to be accessed; target service level; performance criteria; domain controls in screen and web services; and data requirements. Using a test automation tool, the IT Business Analysis and Test Management Unit was able to run 70% of regression tests automatically, and thus made significant progress towards achieving error-free software.

IT Infrastructure and Operation Unit

> KKB Anadolu Data Center Studies

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

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

Under this practice, which was repeated for the third time in 2016, both the Open Systems and the Mainframe environments were rerouted to the systems located in the Extraordinary Situation Center (ESC) in Izmir. On November 19, 2016, all KKB services were provided from ESC for one en-

tire day, and all operations were conducted below the predefined RTO and RPO values.

> System Infrastructure Management

All applications, which were running on the mainframe infrastructure, were transferred to a 24/7-server architecture.

The application server environment will be consolidated into Cisco's Blade server architecture, where investments were made and the infrastructure was built. The transition of the mentioned study to the PROD environment upon its completion, including the pre-Prod environment, will be completed by end-2016.

The server automation infrastructure was installed, making necessary investments and automation studies started. With this structure, the server patches gone through every month will no longer be manually operational as they will systemically become automated.

The SDLC environment was redesigned through studies carried out by the Corporate Architecture. Work was also initiated to bring the application libraries into a standard structure. In addition, the API Gateway architecture, which will serve as an "exit gate" for the services provided by KKB, was designed. Studies started to realize a project on the API Gateway, and transmit all KKB services to this structure.

In addition to the infrastructure studies that will support the vision set for cloud technologies, the development of the "Cloud Native" application was started.

KKB has completed establishment of the Anadolu Data Center with the Uptime Tier IV and LEED Gold certification target to serve the financial industry.

KKB HAS ENABLED ITS WEBSITE, MOBILE APPLICATION, CUSTOMER COMMUNICATION CENTER, BANKING AND STRATEGIC BUSINESS PARTNERSHIPS CHANNELS - THROUGH WHICH IT DELIVERS SERVICES TO THE FINANCIAL INDUSTRY AND THE REAL SECTOR - TO PROVIDE EFFICIENT INTERACTION WITH THE END USER.

STRATEGIC PLANNING AND CORPORATE RELATIONS DEPARTMENT

Member Channel Management Unit

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

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

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

In addition to the management of the member relations, Member Channel Management regularly monitors the sales

performance of the budget and products, while making sure the necessary efforts are undertaken to extend KKB and Risk Center services.

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

Product Management and Development Unit

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

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

Product Management and Development undertakes key tasks in the launch and follow-up of many high value-added products and services taking into consideration the suggestion from both members and employees.

HIGHLIGHTS

- KKB made progress toward achieving an error-free version by ensuring that 70% of the regression tests run automatically and launching the test automation application.
- With the member representatives specifically assigned to each entity, KKB established one-to-one communication with its membership.
- KKB uses its member specific website as an information, notification and feedback channel for KKB and Risk Center products.

12. BUSINESS UNITS

KKB CONTINUED TO LAUNCH SUSTAINABLE PROJECTS WITH CORPORATE SOCIAL RESPONSIBILITY AWARENESS. THE THIRD YEAR OF THE "YOU IMAGINE, WE REALIZE" INITIATIVE WAS COMPLETED WITH SUCCESS.

Aiming to facilitate financial transactions both in the finance industry and the real sector with KKB and Findeks products, Product Management and Development is divided into six main divisions: KKB Product Management, Findeks Product Management, Marketing and Corporate Relations, Product Development, Process Management, and Business Development.

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

The Business Development team, which KKB established in the process of opening Findeks to the real sector, continuously contacts real sector companies and takes their needs into consideration. Business Development continues its communications efforts ceaselessly during the product development process and even throughout the use of the product.

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

Corporate Communications Unit

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

As part of communication efforts related to KKB and Findeks, product and service promotional materials were created, sponsorship activities were carried out within sector-specific events and national press meetings were organized during the year. Throughout the year, the Unit carried out many internal and external activities to promote KKB and its products and services.

As CSR awareness steadily grows within the organization in line with KKB strategies, the Corporate Communications Unit continues to implement sustainability related projects. To that end, the third edition of the "You Imagine, We Realize" competition launched this year. This competition aims to address social issues and create a pool of social responsibility project ideas by encouraging the participation of young people, who are the future of the country. With the aim of realizing one of the top ranked projects under the competition, KKB launched the "Audio Question Bank" initiative, which ranked the first in the "Educa-

HIGHLIGHTS

➤ KKB carries out sustainable project related studies, with its ever-increasing CSR awareness and in line with overall corporate strategies.

➤ KKB launched the "Audio Question Bank" project for visually impaired students with the voluntary participation of KKB employees.

KKB DEVELOPED EFFECTIVE CUSTOMER AND CAMPAIGN MANAGEMENT STRATEGIES TO OFFER THE RIGHT PRODUCT TO THE RIGHT PERSON WITH A CUSTOMER-ORIENTED SERVICE APPROACH.

tion" category in 2016. Additionally, the Unit continued to support the activities of internal social clubs that aim to strengthen organizational culture; encouraged voluntary participation in social responsibility projects; and carried out CSR projects in collaboration with civil society organizations.

CRM and Channel Management Unit

CRM and Channel Management was established in fourth quarter 2016 with the aim of increasing the loyalty of existing customers by placing them at the focal point of the strategy. The Unit also works to ensure that the right product is offered to the right person, at the right time.

CRM and Channel Management shapes its activities with the aim of:

- › Determining strategies for the presentation and dissemination of Findeks products on digital platforms;
- › Supporting product/channel development efforts in accordance with these strategies;
- › Developing effective customer and campaign management techniques by combining intelligent technologies with analytical approaches;
- › Improving performance using innovative digital publicity methods.

Data Analysis and Central Decision Support Systems Unit

Established in 2013, the Data Analysis and Decision Support Systems Unit's activities are focused on five areas: Statistical Model Development, CRM Analytics, Data Quality, Central Decision Support Systems and Fraud Prevention. In addition to ensuring the continuity of existing risk prediction (scoring) models, the Model Development team has built new models to respond to the needs and requests of KKB members. Placing great importance on innovation, the Unit plans to introduce its various applications – including the Personal Credit Rating, Personal Indebtedness Index, Cheque Index, Commercial Credit Rating, Personal Collection Score, Personal Inclination Score and Customer Loyalty Score – to a wider audience.

In addition to banks and financial institutions, the Central Decision Support Systems applications were also made available to factoring companies and the real sector. As a result, decision-making that involves risks became faster, more consistent and more accurate. In 2015, KKB launched the first Fraud Detection and Prevention Service in Turkey. In 2017, KKB aims to expand the use of this service and to introduce new systems based on advanced technology to maximize fraud prevention and continued studies during the year.

KKB opened Central Decision Support Systems Applications for the use of the factoring and real sectors as well as banking and financial institutions, enabling the decisions containing risk to be made more quickly, consistently and correctly.



**WE CONTINUOUSLY INCREASE
THE VALUE OF OUR PRODUCTS
AND SERVICES WHILE
REDUCING COSTS.**

inci kesici

12. BUSINESS UNITS

FINANCIAL REPORTING AND FINANCIAL AFFAIRS DEPARTMENT

The Financial Reporting and Financial Affairs Department is primarily responsible for effective financial planning in line with KKB's strategic goals; in addition, it monitors and systematically records operating results. Other duties and responsibilities of the Department include performing cash flow analysis to derive optimum benefit; providing necessary reports to senior management; and compiling and submitting information, documents, and reports required by public authorities. Besides systematic budgeting and reporting activities, the Department plays a key role in strategic decision-making by promptly providing the necessary information and reports through an effective recording system.

Financial and Administrative Affairs Unit

The Financial and Administrative Affairs Unit is responsible for keeping account of operating results in accordance with relevant accounting principles, procedures and standards; the Unit successfully fulfilled its duties in 2016. In addition to preparing financial reports in line with rules and regulations set forth by public authorities and sharing these reports with related business units and the public, the Financial and Administrative Affairs Unit monitors collections and reports its findings to relevant departments. In 2015, the Unit paid the expenses related to the maintenance and repairs of fixed assets, project expenditures, management and general expenses; it also fulfilled its financial liabilities arising from applicable laws and contracts. Additionally, the Unit planned cash flow in a way that generates optimal benefit

and closely followed all changes to financial laws, rules and regulations, and made arrangements as needed and filed monthly, quarterly and annual tax returns as required by the Tax Law. In addition, all legal applications have been filed for the Data Center in Ankara; the necessary registration and membership procedures are now complete.

Budget and Reporting Unit

In 2016, the Budget and Reporting Unit carried out the following activities:

- › Provided assistance in formulating the financial strategy, harmonizing financial management and control systems; preparing the budget in line with KKB's policies and goals; performing budget implementation and control.
- › Established the principles to be taken into account by business units included in the consolidated budget during budget preparation; coordinated the budget preparation process.
- › Reviewed the budgets prepared by business units to ensure their conformity to financial plans; created a financial scenario by consolidating budgets; and presented it to the Board of Directors, explaining the rationale.
- › Ensured that the budget is implemented in accordance with the goals described in the annual financial plan and carried out work related to the actualized budget.
- › Reviewed additional and extraordinary requests submitted by the departments in line with emerging needs; made year-end estimates; and prepared a new budget for the requests deemed appropriate.
- › Compiled income and cash flow data and evaluated them against the expense budget; prepared a detailed income and ex-

pense budget by taking into account the cash flow statement prepared at the beginning of each fiscal year; revised these plans as necessary and monitored them for each department.

- › Verified the accuracy of data in the MIS systems.
- › Undertook feasibility studies for new projects and products; and oversaw their management within KKB to ensure the implementation of an appropriate strategy.
- › Measured financial performance across the organization and advised senior management accordingly.
- › Established the necessary systems to ensure that all work is carried out systematically.
- › Played an active role in strategic decisions by promptly providing information and reports through an effective recording system, in addition to performing systematic budgeting and reporting activities.

Procurement and Contract Management Unit

In 2016, the Procurement and Contract Management Unit successfully carried out purchasing activities in accordance with KKB's corporate structure, audit processes and procedures. As prescribed by the decision to manage procurement processes via the ERP system, the existing system was modified to enable compatibility with ERP. To that end, the system was improved in line with KKB's needs.

The Procurement and Contract Management Unit updated information related to all suppliers and created a Supplier Catalogue; the compiled information was then transferred to the ERP system. Information about sup-

SYSTEMATIC BUDGET AND REPORTING ACTIVITIES

12. BUSINESS UNITS

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

port service providers was also updated in 2016 with all missing documentation completed. The Unit reviewed and indexed all KKB contracts, took over the contracts from other departments and integrated them into the existing contract structure.

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

RISK CENTER COORDINATION DEPARTMENT

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

Risk Center Project and Product Development Unit

Risk Center Project and Product Development is responsible for:

- › Collecting data from financial institu-

tions, which are Risk Center members, and other sectors, on behalf of the Risk Center;

- › Developing products and services that will offer the collected data for the use of Risk Center member institutions;
- › Realizing the improvement suggestions from the Risk Center and its members regarding existing products and services;
- › Providing necessary support for members in relation to the products and services;
- › Ensuring communication between the Risk Center, member organizations, and KKB.

While Risk Center Project and Product Development launched nine projects in 2016, the Unit carried out about 120 further developments related to existing products and services, enriching the quality and content of the offerings.

In 2016, the Unit's major projects included:

- › Limit and risk information was collected from credit insurance companies and started to be shared with Risk Center members;
- › Data diversity of the Corporate Bureau was increased, and necessary infrastructure for the factoring, financial leasing and asset management companies to be included in the system was established;
- › Asset management companies started to report information to the Credit Reference System (CRS) and the information of the non-performing loans provided by these institutions was opened

The Risk Center Coordination Department is responsible for activities carried out by KKB on behalf of TBB Risk Center.

- for the inquiry of other members;
- > The Personal Record Search Service of the Revenue Administration (RA) was enriched and inquiry of the daily changes was ensured;
 - > Information related to the identification, communication, representation, capital and partnership of companies, under the Ministry of Customs and Trade's Central Registry System (MERSIS-CTM-CRS), was opened for the use of members.

Business Intelligence and Reporting Unit

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

With its reporting responsibility, KKB aims to shed light on the strategic decisions that the Risk Center and the Turkish financial industry will make, while executing all its services with a business intelligence perspective and using today's advanced technologies at the highest level. Besides being committed to automation and innovation, the Unit's staff is equipped with both technical skills and banking know-how.

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

The Unit serves the Risk Center and its membership; all KKB departments and KKB senior management; the Central Bank of the Republic of Turkey (CBRT); the Banking Regulation and Supervision Agency (BRSA) and many other public institutions.

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

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department conducts its activities under the supervision of the Audit Committee. The Department successfully completed 2016 Process and Management Statement Audits, in line with the Audit Plan approved by the Board of Directors and in keeping with KKB's "Teamwork" strategy.

In 2016, the Internal Audit Department also carried out scenario-based analysis studies and spot reviews as part of analytical studies efforts. In response to KKB's expanding and renewed product portfolio, the Department conducted process audits, such as the Management of Products Purchased from Third Parties, Findeks Service Development, Mega Data Center Purchasing, ERP Flows and Interactions, Fraud Product Flows.

During the year, evaluation studies were undertaken between the audit methodologies of the departments of the banks' Inspection Boards and KKB's Internal Audit Department. Improvement areas of the KKB methodology were determined. Additionally, an analysis study was carried out to internalize the values and ethical principles of KKB, given the organization's growing staff numbers.

In 2016, the studies of the Management Statement and the audits of the support services organizations were conducted for the third time with the participation of the Internal Audit Department.

KKB Process Audits, KKB Management Statement, TBB Risk Center Management Statement, Follow-up of the findings of the Independent Audit and the Risk Center Contract Compliance Audit are conducted by the Internal Audit Department via the RSA Archer GRC system, which launched in 2015. The results are reported to the top management and TBB Risk Center on a monthly basis.

Member Audit Analysis and Coordination Unit

In 2016, Member Audit Analysis and Coordination completed the establishment of the Risk Center Member Audit Tracking System

(MATS) within the context of tracking, analyzing the audit activities, and instantaneously monitoring the process carried out in the Risk Center member institutions. The Unit also started consultancy work in assessing the audit results, and presenting/reporting them to the Risk Center Management. Member Audit Analysis and Coordination prepares Assessment Reports for the Risk Center, makes presentations to and informs Risk Center management about the audits in certain periods.

SALES AND OPERATIONS DEPARTMENT

In October 2016, the Sales and Operations Department was established by combining the Communication Center, Operations Center and Sales Management Units under the same umbrella.

In line with KKB's strategies, Sales and Operations focuses on both new customer acquisition and the provision of services to existing members and customers according to KKB's high standards. The Communication Center and Operation Center are committed to meeting the demands from official institutions, KKB members and customers as soon as possible and at the highest quality. The Department uses KKB's advanced technology facilities in the most effective manner to ensure member and customer satisfaction. In addition, it conducts studies to sustain the continuous development of the human resources that provide this service. Particularly to realize Findeks' strategic sales targets, the Sales Management Unit provides access for the target mass to KKB's products, through our member banks' distribution channels and business partnerships channels specifically formed for the development of Findeks sales.

In 2016, KKB reviewed all processes defined on the KKBBY, which is the platform where it managed all its member notifications in an interactive manner. In-house service level standards were then customized on a unit basis. Aiming to adapt the KKBBY platform to ITIL standards, a special product catalog for KKB products was created,



**WE PROVIDE
CUSTOMER-ORIENTED
PRODUCTS AND SERVICES.**

GÜRKAN PLATİN

12. BUSINESS UNITS

THE SALES MANAGEMENT UNIT CONTINUED ITS EFFORTS IN 2016 TO PROMOTE THE USE OF FINDEKS SERVICES, IN ORDER TO DIRECTLY SUPPORT FINANCIAL LITERACY AND RAISE PEOPLE'S AWARENESS ABOUT RISK MANAGEMENT.

and product-based categorical definitions were made. In order to enhance the user experience in practice, improvements were realized in two phases. At the same time, a satisfaction questionnaire was sent to members to evaluate the response quality of each closed statement; necessary actions were undertaken based on the results to improve member satisfaction. In addition, the Smart Messages application started being used for mass announcements and notifications sent to the member base. The tracking of one-way notifications also started to be reported. The Department recorded an overall 90% response rate in total notifications.

Responses given to members and customers through both verbal and written communication tools by the Training and Quality Management team, which was formed to develop service calibration, were subjected to the quality evaluation process. Based on the output of the evaluation, regular and situational trainings were planned and initiated. Under this effort, personnel received 405 person/day trainings in total. Additionally, remote training programs were completed through the Training Management System application, which was established for KKB's entire staff to support classroom training and personal competence development. Quality development efforts will continue in 2017 as well.

Sales Management Unit

In 2016, the Sales Management Unit aimed to increase customer numbers by using Findeks to directly support financial literacy efforts and raise awareness about risk management among individuals. During the year, the Findeks product was sold to nine banks, with sales realized to banks

coming in at 114% of the target. In 2017, the Unit plans to improve the sales effectiveness of this channel for Findeks in order to increase both the pace of new customer acquisition and existing customer penetration. Findeks Communication Consultants, who are charged with boosting Findeks awareness and product/process concept by conducting one-on-one meetings in the bank branch channel, made more than 12 thousand sales-related visits. In 2017, the Unit aims to institutionalize sales efforts through the Mobile Application. This application is specifically designed for tracking and reporting sales activities by providing feedback on the coordination of the teams in the field and with instantaneous reporting to the bank/branch points.

Member Communication Center (MCC)

The MCC primarily aims to provide accurate and prompt answers to member requests. In 2016, the Center conducted its activities within the framework of this core principle. During the year, the number of notifications rose 12% compared to 2015, while the rate of telephone calls in notifications jumped 41%. Despite this increase, the average closing time of the record was 1.86 hours in 2016 versus 2.97 hours in 2015. MCC recorded an overall response rate of 83% in total notifications from the members. In 2016, 17% of the written responses were subjected to quality audits as part of audit work to boost the quality of responses provided to members.

Customer Communication Center (CCC)

CCC continued to provide the best service possible to Findeks customers in 2016.

The highest service level of the sector was achieved at 91%, thanks to a strong custom-

The highest service level of the sector was achieved at 91%, thanks to a strong customer service orientation and high quality standards.

12. BUSINESS UNITS

er service orientation and high quality standards. The number of incoming calls went up 5% compared to 2015. The number of consultant appointments jumped 30% compared to the prior year. Findeks package sales surged 50% year-on-year. During the year, improvements were made to the operator and call answering systems in order to boost productivity in the Customer Communication Center. In 2017, a 10% increase in calls is projected due to the expanding Findeks product range.

Operations Center Unit

The Operations Center was established to provide accurate and prompt responses to requests from official authorities. The number of transactions completed by the Center increased 8% in 2016 compared to the previous year.

Aiming to boost operational efficiency and reduce risk, some 100 improvement requests were opened for process and application enhancement; of these, 30 were completed and put into service during the year. In 2017, efforts will continue to further improve the quality of service.

RISK MANAGEMENT DEPARTMENT

Placing great importance on maintaining superior quality standards in all its activities, KKB manages strategic, operational, financial, and reputational risks in accordance with international risk management standards (e.g. COSO ERM, ISO 31000). The Risk Management Department operates directly under the General Manager and reports to the Audit Committee. Taking into consideration KKB's purpose for existence, the Department manages risks and opportunities within the framework of Information Security Management (ISO 27001) and Business Continuity Management (ISO 22301) standards, in addition to enterprise risk management standards.

As part of efforts to ensure business continuity and information security, KKB successfully passed the renewal audits for ISO 27001 and ISO 22301 certifications in 2016, which were obtained in August 2014. In addition to technological and work flow improvements in the areas of information security, risk management, governance and process management, business continuity and emergency tests were successfully conducted in November.

The IT and business processes related to all KKB activities are established and carried out under the COBIT framework, the ISO 27001, ISO 22301 standards and the Communiqué on the Principles Applicable to Management of Information Systems of Information Exchange, Clearing and Settlement Entities and on the Audit of Business Processes and Information Systems. KKB created significant added value in its business processes. After the studies conducted in 2016, KKB created the medium where performance of the critical IT and business processes can be systematically monitored.

KKB's risk management policy includes the following activities:

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

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

INTERNAL CONTROL AND LEGAL COMPLIANCE DEPARTMENT

The Legal Compliance function was restructured under the Internal Control Department as of June 2016. The aim is to evaluate the

possible impacts of legislative amendments and newly published legislation on KKB products, services and processes; and to ensure that revisions are carried out effectively when deemed necessary.

In 2017, an exhaustive, major project – which will strengthen the audit trails structure through open-source software and big data platforms, in line with our growing product catalog, customer base, and constantly evolving technology – will be integrated into all our systems under the Internal Control and Legal Compliance Department.

Information Systems Control Unit

Information Systems Control executes control activities in regards to the information systems processes within KKB pursuant to existing legislation and KKB internal procedures. The identified violations are recorded on the GRC application; relevant action plans are regularly monitored. Additionally, verification studies are conducted within the institution in relation to the obligations of the ISO 22301 and ISO 27001 certifications. As per applicable foreign legislation, the Management Statement work is realized, and annually reported to the Board of Directors.

Business Processes and Financial Control Unit

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

Legal Compliance Unit

The Legal Compliance Unit is responsible for monitoring legislative amendments related to the activities of KKB; handling correspondence made with public institutions and public professional organizations; coordinating audits carried out by the public authorities within KKB; planning new products/services, and ensuring their compliance with legislation by getting involved in the process design and change stages; being included in the process of preparing legislation related to KKB's activity; and responding to feedback requests of the business units.





**WE ARE A SOCIALLY
RESPONSIBLE ENTITY,
COMMITTED TO BENEFITING
SOCIETY AND THE
ENVIRONMENT.**

HAKAN GÜMÜŞ

12. BUSINESS UNITS

HUMAN RESOURCES DEPARTMENT

In 2016, the Human Resources Department continued its systematic infrastructure improvement efforts initiated in 2014, to ensure the sustainability of the competence of KKB's human resources.

Process improvement studies started in the Recruitment, Performance and Career Management, Training Modeling, Remuneration and Benefit practices in order to institutionalize the human resources management functions, thus increasing the effectiveness and efficiency of resource management.

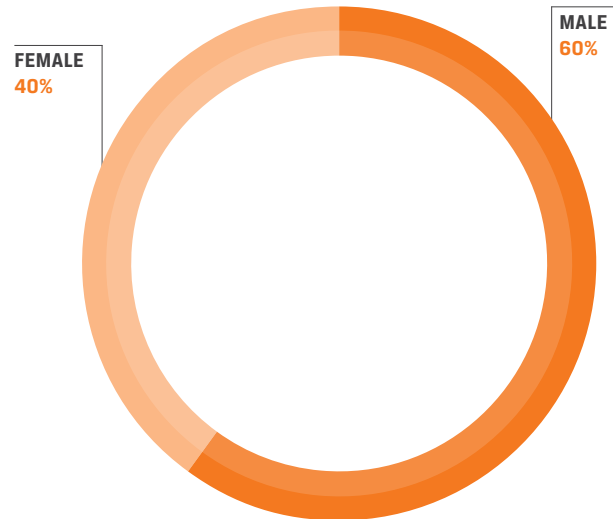
During the year, 60 well qualified employees joined the staff to boost KKB's product and service quality; as a result, the total number of personnel increased to 302.

In 2016, 3,402 hours of training was administered in total for the professional and personal development of employees. In the same period, KKB's staff turnover rate was 10%.

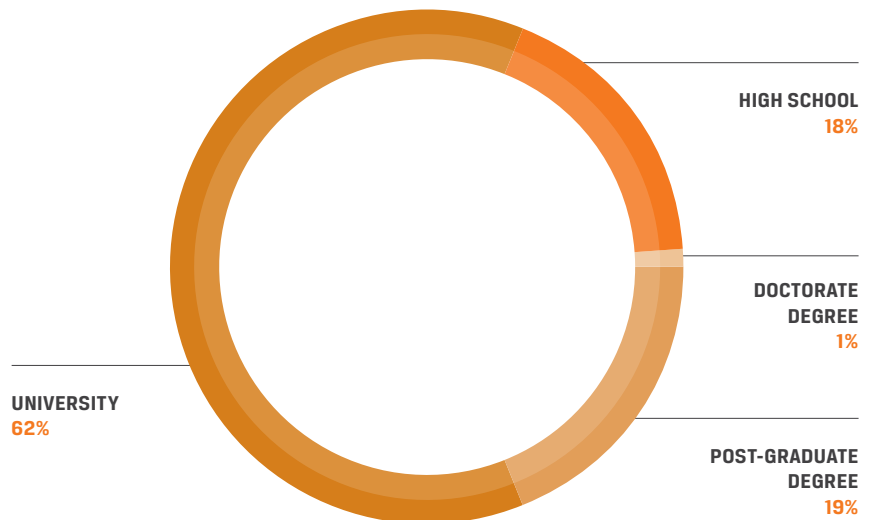
Profile of Human Resources

- > TOTAL NUMBER OF EMPLOYEES
302
- > AVERAGE AGE
34
- > NUMBER OF EMPLOYEES WHO STARTED WORK IN 2016
60
- > AVERAGE NUMBER OF TRAINING DAYS PER EMPLOYEE IN 2016
3 DAYS
- > MARITAL STATUS
38% SINGLE, 62% MARRIED

GENDER DISTRIBUTION



EDUCATION LEVEL



12. BUSINESS UNITS

THE LEGAL CONSULTANCY DEPARTMENT OPERATES WITH THE AIM OF ENSURING THAT ITS ACTIVITIES COMPLY WITH THE LAW.

LEGAL CONSULTANCY DEPARTMENT

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

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

- › Performed a legal assessment of processes pertaining to products, projects and collaborations.
- › Reviewed and prepared product, project and collaboration agreements; provided support for the review.
- › Conducted a legal assessment of supplier services; prepared and reviewed agreements.
- › Prepared legal documents for business units and provided legal advisory.
- › Prepared internal directives; issued signature circulars; and registered company names.
- › Followed up lawsuits, litigation cases, and investigations involving KKB; attended trials; and participated in discovery processes.
- › Coordinated the relationship between KKB and law firms; provided guidance and follow-up to legal advisory firms on pending cases.
- › Communicated with regulatory authorities on legal matters that require further explanation or comments; and obtained opinions from relevant agencies as necessary.
- › Provided legal support to General Assembly and Board of Directors' meetings.
- › Evaluated and responded to complaints from members and customers from a legal perspective.
- › Followed up patent and trademark applications for KKB's brands; coordinated contracted patent offices.
- › Performed legal assessment of internal processes.
- › Evaluated and issued legal notices and warnings.
- › Provided legal opinion and advice on other matters and topics, as required by KKB.

In 2017, the Legal Consultancy Department ensured the necessary guidance and follow-up of the files that had been tracked in coordination with the authorized law firms and consultancy bureaus.

AUDITS CONDUCTED, SANCTIONS AND PENALTIES IMPOSED DURING THE PERIOD

The independent audit activities for preparation of the financial statements in accordance with Turkish Accounting Standards were carried out on a quarterly basis in 2016. Various compliance audits were performed by the contracted independent audit firm pursuant to the relevant provisions of the Risk Center Service Agreement between KKB and TBB. Results of the audits were submitted to the management of the TBB Risk Center.

Lawsuits

- › On November 28, 2013, an action for recovery of damages in the amount of TL 200,000 in total, consisting of TL 50,000 as pecuniary damages and TL 50,000 as non-pecuniary damages for each plaintiff, was filed against KKB with the allegation of unfair competition and with the two plaintiffs claiming at least 20% of the earnings as compensation. The lawsuit is currently pending.
- › In the currently pending lawsuit, non-pecuniary damages in the amount of TL 2,000 is claimed from .bank, including interest accrued since July 23, 2008, along with the correction of KKB records.
- › The lawsuit, which was filed on September 8, 2015 against KKB and the banks, which has risk record, continues. The lawsuit was filed for the correction of the risk record on the grounds that Annex Article 1 of Law No. 5411 on the establishment of the TBB Risk Center violates the Constitution.

COMPETITIONS STATUS OF THE EXECUTIVES OF THE COMPANY

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

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGERS

KKB pays TL 10,500,000 to Board members and senior management.

DIVIDEND DISTRIBUTION PROPOSAL

During the Board of Directors meeting dated February 22, 2017 and in line with the decision numbered 2017/08, it was unanimously resolved by the participating members to submit for the approval of the General Assembly: i) not to distribute the income remaining from the Company's 2016 Gross Profit after setting aside the legal reserves, to the shareholders; and to keep it in the Extraordinary Reserves Account, ii) to distribute in 2016, the remaining net amount after setting aside legal reserves from the TRY 10,000,000.00 of 2013 income, recorded in the Extraordinary Reserves Account and which was not previously distributed.



ACTIVITIES

13. OUR HOLISTIC PRODUCTS AND SERVICES

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

14. KKB'S PRODUCTS AND SERVICES

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

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

The QR Code Cheque System is designed to make commerce more transparent and secure while boosting the trade volume.

THE LIMIT CONTROL SYSTEM (LCS) COMBINES CREDIT CARD LIMITS ON A CUSTOMER BASIS, AND ENABLES THE SINGLE LIMIT PRACTICE TO BE MANAGED BY THE CARD GRANTING INSTITUTIONS.

LIMIT CONTROL SYSTEM (LCS)

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

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

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

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

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

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

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

As a result of the latest improvements to LCS:

- › Reduction and closure transactions, which are carried out in batch, can now be performed online.
- › Allocation and additional allocation transactions can be cancelled online.

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

PERSONAL CREDIT RATING (PCR)

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

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

The Personal Credit Rating (PCR) allows risk decisions made by credit institutions to be rational, and standardized.



**WE INSPIRE CONFIDENCE
WITH OUR STRONG CONTROL
SYSTEMS.**

ALİ KEMAL CENK

14. KKB'S PRODUCTS AND SERVICES

SABAS ENSURES THE SHARING OF THE CASE, FINDINGS AND EVIDENCE PERTAINING TO CRIMES – SUCH AS FORGERY, FRAUD, IDENTITY THEFT, AND MONEY LAUNDERING – EASILY BETWEEN KKB MEMBERS.

SABAS has served the financial sector for 10 years.

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

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

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

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

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

SABAS is structured around five main objectives:

- › Protecting citizens and customers from risks and victimization by preventing use of their information, documents, possessions and property by others (e.g. identity thieves, money launderers, impostors, swindlers, and the like).
- › Informing KKB members about actual or potential risks arising from malicious attempts in order to protect them against such risks or reduce their loss or damage.
- › Enabling KKB members to exchange information under standards and rules that are free of personal comments, opinions or judgment.
- › Protecting KKB members from becoming victims of crimes, which may have more destructive consequences than that of the malicious attempts described under SABAS.
- › Enabling KKB members to minimize their risks, thanks to SABAS, while protecting natural persons and legal entities from becoming victims of such attempts.

SPEED, EXPERIENCE AND TRUST IN THE FLOW OF INFORMATION

14. KKB'S PRODUCTS AND SERVICES

THE INTERNET FRAUD ALERT SYSTEM (IFAS) ESTABLISHES COMMUNICATION BETWEEN MEMBER INSTITUTIONS PRIMARILY FOR FRAUD REALIZED OVER THE INTERNET.

INTERNET FRAUDS ALERT SYSTEM (IFAS)

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

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

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

Another important feature of IFAS is that it can be integrated and operated in parallel with SABAS. Criminals generally use counterfeit documents to withdraw the stolen money. In online fraud, perpetra-

tors generally open deposit accounts using false identification documents in order to withdraw the money they have transferred from customers' bank accounts. Data pertaining to such accounts are shared within SABAS so the relevant departments of corporate members can access this information. Hence, information used previously for fraudulent purposes and detected by IFAS can never be used again.

PERSONAL INDEBTEDNESS INDEX (PII)

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

The objectives of PII include:

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

The Individual Indebtedness Index (III) – a score-based risk index developed by KKB – is designed to support the risk management efforts of the banking and financial industry, and better predict risks.

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

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

RISK REPORT

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

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

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

The Risk Report also shows repayment performance for each loan over the past 18 months, while providing an overview of repayment performance in the financial sector. The Report contains not only negative information, such as overdue payments or records under prosecution, but also positive information, such as timely

repayment of loans. Therefore, the Risk Report offers a significant advantage for persons who pay off their debts by the due date.

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

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

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

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

HIGHLIGHTS

➤ The Risk Report is a financial risk management product that shows real and legal entities' past credit payment performance.

➤ With the Cheque Report, the cheque payment performance of check issuers can be monitored.

14. KKB'S PRODUCTS AND SERVICES

CHEQUE REPORTS HAVE THE POTENTIAL TO REDUCE BOUNCED CHEQUE RISK BY 80%.

CHEQUE REPORT

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

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

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

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

- > Banks where the customer has cheque accounts
- > Number of cheques presented since 2007
- > Number and amount of cheques paid upon presentation
- > Number and amount of cheques bounced and still unpaid since 2009
- > Number and amount of cheques bounced but subsequently paid since 2009
- > Date of first cheque presented
- > Date of first cheque presented and dishonored
- > Date of last cheque presented and dishonored
- > Date of last cheque paid upon presentation
- > Number and amount of cheques paid during the last 1-, 3- and 12-month periods

- > Number and amount of cheques dishonored during the last 1-, 3- and 12-month periods
- > List of dishonored cheques, limited to the most recent 50 cheques
- > Number of open cheques remaining unpaid or non-dishonored
- > Number and amount of postdated cheques remaining unpaid or non-dishonored
- > Number of cheques unreturned to the banking system

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

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

In 2013 and 2014, the following was added to enrich the content of the Cheque Report:

- > Cheque Index
- > Table showing the lowest, highest and average amounts of cheques by year
- > Data of open cheques in addition to collection guarantee cheques

KKB began collecting information on postdated cheques and open cheques from its members. As a result, the Cheque

Report now contains information about issuers' postdated and open cheques, in addition to bounced and paid cheques.

GEOMIS – MAP-BASED REPORTING SERVICE

GeoMIS, winner of the "Oracle 2014 Innovator Excellence Award," is a location-based data reporting system that processes address information contained in KKB data and converts it into geographic coordinates. GeoMIS enables viewing of all types of statistical data on the map by assigning different colors to different categories, which are broken down by city and province.

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

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

The following reports can be generated through the GeoMIS Map-based Reporting System:

- > Standard Report, which contains portfolio data of an institution pertaining to a specific period.
- > Trend Report, which enables the tracking of changes in portfolio data of an institution within a certain time period.
- > Benchmark Report, in which portfolio

data of an institution can be evaluated against industry data, TÜİK (Turkish Statistical Institute) data and a selected benchmarking group.

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

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

GeoMIS Personal

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

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

GeoMIS Corporate & Cheque

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

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

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

As with other GeoMIS applications, the content of GeoMIS Corporate is continually improved. In its first year, GeoMIS Corporate's data set was expanded with the addition of information about cheques notified to KKB. GeoMIS Corporate is used by many business units, including allocation, marketing, risk management, collection, and credit policy, for a wide range of purposes.

GeoMIS Combined

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

The following information can be viewed on GeoMIS Combined

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

The following information can be viewed on GeoMIS Combined:

AGRICULTURAL LOAN ASSESSMENT SYSTEM (TARDES)

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

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

14. KKB'S PRODUCTS AND SERVICES

THE AGRICULTURAL LOAN ASSESSMENT SYSTEM (TARDES) – DEVELOPED BY KKB – PROVIDES DATA SHARING AND READY-MADE SYSTEM INFRASTRUCTURE FOR THE BANKS AND THE FINANCIAL INSTITUTIONS THAT WANT TO EXTEND LOANS TO THE AGRICULTURAL SECTOR.

The Cheque Index, which summarizes the issuer's usage habits and credibility, is a graphical risk indicator based on score for the market, driven from the cheque payment information of real and legal entities.

TARDES offers KKB members the following benefits:

- › Reliable, up-to-date and detailed cost tables created by expert staff;
- › Simultaneous evaluation of different production and/or cultivation by the same producer;
- › The ability to extend loans with different maturity dates depending on the types of production and agricultural products;
- › Evaluation of agricultural production by taking into account a producer's non-agricultural income and expenses;
- › Inclusion of personal information as well as production and income-expense data of other persons or entities that may impact loan repayment in a single application;
- › The ability to offer a general credit limit taking into account a producer's agricultural and non-agricultural, commercial and personal activities and ability to repay;
- › Prevention of the extension of loans that exceed a producer's need and ability to repay;
- › Evaluation of short-, medium- and long-term loans all-in-one;
- › Minimal IT and staff investment required by lending institutions;
- › Automatic data input from the Farmer Registry System included;
- › A flexible lending infrastructure tailored to financial institutions, enabling them to enter models and parameters into the system in line with their own credit policies;
- › The capability to send notification emails to users as the maturity date of a product, for which a limit has been proposed, approaches;
- › Time savings by blocking applications for products that do not qualify for a loan extension;
- › Evaluation of a producer's loan requests for non-agricultural purposes through the personal loan category.

Thanks to the Agricultural Loan Assessment System, developed jointly by the Frankfurt School and KKB, and sponsored by the Eu-

ropean Bank for Reconstruction and Development (EBRD), income and maturity calculations have become much easier.

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

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

CHEQUE INDEX

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

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

The Cheque Index, calculated statistically through an analysis of detailed data in the Cheque Report, facilitates interpretation of the reports and sound decision-making, hence ensuring time and resource savings. The Cheque Index is based on statistical data obtained through the analysis of detailed information pertaining to cheque history. Therefore, corporations can use the Cheque Index before engaging in a cheque transaction instead

of attempting to interpret the detailed information in the Cheque Report. The Cheque Index enables companies to:

- > Have an idea about the reliability of cheques, which they accept as a guarantee,
- > Make consistent predictions as to whether the cheque will be paid by the maturity date, and
- > Minimize any financial loss they may incur if the cheque bounces.

CENTRAL DECISION SUPPORT SYSTEMS (CDSS)

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

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

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

KKB enhances any information sent by a member when a decision is required, processes it through CDSS, and then sends the final decision to that member. This way, members can benefit from this state-of-the-art technology, which was designed to reduce installation costs and implementation time. Central Decision Support Systems (CDSS) are effectively used by both the real sector and the finance industry. CDSS can be used

in a number of business areas, such as Application Management, Customer Management, Limit Management, and Collection Management, where decisions must be constantly updated and optimized to adapt to the rapidly changing business environment. CDSS features the following advantages:

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

COMMERCIAL CREDIT RATING (CCR)

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

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

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

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

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

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

PRESCRIBED ACCOUNTS

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

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



**INFORMATION SECURITY AND
BUSINESS CONTINUITY IS OUR
CORE PRIORITY.**

SERDAR ÇOLAK

14. KKB'S PRODUCTS AND SERVICES

THE FARMER REGISTRATION SYSTEM (FRS) PROVIDES EFFECTIVE CONTROL AND MANAGEMENT OF AGRICULTURAL SUPPORTS BY COLLECTING FARMER INFORMATION IN A CENTRAL DATABASE.

ADDRESS PROCESSING SERVICE

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

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

The Address Processing Service provides the following benefits:

- › Collective Processing of Customer Addresses: Existing bank customer information can be formatted; changed information such as street name, district, and the like are updated and missing data completed; and geographic coordinates are added to the address data (geocoding).
- › Sharing the Up-to-date Address Database with Members: In order to ensure accurate data entry of new addresses, Turkey's address database is uploaded into the member system and integrated with the address entry screens. KKB assigns coordinates to each address entered. KKB also provides a reverse geocoding service, the process of back coding of a point location (i.e. latitude, longitude) to a readable address or place name.
- › Mapping Service: Any specific data relating to a member can be mapped using a function run by KKB.

CHEQUE STATUS INQUIRY

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

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

FARMER REGISTRY SYSTEM (FRS)

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

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

EFFECTIVE SOLUTIONS IN RISK MANAGEMENT

14. KKB'S PRODUCTS AND SERVICES

INSTITUTIONS USING THE LETTER OF GUARANTEE STATUS INQUIRY SERVICE REDUCE THEIR OPERATIONAL COSTS WITH TIME SAVINGS, THANKS TO THE POSSIBILITY OF INSTANT INQUIRY FOR VALIDITY OF THE GUARANTEE LETTER WITHOUT THE NEED FOR CORRESPONDENCE WITH THE BANK THAT GRANTS THE LETTER OF GUARANTEE.

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

LETTER OF GUARANTEE STATUS INQUIRY (LGSİ)

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

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

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

KKB member institutions and corporations can use the LGSİ service, which mainly targets public entities and institutions that accept a large number of letters of guarantee, via web screens specially designed for this application. Users can

make online inquiries using banks' updated letter of guarantee databases, which are integrated with the system.

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

TRADE REGISTRY SHARING SYSTEM (TRSS)

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

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

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

With Trade Registry Sharing (TRS), amendment information published in the Trade Registry Gazette can be accessed on a daily basis.

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

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

COLLECTION SCORES

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

INCLINATION SCORES

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

KKB Inclination Scores aim to:

- › Enable KKB members to reach the best prospects rapidly with appropriate strategies for product sales.

- › Allow members to see more comprehensive data via a single score with lesser operational burden.
- › Save time thanks to easy identification of target masses on a product basis.
- › Accelerate sales through value added to sales and marketing operations.
- › Provide more productive, efficient management in making products available.

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

IBAN VALIDATION SERVICE

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

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

KKB's IBAN Validation Service aims to:

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

LCS CUSTOMER OBJECTIONS HANDLING SYSTEM (MIDES)

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

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

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

14. KKB'S PRODUCTS AND SERVICES

THE FRAUD ATTEMPT DETECTION AND PREVENTION SERVICE PROVIDES A MUCH MORE SECURE OPERATING ENVIRONMENT COMPARED TO CONTROLLING FRAUD INCIDENTS ON AN INSTITUTIONAL BASIS.

FRAUD ATTEMPT DETECTION AND PREVENTION SERVICE

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

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

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

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

LOANS ANALYSIS PORTAL

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

- › Showing the changes in an institution's loan portfolio on a monthly basis and over time.

- › Facilitating strategic decision-making by providing reports and information related to risk management, credit policies, marketing and campaign management, and collection practices.
- › Offering tailored data and content and ease-of-use via the Internet.

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

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

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

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

With this application, an institution can:

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

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

**THE CREDITS PORTFOLIO
ANALYSIS APPLICATION
GENERATES NEWLY OPENED
CREDIT ACCOUNTS ANALYSIS,
CURRENT PORTFOLIO
ANALYSIS AND RISK
ANALYSIS REPORTS.**

CHEQUE ANALYSIS PORTAL

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

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

- > Compare the number of cheque customers using cheques for the first time with competitor institutions;
- > Have information about the ratios and trends of customers who issue bounced cheques in their customer portfolio;
- > Monitor the rates of the cheques whose backs are written and subsequently paid, on a monthly basis with the Vintage analysis;
- > Measure the ratio of bounced cheques during submission, and how loyal cheque customers are, to their payments;
- > Have information about the ratio of up-to-date bounced cheques and on how much of the bounced cheques have been paid;
- > Compare the ratio of cheque customers who issued a cheque for the first time,

and who issued a bounced cheque for the first time, with the sector in general as well as with a peer group defined by the institution itself;

- > Reach cheque index distribution of the cheque customers.

KKB UNKNOWN NUMBER

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

The following is provided under the KKB Unknown Number Service:

- > With Inquiry by Number, current and potential customers can be reached using more precise contact information via the name-surname-address (province/district) information obtained through the inquiry conducted by using the phone numbers registered by the institution itself,
- > With Standard Inquiry, it is possible to communicate with customers who do not have contact information, or who cannot be reached on their registered numbers, via the numbers to be obtained via name-surname-address (province/district) information.



**WE CREATE EFFECTIVE RISK
MANAGEMENT TOOLS.**

ORKUN DENİZ

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

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

SPECIAL PRODUCTS AND SERVICES
DESIGNED TO MEET FINANCIAL NEEDS

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

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

The Credit Limit/Credit Risk/Receivables to Be Liquidated (CLCR) System offers members a very rich set of information that they may need for credit risk assessment of their customers.

CREDIT LIMIT-CREDIT RISK INQUIRY AND INFORMATION SHARING

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

Information is collected from members under the following categories:

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

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

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

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

SHARING INFORMATION ABOUT PROTESTED BILLS

Members notify the Risk Center about bills disputed for non-payment and bills relieved from dispute once every 15 days. Personal information, address and amount stated on the bill are recorded in the system.

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

BOUNCED CHEQUE INQUIRY AND INFORMATION SHARING

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

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

- › Collective Sharing: Bounced cheque data submitted by members is consolidated and shared collectively with all members of the Risk Center via the File Transfer System.
- › Individual Sharing: Results of individual inquiries can also be shared with all members, whether they are customers or not, via the Risk Center's web applications.

INDIVIDUAL CHEQUE INQUIRY

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

CREDIT REFERENCE SYSTEM (CRS)

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

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

- › Data on all open accounts under which a consumer is "debtor" and "guarantor";
- › Data on all closed accounts of the last five years;
- › Data on applications made during the last six months; and
- › Loan repayment performance data pertaining to the last 36 months online within several seconds via CRS inquiry.

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

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

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

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

contained in the risk reports comes from this data pool.

With the CRS Urgent Updating application launched in 2014, members are now enabled to perform processes such as updating of personal details in addition to the financial data of loan accounts, deletion of guarantors and additional card users, deregistration, and the like without waiting for the next month's notification. In 2015, daily notification to the CRS will be enabled, so that the data shared will be much more up-to-date.

The Credit Reference System's benefits include:

- › Minimizing personal loan risk.
- › Encouraging personal loan customers to make their repayments regularly.
- › Spreading use of personal lending products to the wider public.
- › Growing loan volume thanks to measurement of lending risk.
- › Speeding up and boosting the quality of loan extension decisions.
- › Facilitating rational decision making in the assignment of new credit limits to existing customers.
- › Reducing the need for a guarantor and facilitating access to financing by enabling risk assessment based on objective information.

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

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

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

CORPORATE BUREAU SYSTEM (CBS)

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

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

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

As the number of members who provide information to the system increases, the Corporate Bureau System is being used more intensively. CBS has become an important tool in the credit assessments of KKB-member institutions regarding their corporate customers. As a result of a project carried out to enrich the data of the corporate bureau in 2013, corporate inquiries now include the following: Not only the Aggregate Limit of a firm, but also the breakdown of the Limit, Risk, Cash and Non-cash Limit of the Group to which the firm belongs, and the data of the General Revision of Maturity; recent combined financial leasing and factoring data under the risk code subset.

In 2014, a function was added to the CBS to enable institutions to perform any updating, deletion and correction on the Corporate Bureau Urgent Updating screens

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

THE CUSTOMER OBJECTION ASSESSMENT SYSTEM (MIDES) ALLOWS AUTOMATIC TRANSMISSION OF THE OBJECTIONS RELATED TO THE INFORMATION SHARED WITHIN THE CREDIT REFERENCE SYSTEM AND CORPORATE BUREAU SYSTEM TO THE MEMBER WHO REGISTERED THE RECORD.

The CBS Improvement and Simplification project, scheduled for completion in 2017, aims to increase the data diversity on the CBS and further improve the system's data loading and inquiry performance.

when there is any missing or erroneous data transmitted to the CBS without waiting for the next notification month. Thanks to the system, where objections received and answered via MIDES are listed, KKB members can make updates without waiting for the next month's notification.

The CBS Improvement and Simplification initiative commenced in 2017. This project aims to enhance data diversity within CBS and further improve the system's data uploading and inquiry performance.

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

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

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

CUSTOMER OBJECTIONS HANDLING SYSTEM (MIDES)

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

Thanks to its construction, objections made by the customer:

- › Through the Personal MIDES application in respect of their data shared in the CRS, and
- › Through the Corporate MIDES application in respect of their data shared in the CBS

Are handled and concluded in a short period of time. If, as a result of the examination, the determination is made that there is a problem with the shared data, the necessary correction is carried out without a request within a short time.

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

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

DATA VERIFICATION SYSTEM (DVS)

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

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

CHEQUE REPORT RAW DATA PRESENTATION

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

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

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

Thanks to the latest upgrade, the system now allows for the tracking of a person's performance as a "bearer" in the reports that are offered to members for "inquiry" purposes. These reports provide the following information via the Cheque Report Raw Data Presentation System:

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

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

RISK REPORT RAW DATA PRESENTATION

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

Based on personal and commercial loan data that the Risk Center periodically collects from corporate members via CRS and CBS, this report contains the following information:

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

CROSS CHEQUE RELATIONS INQUIRY

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

The Cross Cheque Relations Inquiry produces a list showing the number and amount of cheques issued mutually between companies and natural persons, with detailed breakdown analyses that include: Cheques Recorded as Dishonored, Cheques Paid after being Recorded as Dishonored, Cheques Paid upon Presentation and Postdated Cheques.

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

BOUNCED CHEQUE WARNING SYSTEM

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

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



**WE ARE CULTIVATING AN
INNOVATION CULTURE AT ALL
LEVELS OF KKB VIA OUR OPEN
SOURCE SOFTWARE AND BIG
DATA STUDIES.**

HAZAR TUNA

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

WHEN THE DAILY BOUNCED CHEQUE INFORMATION IS LOADED, THE SYSTEM SCANS THE ISSUERS OF THESE CHEQUES BOTH ON THE CRS AND CBS AND GENERATES A SPECIAL WARNING MESSAGE TO THE MEMBERS WHO ARE CUSTOMERS OF THESE PEOPLE, AND INFORMS THE MEMBER ABOUT THE BOUNCED CHEQUE STATUS.

INQUIRY AND WARNING ABOUT ENTITIES PROHIBITED FROM PARTICIPATION IN TENDERS

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

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

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

DATA SHARING ABOUT DERIVATIVE TRANSACTIONS

Under this service, KKB shares data about futures, options and similar derivative contracts sold by banks to natural

persons and legal entities one business day before the notification date, including information about limits and risks on a semimonthly basis. Data sharing about derivative transactions can be made either collectively or individually.

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

PAID BILLS INQUIRY SERVICE

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

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

ADVANCED TECHNOLOGY SYSTEMS THAT PREVENT RISKS

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

DECISION OF CANCELLATION OF CHEQUE SERVICE INCLUDES THE COLLECTION OF INFORMATION ON CHEQUES DECIDED TO BE CANCELLED BY BANKS ON A DAILY BASIS, AND SHARES IT BY INDIVIDUAL INQUIRY AND COLLECTIVE FEEDBACK.

SHARING INFORMATION ABOUT CHEQUES UNDER INTERIM INJUNCTION

This service includes:

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

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

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

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

SHARING SERVICE ABOUT CUSTOMERS BANNED FROM USING CHEQUES

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

Pursuant to the change in the law, studies started to receive and share data related to customers banned from using cheques directly from National Judiciary Informatics System (UYAP) instead of the CBRT as currently is the case, and from the courts for pre-July 2010 decisions.

CUSTOMER RA PERSONAL RECORD SEARCH SERVICE

The following information belonging to customers (taxpayers), which is present within the Ministry of Finance, Revenue Administration, can be inquired and shared under the Customer RA Personal Record Search Service:

- > Name Surname/Title
- > Tax Identification Number/TR Identification Number
- > Tax Office and Tax Office Code
- > Company Type
- > Active/Inactive Status
- > Starting and ending date of employment

Cross Cheque Inquiry is a service that allows the inquiry of the mutual cheque relations between the last endorser, who submits the cheque to the bank, and the issuer.

- > Potential status (Until the company's set up approval is granted, customer is within the potential status)

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

In August 2016, two new services launched in addition to the existing RA Personal Record Search service under the RA Individual Personal Record Search Service. On the New RA Personal Record Search Web Service and Web Screens, additional information titles are published in addition to all the fields included in the current service.

- > Date of Establishment
- > Province, District Information of Establishment Location
- > Province, District Information of Place of Birth
- > Address Number UAVT (National Address Database)
- > City/Sub-district Information
- > Province, District, Village Information
- > Active/Inactive Description

With the addition of the Personal Record Change Web Service in 2016, inquiry about the daily changes in company/person record was made possible.

CREDIT INSURANCE INQUIRY AND SHARING

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

Credit insurance information can be queried individually on the screen and web service.

RISK CENTER CUSTOMER REPORT SERVICE

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

Credit Limit, Credit Risk, Receivables to Be Liquidated

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

Cheque Report

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

Protested Bill Report

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

ACCEPTANCE & REJECTION NOTIFICATIONS RELATED TO LOAN APPLICATIONS

Acceptance/rejection status of home, auto and consumer loans; credit cards; overdraft deposit account; and commercial loans, for which natural persons and legal entities have applied, and acceptance/rejection notifications related to these applications are collectively sent to the Risk Center as statistical data.

This information, obtained from the banks, contributes to the CBRT's goal of fostering development of the financial sector.

SHARING OF INTERNAL RATING SCORES

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

15. OUR PRODUCTS PROVIDED TO TBB RISK CENTER

IN 2016, KKB COMPLETED STUDIES TO IMPLEMENT CREDIT INSURANCE BUYER AND SELLER NOTIFICATIONS VIA THE APPLICATION.

CREDIT RATING AGENCIES (CRAs) AND SHARING OF RATING SCORES

Banks notify the TBB Risk Center of the credit scores assigned to customers by Credit Rating Agencies (CRAs), which have been authorized but not directly acknowledged by BRSA, and of customers' score scales.

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

Information about natural persons and legal entities that have been included in CRA notifications is collectively shared with all member banks, regardless of the fact that these persons are customers of these banks.

DATA UPDATING APPLICATION

With the Risk Center Data Updating Application, correction of the data notified and shared by members can be performed instantly, without waiting for the next notification period.

Thanks to this service, CRS, CBS, Protested Bills and Credit Limit-Credit Risk data can be updated online.

In 2016, research studies to implement credit insurance buyer and seller notifications via the application were completed.

DATA VALIDATION AND SANCTION APPLICATION

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

This system provides the following benefits:

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

RISK CENTER BULLETINS AND STATISTICS PUBLISHING SERVICES

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

HIGHLIGHTS

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

➤ Credit insurance information can be inquired individually via the screen and the web service.

➤ Real or legal entities notified by Credit Rating Agencies, whether they have a customer or not, is collectively shared with all member banks.

THE INFORMATION WITHIN THE CENTRAL REGISTRY SYSTEM (CTMCRS), UNDER THE MINISTRY OF CUSTOMS AND TRADE, STARTED TO BE SHARED WITH RISK CENTER MEMBERS AT END-2016.

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

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

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

CTMCRS INQUIRY SERVICE

The following information as part of the Central Registry System (CTMCRS), under the Ministry of Customs and Trade, started to be shared with Risk Center members at end-2016.

- › Company Personal Record Information
- › Company Representative Information
- › Company Contact Information
- › Company Field of Activity
- › Company Capital Information
- › Company Shareholder Information
- › Company Address Information

ICC MEMBER MERCHANT TURNOVER INFORMATION INQUIRY

KKB initiated feasibility studies to receive member merchant turnover information from the ICC in monthly periods, on an identity and consolidated basis. The inquiry of the following information titles by the members via web service and web screen would include:

- › Member Merchant TRID/TID
- › Term (Month/Year)
- › Number of Banks Worked With
- › Total Turnover

All Risk Center members will be able to benefit from the ICC Member Merchant Turnover Inquiry Service.

RC WARNING SERVICES

Scheduled to launch at the start of 2017, this offering will generate warning files based on the following data types reported to the Risk Center by the members:

› Bounced Cheque

- › BCHQ – CLCR: To members making CLCR notification for bounced cheque issuers, who are notified daily
- › BCHQ – CBS/CRS: To members making CBS/CRS notification for bounced cheque issuers, who are notified daily
- › BCHQ – VCHQ: To members making long term maturity cheque notification, if any long term cheque notification is made for the bounced cheque issuers, who are notified daily
- › Paid Cheque (Cheque paid within and over seven days): To members making CLCR notification for cheque issuers who are notified about the cheque, which is paid seven days after the issuance date
- › Cheque under Interim Injunction: To members making CLCR notification for the issuers, who are notified about cheques under interim injunction
- › Protested Bills: To members making CLCR notification associated with the client, who is notified about protested bills
- › Credit Insurance: To members making CLCR notification associated with the client, who is notified about credit insurance
- › Entities Prohibited from Tenders: To members making CLCR notification associated with the client, who is notified about entities banned from tenders



**WE ENSURE EFFECTIVE
MANAGEMENT OF FINANCIAL
RISKS.**

KORAY KAYA

16. FINDEKS

FINDEKS AIMS TO GIVE COMPETITIVE POWER TO COMPANIES IN THE REAL SECTOR BY ENSURING THAT THEY UNDERSTAND EACH OTHER FINANCIALLY; IMPROVE THEIR RISK TAKING AND MANAGEMENT CAPABILITIES; PROTECT THEIR CAPITAL AND REPUTATION; AND SECURELY BOOST THEIR SALES.

FINDEKS

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

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

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

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

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

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

www.findeks.com

444 4 552

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TRUST IN INDIVIDUAL AND COMMERCE

16. FINDEKS

INSTITUTIONS THAT PROVIDE PRODUCT AND SERVICE SEGMENTATION IN ADDITION TO PAYMENT OPTIONS TO THEIR CUSTOMERS BY REQUESTING THE FINDEKS CREDIT RATING RECEIVE SEVERAL BENEFITS. THEY INCREASE THE RATIO OF AUTOMATION IN DECISION MAKING PROCESSES, WHILE REDUCING OPERATIONAL COSTS, AND BOOSTING PROFITABILITY.

Findeks Credit Rating acts as a summary of the Risk Report because of the components used in the calculations.

FINDEKS CREDIT RATING

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

Because all these factors are used in the calculation, Findeks Credit Rating functions like a summary of the Risk Report.

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

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

RISK REPORT

The Risk Report contains information about payment history related to active loans and loans closed within the last five years. The report covers home, auto and consumer loans, credit cards and overdraft deposit accounts. All information about these products is submitted to the TBB Risk Center by financial institutions on a regular basis, compiled by KKB and included in the Risk Report. As a result, individuals and the real sector are able to access information about credit products

of all banks in a single report. The Risk Report allows users to see their own financial information in detail; in addition, they can track the financial performance of other persons or enterprises, if they have approval to do so.

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

CHEQUE REPORT

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

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

CHEQUE INDEX

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

WITH FINDEKS, IDENTITY, COMMUNICATION AND CREDIT CARD INFORMATION CAN BE PROTECTED THE WORLD OVER, BY HAVING THIS DATA SCANNED IN A VIRTUAL ENVIRONMENT, INCLUDING PROTECTION FROM THE "DARK WEB."

The Cheque Index is a score that ranges between 0 and 1,000 points, calculated based on the previous cheque payment habits of individuals or institutions.

The Cheque Index ranges from 0 to 1,000 points. If an issuer fails to pay all of the cheques, they receive a score of 0. If they pay all of the cheques, then they receive a score of 1,000 points. However, if a person has even one cheque that has been dishonored and is still unpaid, then the Cheque Index is calculated between 1 and 500 points. If a person or an entity has dishonored cheques, which they have paid later, then the Index is calculated between 501 and 999 points.

The Cheque Index gives an idea about cheque payment habits of an individual or an enterprise. The Cheque Index is logically similar to the Findeks Credit Rating; however, it contains more essential information pertaining to cheque payment performance and has a simpler calculation algorithm.

WARNING SERVICE

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

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

The Warning Service allows warnings to be defined to the system. A warning mes-

sage is sent to the user under the following circumstances:

- > If their Findeks Credit Rating falls below 1,400 points.
- > If their credit card debt exceeds TL 10,000.
- > If they delay payment on my credit cards, cheques, and the like.
- > If an application for a credit product (loan and credit card) is made in their name."

TRACER

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

Findeks Credit Rating shows the past payment performance of all credit products that individuals have received from banks and financial institutions.

16. FINDEKS

THE FINDEKS QR CODE CHEQUE SYSTEM – THE FIRST AND ONLY ONE OF ITS KIND IN THE WORLD – FACILITATES TAKING PRECAUTIONS AGAINST RECEIVABLES RISKS STEMMING FROM CHEQUE PAYMENTS, AND OBTAINING INFORMATION ABOUT THE VALIDITY AND AUTHENTICITY OF THE CHEQUE WITHIN SECONDS.

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

RATING CONSULTANCY

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

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

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

FINDEKS QR CODE CHEQUE SYSTEM

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

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

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

LETTER OF GUARANTEE STATUS INQUIRY

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



FINDEKS INDIVIDUAL MEMBERS
1,645 THOUSAND

FINDEKS COMMERCIAL MEMBERS
39 THOUSAND

FINDEKS TOTAL MEMBERS 1 MILLION 684 THOUSAND

FINDEKS CREDIT
RATING
NUMBER OF INQUIRIES
357,550

FINDEKS RISK REPORT
NUMBER
OF INQUIRIES
4,351,896

FINDEKS CHEQUE
REPORT
NUMBER OF INQUIRIES
172,304

FINDEKS TOTAL NUMBER OF INQUIRIES 4,883,110



MDP-A-4

**TEHLİKE!
DANGER!**
BU SİSTEM
ENERJİLENDİRİLMİŞTİR.
ELEKTRİK ÇARPMAYA
RİSKİ VARDIR!

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ELEKTRİK ÇARPMAYA
RİSKİ VARDIR!

**TURKEY'S FIRST DATA CENTER
DESIGNED ON THE TIER-IV
STANDARD**

**TEHLİKE!
DANGER!**
BU SİSTEM
ENERJİLENDİRİLMİŞTİR.
ELEKTRİK ÇARPMAYA
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ELEKTRİK ÇARPMAYA
RİSKİ VARDIR!

17. KKB ANADOLU DATA CENTER

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

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

The Center will primarily meet the back-up and main data center service needs of the banks. The facility was also planned as a data center where infrastructure costs will be shared and operational applications will be centralized in the financial industry. The Center, which offers the most advanced technologies to Turkey's financial institutions, aims to deliver cloud technology based services. These services will be established in compliance with applicable financial legislation and available for the use by sector institutions. Real sector institutions will also be able to increase their productivity by accessing technology at low cost via the same platform.

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

TECHNICAL FEATURES OF KKB ANADOLU DATA CENTER

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

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

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

FAST AND CONTINUOUS ACCESSIBILITY

17. KKB ANADOLU DATA CENTER

BUILT IN COMPLIANCE WITH EARTHQUAKE REGULATIONS AND PROTECTED AGAINST LIGHTNING HAZARDS, MAXIMUM ATTENTION IS PAID TO PHYSICAL SECURITY AT THE CENTER.



SERVICES OFFERED

KKB Anadolu Data Center offers centralized services and products tailored to the needs of different sectors. The Center's core service offering is divided into four groups:

Main Data Center Services: These are provided to the customers within the Center, either through their own devices or with the devices they can lease. Companies can operate the devices themselves in the areas allocated to them, as well as purchase operating services from KKB.

Business Continuity (ODM) Services: Companies can lease space from KKB Anadolu Data Center to back up the services provided by the main data center, by bringing their own devices or leasing them from KKB.

Centralized Implementation Services:

The KKB Anadolu Data Center enables companies in the financial sector industry to use applications and infrastructures developed by KKB, via which operations are centralized.

Cloud Services: Customers can benefit from applications and services that will be delivered via cloud technologies where their data is kept within the physical boundaries of Turkey. At the same time, services such as data backup, media backup, data security and access security provided by KKB are also offered to customers in the Center.



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

**OUR SOCIAL
CONTRIBUTION**



**THE RULE OF LAW IS OUR
INDISPENSABLE PRINCIPLE.**

BAHATTİN ÇELİK

18. OUR SOCIAL CONTRIBUTION

"YOU IMAGINE, WE REALIZE" SOCIAL RESPONSIBILITY PROJECT COMPETITION

In 2016, KKB organized the third edition of the socially responsible project competition, "You Imagine, We Realize," which aims to raise social responsibility awareness and heighten sensitivity to social issues among university students. The jury panel, which evaluated the social responsibility projects developed by university students, consisted of Ibrahim Betil, Civil Society Volunteer; Yasemin Salih, Columnist at Sabah Newspaper; Fügen Toksü, Communication Expert; Özlem Denizmen, Businesswoman and Social Entrepreneur; Fatoş Karahasan, Academician and Journalist; Can Yılmaz, Actor, Scriptwriter and Writer; Kasim Akdeniz, General Manager of KKB.

A total of 920 projects were submitted by 1,253 students to the competition - where student entrants could apply between December 1, 2015 and March 14, 2016 - in the categories of environment, education, culture and arts, Findeks financial literacy, health & sports, and society. During the award ceremony held on April 26, 2016, each social media first prize winner and category first prize winner was awarded TRY 5,000, while each category second prize winner received TRY 3,000, and each category third prize winner won TRY 1,000. The project that received the highest score among the first prize winners of all the six categories was presented with the Grand Prize of TRY 10,000. In addition to awarding the three finalists in each category and the winner of the social media category, KKB also provided an internship opportunity to these students. KKB provided support to implement one of the winning projects, as a lasting contribution to society.

KKB VOLUNTEERS HELP ENLIGHTEN VISUALLY IMPAIRED INDIVIDUALS WITH THE AUDIO BANK PROJECT

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

KKB started to realize question bank trial vocalizations with a team formed by volunteer employees and launch the project in cooperation with the Association of Visually Impaired in Education (EGED) and Istanbul University, Head Office of Library and Documentation, Unimpeded Information Center. Prior to the vocalization effort, EGED authorities took trial records, and provided technical training to KKB employees. Under the project, in 2016, 10 YGS trial tests were vocalized with a total of 1,600 questions, consisting of test questions over the last 40 years, which already appeared on the exams. This effort aims to reach out to more than 2,000 visually impaired persons.

KKB'S RUNNING TEAM RUN FOR CHARITY

Achieving an important CSR goal, KKB's Running Team ran the Vodafone Istanbul Marathon (10- and 15-kilometer courses),

which was held on November 13, 2016, to raise money for The Hope Foundation for Children with Cancer (KAÇUV), is supported by the Adım Adım initiative, a regional running group. KKB has improved the lives of 10 children, through the individual contributions of the corporate running team. The team placed among those institutions raising the highest donation amount at TRY 9,140 and boasting the most donors at 141.

EACH STEP TAKEN FOR THOSE WITH CEREBRAL PALSY HAS BEEN ONE OF HOPE

Taking part in the "September" project and figuring among 65 institutions doing so in Turkey, KKB ranked in 15th place with donations totaling TRY 8,178 and in 23rd place with 5,252,605 steps taken. With the number of steps taken, children with cerebral palsy were provided with about 50 sessions of service under the September project.

KKB SOCIAL RESPONSIBILITY CLUB CONTINUES TO TOUCH HEARTS

The KKB Social Responsibility Club, formed by volunteer KKB employees, undertook various activities that will benefit all segments of society throughout the year. Club activities include donations to the Society for the Protection of Children, blood donation drives in cooperation with Red Crescent, in-house kermes, support for animal shelters, and support for books, magazines, DVDs and toys to schools in need. In addition, donations collected with the benefit concerts by the KKB staff music group were presented to KAÇUV and Koruncuk Foundation.

RESPONSIBLE STAFF CREATING VALUE ADDED FOR THE SOCIETY

A large, solid orange circle is centered on a light gray background. Inside the circle, the text "REPORTS AND FINANCIAL STATEMENTS" is written in a bold, white, sans-serif font, arranged in three lines.

**REPORTS AND
FINANCIAL
STATEMENTS**

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

DECISION OF BOARD OF DIRECTORS

MEETING

LOCATION : Headquarters Office, Istanbul

DECISION DATE : 22.02.2017

DECISION NO.: : 2017/07

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

RESOLUTION: As part of 2016 General Assembly Meeting preparations, the Board of Directors unanimously decided to:

Approve the Company's financial statements for the period, which ended on December 31, 2016;

Approve the Company's 2016 Annual Report, and get it signed by the Chairman and the Members of the Board of Directors, in accordance with the relevant provisions of the Regulation issued by the Ministry of Customs and Trade;

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

DEMİR KARAASLAN

CHAIRMAN OF THE BOARD OF DIRECTORS

MEHMET SEBAHATTİN BULUT

VICE CHAIRMAN OF THE BOARD OF DIRECTORS

ERTUĞRUL BOZGEDİK

MEMBER OF THE BOARD OF DIRECTORS

VEYSEL SUNMAN

MEMBER OF THE BOARD OF DIRECTORS

On Behalf of T. Garanti Bankası A.Ş.

ŞÜKRÜ ALPER EKER

MEMBER OF THE BOARD OF DIRECTORS

On Behalf of Akbank T.A.Ş.

EGE GÜLTEKİN

MEMBER OF THE BOARD OF DIRECTORS

On Behalf of DenizBank A.Ş.

İZZET OĞUZHAN ÖZARK

MEMBER OF THE BOARD OF DIRECTORS

GÖKHAN ERTÜRK

MEMBER OF THE BOARD OF DIRECTORS

MEHMET EMİN KARAAĞAÇ

MEMBER OF THE BOARD OF DIRECTORS

KASIM AKDENİZ

MEMBER OF THE BOARD OF DIRECTORS AND
GENERAL MANAGER

KKB KREDİ KAYIT BÜROSU A.Ş.
ANNUAL REPORT OF 2016
DECLARATION OF CONFORMITY

We hereby declare that:

We have examined the financial statements, footnotes and the Annual Report pertaining to the period January 1, 2016 – December 31, 2016, and prepared in accordance with the Regulation on the Determination of the Minimum Content of Companies' Annual Reports, which was issued by the Ministry of Customs and Trade and came into effect upon its publication in the Official Gazette dated August 28, 2012, and approved by Board of Directors' Resolution No. 2017/07 on February 22, 2017;

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

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

DEMİR KARAASLAN
CHAIRMAN OF THE BOARD OF DIRECTORS

MEHMET SEBAHATTİN BULUT
VICE CHAIRMAN OF THE BOARD OF DIRECTORS

ERTUĞRUL BOZGEDİK
MEMBER OF THE BOARD OF DIRECTORS

VEYSEL SUNMAN
MEMBER OF THE BOARD OF DIRECTORS

On Behalf of T. Garanti Bankası A.Ş.
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MEMBER OF THE BOARD OF DIRECTORS

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MEMBER OF THE BOARD OF DIRECTORS

MEHMET EMİN KARAĞAÇ
MEMBER OF THE BOARD OF DIRECTORS

KASIM AKDENİZ
MEMBER OF THE BOARD OF DIRECTORS AND
GENERAL MANAGER

20. AGENDA OF THE ORDINARY GENERAL ASSEMBLY

KKB KREDİ KAYIT BÜROSU ANONİM ŞİRKETİ NOTICE TO SHAREHOLDERS FOR ORDINARY GENERAL ASSEMBLY TO BE HELD ON MARCH 29, 2017

The Ordinary General Assembly of our Company will be held at the head office of the Company at the address of Barbaros Mah. Ardiç Sokak, Varyap Meridian, F Blok, Batı Ataşehir, İstanbul at 13:00 hours on Wednesday, March 29, 2017, to examine the activities in 2015 and to discuss and take resolution on the agenda written below.

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

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

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

Yours sincerely,

KKB KREDİ KAYIT BÜROSU A.Ş.



DEMİR KARAASLAN
CHAIRMAN OF THE BOARD OF DIRECTORS



MEHMET SEBAHATTİN BULUT
VICE CHAIRMAN OF THE BOARD OF DIRECTORS

AGENDA

- 1) Opening and formation of the Chairing Board;
- 2) Authorizing the Chairing Board to sign the Minutes of the General Assembly;
- 3) Reading and discussion of the Annual Report prepared by the Board of Directors;
- 4) Reading, discussion and adoption of the Audit Report;
- 5) Reading, discussion and adoption of the financial statements;
- 6) Release of each member of the Board of Directors from their obligations;
- 7) Determination of the mode of use of the profit and of the rates of profit and dividend share to be distributed;
- 8) Determination of remunerations and other benefits, such as bonuses, premiums, and the like of the members of the Board of Directors;
- 9) If any vacancy occurred on the Board of Directors and if any person has been appointed to the vacant seat during the year, approval of the appointment by the General Assembly;
- 10) Election of the members of the Board of Directors
- 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) Petitions and suggestions;
- 14) Closing.

PROXY FORM

In respect of shares at par value of TL in aggregate owned by our Bank in the capital of KKB Kredi Kayıt Bürosu A.Ş. (the "Company"), we appoint to be our proxy to represent our Bank and to cast vote on behalf of the Bank on the issues in the agenda in the Ordinary General Assembly of shareholders of the Company to be held at the address of Barbaros Mah. Ardiç Sokak, Varyap Meridian, F Blok, Batı Ataşehir, İstanbul at 13:00 hours on 29.03.2017.

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

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

